

S&P Global UK Services PMI[®]

Solid upturn in new work lifts service sector output in October

October 2025

Business activity and new order growth accelerate since September

Employment close to stabilisation

Input price inflation at 11-month low

Business activity expanded for the sixth consecutive month in October, with growth momentum strengthening considerably since September, helped by improved demand conditions.

Survey respondents cited a gradual turnaround in new work and sales opportunities, despite elevated business uncertainty and delayed decision-making among clients. Moreover, expectations for business activity over the next 12 months were the most upbeat since October 2024.

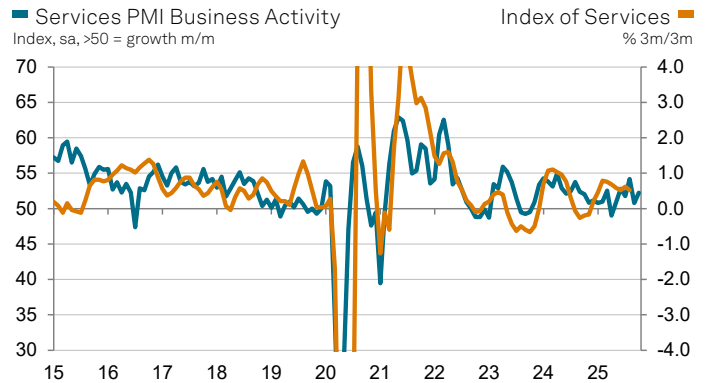
The headline seasonally adjusted S&P Global UK Services PMI Business Activity Index posted 52.3 in October, up from an earlier 'flash' reading of 51.1 and indicative of a moderate expansion of service sector output. The index was also comfortably above the five-month low of 50.8 seen in September. Anecdotal evidence suggested that a rebound in order books and successful new product launches had helped to boost business activity in October.

The latest survey indicated a solid improvement in total new work received by service providers. Moreover, the rate of new business expansion was the second-fastest since October 2024 (exceeded only by that seen in August).

Stronger order books appeared to reflect rising domestic demand, with service providers noting increased marketing spending and greater sales enquiries. In contrast, new work from abroad decreased for the second month running, linked to sluggish global demand and the impact of fragile investment sentiment.

October data pointed to only a slight reduction in employment numbers across the service economy. Lower staffing numbers have been recorded in each month since October 2024, but the latest decline was the slowest seen over this period. Where a reduction in headcount was reported, this mainly reflected efforts to offset higher payroll costs through the non-replacement of voluntary leavers. In some cases, however, survey respondents noted that improved order books had encouraged them to boost their recruitment in support of sales and business development plans.

Around 47% of the survey panel forecast a rise in business activity over the year ahead, while only 9% predict a decline. The resulting Future Output Index pointed to the highest level of business optimism since October 2024. Investments in new technologies, a turnaround in sales pipelines, and



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Comment

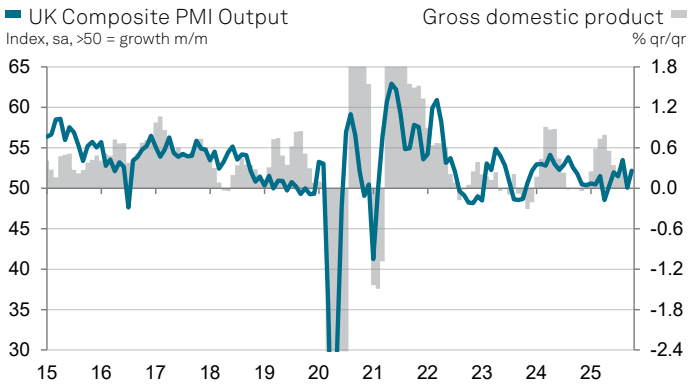
Tim Moore, Economics Director at S&P Global Market Intelligence, said:

"The latest survey offered some positive signals for the UK service economy, with output growth stronger than the earlier 'flash' estimate for October, and therefore confirming a notable improvement from September's five-month low. Similarly, the rate of new business expansion gained momentum, with the latest upturn among the strongest seen over the past year.

"Service providers typically commented on a turnaround in new client wins and better-than-expected sales performances in October. A number of firms noted resilient customer demand, especially in domestic markets, despite elevated business uncertainty and delayed decision-making on major spending ahead of the Budget.

"Labour market conditions finally showed some signs of stabilisation, with the pace of job cuts in the service economy slowing considerably since September. This was helped by improved confidence towards the business outlook. Output growth expectations rebounded to a 12-month high in October. Lower borrowing costs and planned investments in new technologies were cited as factors supporting positive sentiment.

"Higher wages were again widely reported as pushing up input prices. However, the overall pace of cost inflation was the lowest since November 2024. Adding to signs of easing inflationary pressure, latest data indicated that service providers increased their prices charged to the least marked extent since June."



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lower borrowing costs were all reported as helping to increase business confidence. This was counterbalanced by ongoing worries about broader UK economic prospects and the impact of elevated business uncertainty around the world.

Finally, service sector companies indicated that input cost inflation remained historically strong, but moderated for the second month running to its lowest since November 2024. Higher salary payments were commonly reported in October, as well as rising energy bills and food prices. Average prices charged by service providers meanwhile increased at the slowest pace since June, helped by easing cost pressures and reflecting intense competition for new work.

S&P Global UK Composite PMI®

October data pointed to a moderate upturn in UK private sector output. The seasonally adjusted S&P Global UK PMI Composite Output Index registered 52.2, up from 50.1 in September and above the 50.0 no-change value for the sixth successive month.

Higher levels of business activity reflected a faster rise in service sector output, alongside an increase in manufacturing production for the first time since October 2024.

Total new work returned to growth in October, following a marginal reduction in September. However, export sales continued to decline at a solid pace.

Employment numbers were close to stabilisation in October. The respective seasonally adjusted index was the highest for 13 months and only slightly below the neutral 50.0 threshold.

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Methodology

The S&P Global UK Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 650 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in July 1996.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

Flash services data were calculated from 82% of final responses. Since January 2006 the average difference between final and flash Services Business Activity Index values is 0.2 (0.7 in absolute terms).

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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