

# S&P Global UK Manufacturing PMI<sup>®</sup>

## Downturn in UK manufacturing eases as rates of decline in output, new orders and employment all slow

June 2025

Manufacturing PMI at 47.7 in June

Output, new orders and employment fall further... but at slower rates

Business optimism at four-month high

The downturn in the UK manufacturing sector showed further signs of slowing at the end of the second quarter. Although output, new orders and employment all contracted, rates of decline eased in all three cases. Business optimism improved in tandem, reaching a four-month high.

The seasonally adjusted S&P Global UK Manufacturing Purchasing Managers' Index™ (PMI<sup>®</sup>) posted 47.7 in June, its highest reading in five months and up further from March's near one-and-a-half year low. The reading was unchanged from the earlier flash estimate released on June 23.

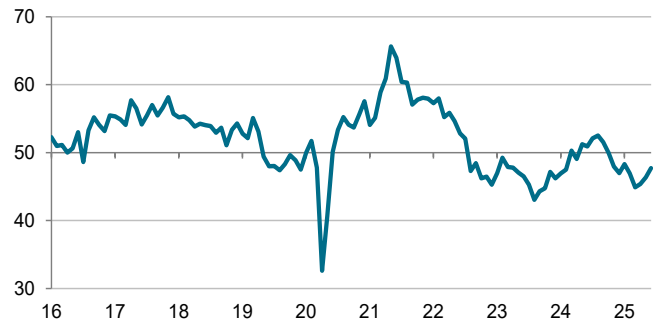
Although four out of the five PMI constituents were at levels consistent with a deterioration in operating performance (output, new orders, employment and stocks of purchases) rates of contraction eased in each case. Vendor lead times lengthened for the eighteenth month in a row, but to the least extent since March.

June data signalled a decrease in manufacturing production for the eighth consecutive month. Companies scaled down output in response to weak market conditions, clients offsetting higher costs through reduced demand and uncertainty surrounding government policy, tariffs and the general economic/geopolitical situation. New order intakes also decreased for similar reasons, although the rate of contraction was the weakest during the current nine-month sequence of decline.

Lower total new order inflows reflected weaker intakes from both domestic and overseas clients. New export business fell for the forty-first month in a row amid reports of reduced demand from the US, Europe and China. Some manufacturers added that tariff uncertainty impacted both overseas demand and client confidence.

The end of the second quarter also provided evidence of manufacturers' outlook strengthening. Production is expected to be higher in one year's time by 46% of companies (compared to only 10% forecasting a decline) linked to hopes for a sales recovery, new product launches, efforts to move into new markets, investment spending, organic growth opportunities, planned business expansions and diversifications.

S&P Global UK Manufacturing PMI  
Index, sa, >50 = improvement m/m



Data were collected 12-25 June 2025.

Source: S&P Global PMI. ©2025 S&P Global.

### Comment

Rob Dobson, Director at S&P Global Market Intelligence

*"Although the downturn in UK manufacturing continued in June, the latest PMI survey provides signs of conditions stabilising. Production, new orders and employment all fell at slower rates, while business optimism picked up to a four-month high. The orders-to-inventory ratio, a reliable bellwether of future production trends, also climbed sharply to its highest since August 2024. Inflation of both input costs and selling prices meanwhile nudged lower to hint at a softening inflation trend."*

*"That said, any hoped for stabilisation remains fragile and subject to potential headwinds that could severely impact demand, supply chain reliability and future growth prospects, as manufacturers continue to caution their optimism with concerns about heightened geopolitical tensions, weak global markets, tariff uncertainties and fears over the direction of future government policy."*

The cyclically sensitive new orders-to-finished goods ratio (which tends to move in advance of production) also rose sharply to its highest level since August 2024. That said, companies remained concerned that government policy, tariff uncertainty and heightened geopolitical tensions could derail any moves towards greater market stabilisation.

Job cuts at manufacturers were reported for the eighth consecutive month in June. Losses were seen across all product categories (consumer, intermediate and investment goods) and company size definitions (small, medium and large) covered by the survey. The steepest job cuts were seen at large-scale producers.

Manufacturing employment was also lowered to reduce excess capacity at factories. Backlogs of work decreased for the thirty-eighth month in a row, with the rate of contraction remaining substantial. Stock holdings were also streamlined in June, leading to reductions in both purchased and finished goods inventories. In both cases, lower warehouse stocks reflected lower production/demand requirements, cost and stock minimisation programmes, better inventory management/rotation and efforts to improve cash flow.

Average input costs rose for the eighteenth consecutive month in June. Higher input prices were linked to supplier price rises (often to offset increased labour costs), general inflationary pressures, shipping disruption and heightened geopolitical tensions. Chemicals, electronics, energy, food products, metals, packaging and timber were all reported as up in price.

Part of the increase in costs was passed on to clients in the form of higher output charges in June. That said, rates of inflation in selling prices and input costs eased to three- and six-month lows respectively.

## Methodology

The S&P Global UK Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 650 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in January 1992.

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 Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices. Since January 2006 the average difference between final and flash Manufacturing PMI values is 0.1 (0.4 in absolute terms).

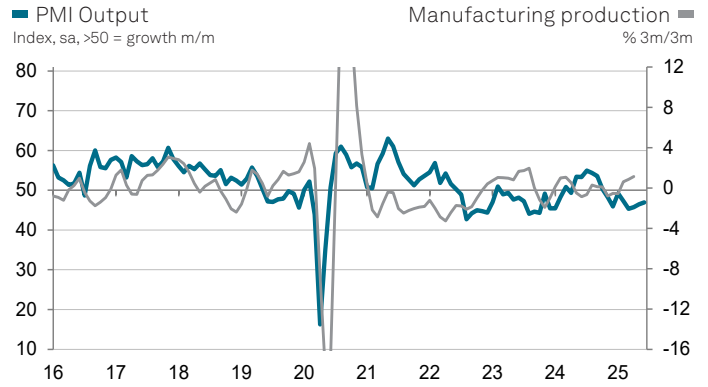
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

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