

S&P Global UK Services PMI[®]

Solid expansion of UK service sector activity

February 2026

Business activity rises for tenth month running in February

New order growth loses momentum

Job cuts persist amid pressure on margins from rising costs

Service providers recorded a further upturn in business activity during February, which was supported by gradually improving demand.

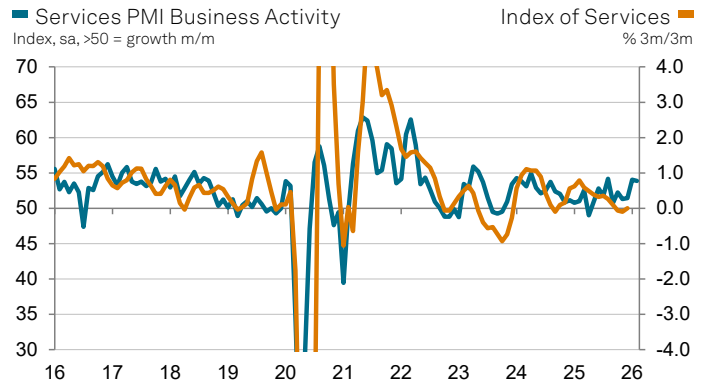
However, staffing numbers decreased for the seventeenth successive months, partly due to pressure on margins from higher business expenses. Moreover, efforts to pass on increased cost burdens led to another robust uplift in prices charged.

At 53.9 in February, the seasonally adjusted S&P Global UK Services PMI Business Activity Index was little-changed from January's five-month high of 54.0. The headline index has posted above the 50.0 no-change level in each month since May 2025 and the latest reading pointed to a solid pace of expansion.

Anecdotal evidence suggested that a turnaround in client confidence so far this year had supported business activity and led to the release of pent up demand. There were nonetheless reports of challenging market conditions for clients in areas such as leisure, hospitality and construction. Service providers indicated an upturn in overall new work for the third successive month in February. That said, the pace of expansion moderated since the beginning of 2026 and was softer than the long-run survey average. Stronger domestic demand appeared to have been the main driver of the upturn in sales as new work from abroad was close to stalling in February. A number of firms cited subdued economic conditions across Europe, while those reporting growth often noted new business gains in the US and emerging markets.

Backlogs of work were broadly unchanged in February, which contrasted with the declines seen for much of the past two-and-a-half years. In some cases, increased new orders were reported as having led to an erosion of spare capacity. This was offset by other firms noting that improved productivity and ongoing investments in new technologies had allowed them to boost output without hiring additional staff.

February data pointed to another month of job losses across the service economy, which continued the trend seen since October 2024. The rate of decline in staffing numbers moderated since January, but remained slightly faster than that recorded in the second half of last year.



Data were collected 10-25 February 2026.

Sources: S&P Global PMI, ONS via S&P Global Market Intelligence. © 2026 S&P Global.

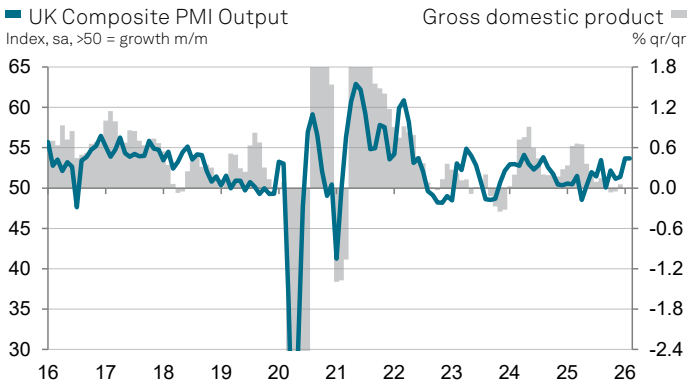
Comment

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

"Business activity continued to pick up across the UK service economy in February, with growth holding close to the five-month high seen at the start of 2026. Survey respondents commented on rising new business intakes and improving sales pipelines. This was linked to greater business and consumer spending, especially in domestic markets. Export orders were relatively subdued, however, and the rate of expansion slipped to a three-month low.

"February data pointed to a solid reduction in employment numbers, despite a sustained recovery in business activity. Job losses reflected ongoing efforts to focus on boosting productivity and mitigate sharply rising input costs.

"Higher payroll costs were widely cited as leading to a strong pace of overall input cost inflation. Greater food prices and technology costs were also reported in February. This contributed to another robust increase in prices charged by service providers, with the pace of inflation little-changed from January's five-month high."



Sources: S&P Global PMI, ONS via S&P Global Market Intelligence. © 2026 S&P Global.

Survey respondents widely commented on hiring freezes and the non-replacement of voluntary leavers due to reduced business requirements and elevated cost pressures.

Higher employment costs were the main factor contributing to rising input prices in February, according to surveyed businesses. There were also many reports of suppliers passing on higher prices paid for food and technology hardware (particularly memory chips). Latest data pointed to a steep rise in average cost burdens, although the pace of inflation slipped to a four-month low. Meanwhile, prices charged by service providers increased at a robust pace that was among the fastest since early-2025.

Finally, business activity expectations for the year ahead remained upbeat overall in February, despite easing to a three-month low. Around 50% of the survey panel predict a rise in their output levels, while only 13% forecast a reduction. Service providers typically commented on a growth mindset, supported by new product development, business diversification strategies and long-term investment plans. Some firms noted that improving sales pipelines, especially among corporates, had encouraged them to boost their forecasts for client demand. There nonetheless remained an elevated degree of caution towards the broader domestic and global economic landscape.

S&P Global UK Composite PMI[®]

UK private sector output growth was unchanged from January's 17-month high. The seasonally adjusted S&P Global UK PMI Composite Output Index registered 53.7 in February, to signal a further solid expansion of business activity across the private sector economy. This marked ten months of sustained growth.

A faster upturn in manufacturing production in February helped to offset a fractionally slower increase in service sector output. Moreover, the pick up in manufacturing activity was the sharpest since September 2024 (index at 52.5, up from 51.6 in January).

Employment remained a weak spot, with job losses recorded in both the manufacturing and service sectors. Measured overall, private sector employment declined solidly and for the seventeenth month in a row.

Inflationary pressures moderated slightly in February. Private sector firms indicated that input cost and output charge inflation were both softer than seen at the start of 2026.

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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 81% 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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