

# S&P Global Flash UK PMI®

## UK private sector output growth climbs to a six-month high, led by rebound in the service economy

### Key findings, March:

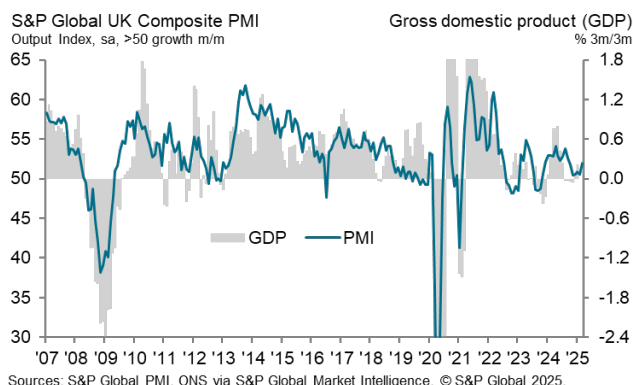
Flash UK PMI Composite Output Index<sup>(1)</sup>: 52.0 (Feb: 50.5). 6-month high.

Flash UK Services PMI Business Activity Index<sup>(2)</sup>: 53.2 (Feb: 51.0). 7-month high.

Flash UK Manufacturing Output Index<sup>(3)</sup>: 44.6 (Feb: 47.3). 17-month low.

Flash UK Manufacturing PMI<sup>(4)</sup>: 44.6 (Feb: 46.9). 18-month low.

Data were collected 12-20 March



The latest S&P Global Flash UK PMI® survey indicated that business activity expansion across the private sector gained momentum in March, driven by the fastest upturn in the service economy since August 2024. Service sector growth was bolstered by renewed improvements in both domestic and overseas sales.

In contrast, manufacturers experienced severe headwinds to demand from rising global economic uncertainty and potential US tariffs. Weak international demand resulted in the fastest decline in manufacturing export sales since August 2023. Moreover, manufacturers reported the steepest downturn in production volumes for nearly one-and-a-half years.

The headline seasonally adjusted **S&P Global Flash UK PMI Composite Output Index** registered 52.0 in March, up from 50.5 in February and above the crucial 50.0 no-change threshold for the seventeenth month in a row.

Although signalling only a modest upturn in overall private sector business activity, the latest reading was the highest since September 2024.

A solid pace of business activity growth in the service sector helped to offset the sharpest decline in manufacturing production since October 2023. Manufacturers have now reported a fall in output for five consecutive months.

March data also indicated contrasting trends for new order volumes. Goods producers recorded a steep export-led downturn in overall sales, while service providers signalled an increase in new work for the first time in 2025 to date. Some service providers commented on a tentative turnaround in demand conditions, especially for consumer services. However, businesses also noted headwinds to demand from geopolitical uncertainty, delayed investment decisions among clients and cutbacks to non-essential spending.

Private sector employment meanwhile decreased for the sixth month running. Survey respondents widely commented on business restructuring, investments in automation and the non-replacement of leavers in response to rising payroll costs. The overall speed of job shedding nonetheless slowed considerably since February, particularly within the service economy.

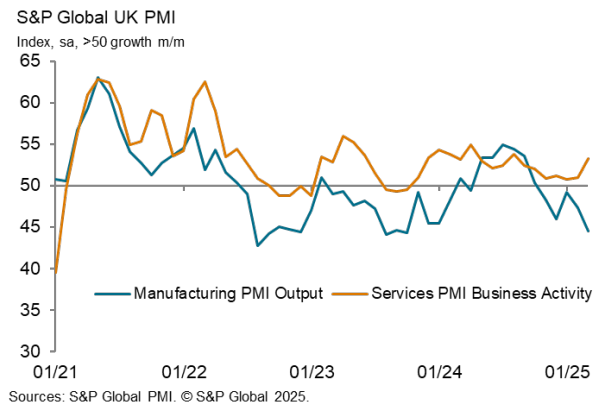
Input cost inflation eased further from January's nine-month high but remained much higher than the long-run survey average. Service providers recorded a much steeper rise in input prices than manufacturers, largely reflecting intense wage pressures and efforts by suppliers to pass on higher payroll costs. Manufacturers also noted that vendors had sought to pass on greater employment costs and rising raw material prices (especially metals).

Robust increases in average prices charged were subsequently reported across the private sector economy in March. The overall rate of output charge inflation was unchanged since the previous month. A slight slowdown in the service sector offset an acceleration in factory gate price inflation to its strongest since April 2023. Forthcoming increases to National Insurance contributions and the National Minimum Wage were cited as the main reasons for higher output prices, but there were also sporadic reports of discounting to stimulate sales.

## News release

Finally, the latest survey indicated that overall business activity expectations for the year ahead remained close to the 25-month low seen in January. Manufacturers indicated the weakest degree of confidence since November 2022. However, optimism among service providers edged up to a five-month high.

Service sector firms noted a gradual improvement in sales opportunities and projections for organic growth, despite lingering concerns about constrained business investment and the impact of rising payroll costs on client demand. In the manufacturing sector, there were many concerns about US tariffs and gloomy forecasts for export sales due to volatility in global markets. Those reporting positive sentiment for the year ahead typically linked this to investments in new technology and product development. Some goods producers cited a projected rise in demand for defence industry suppliers, while others commented on growth areas in technology infrastructure (especially data centres).



Commenting on the flash PMI data, **Chris Williamson, Chief Business Economist at S&P Global Market Intelligence** said:

*“An upturn in business activity in March brings some good news for the government ahead of the Chancellor’s Spring Statement, offering a respite from the recent flow of predominantly downbeat economic data. However, just as one swallow does not a summer make, one good PMI doesn’t signal a recovery.”*

*“The signal from the flash PMI is an economy eking out a modest expansion in March, consistent with quarterly GDP growth of just 0.1%, but with employment continuing to be cut thanks to concern over costs and the uncertain outlook. Confidence is still running close to January’s two-year low.”*

*“The improvement is also being driven by only small pockets of growth, notably in financial services, with consumer-facing business and manufacturers continuing to struggle against headwinds both at home and abroad.”*

*“These headwinds include the additional costs imposed on businesses in the Budget, low confidence among businesses and households, and sluggish demand at home and abroad, the latter linked to heightened geopolitical uncertainty resulting from US tariff policies.”*

*“Worryingly, these headwinds are likely to grow in force as higher National Insurance contributions come into effect in April, coinciding with the anticipated review of US tariff policy on 2<sup>nd</sup> April, the latter having the potential to further subdue global economic growth and dampen UK trade.”*

PMI®

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### Notes to editors

Final March data are published on 1 April for manufacturing and 3 April for services and composite indicators.

The S&P Global Flash UK Composite PMI<sup>®</sup> is compiled by S&P Global from responses to questionnaires sent to survey panels of around 650 manufacturers and 650 service providers. The panels are each stratified by detailed sector and company workforce size, based on contributions to GDP. The services sector is defined as consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. The following variables are monitored:

Manufacturing: Output, new orders, new export orders, backlogs of work, stocks of finished goods, employment, quantity of purchases, suppliers' delivery times, stocks of purchases, input prices, output prices, future output.

Services: Business activity, new business, new export business, outstanding business, employment, input prices, prices charged, future activity.

A diffusion index is calculated for each manufacturing and services 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.

Composite indices for are calculated by weighting together comparable manufacturing and services indices using official manufacturing and services annual value added.

The headline figure is the Composite Output Index. This is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. It may be referred to as the 'Composite PMI' but is not

comparable with the headline Manufacturing PMI, which is a weighted average of five manufacturing indices (including the Manufacturing Output Index).

The headline manufacturing figure is the Manufacturing Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>). 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.

The headline services figure is the Services Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The 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.

Flash data are calculated from around 80-90% of total responses and are intended to provide an accurate early indication of the final data. Since flash data were first processed, the average differences between final and flash index values for the headline indices are:

Composite Output Index = 0.2 (absolute difference 0.6)

Services Business Activity Index = 0.2 (absolute difference 0.7)

Manufacturing PMI = 0.1 (absolute difference 0.4)

S&P Global do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from S&P Global. Please contact [economics@spglobal.com](mailto:economics@spglobal.com).

#### Notes

1. The Composite Output *PMI* is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"
4. The Manufacturing *PMI* is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.

# PMI<sup>®</sup>

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### PMI by S&P Global

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