

# S&P Global Flash UK PMI®

## Output growth picks up in June. Prices charged inflation eases to its lowest for nearly four-and-a-half years

### Key findings, June:

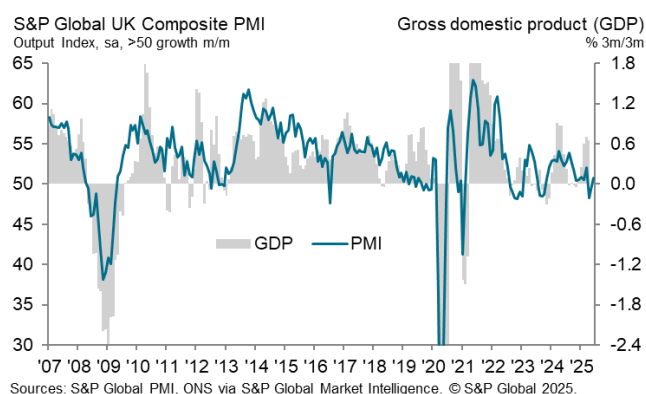
Flash UK PMI Composite Output Index<sup>(1)</sup>: 50.7 (May: 50.3). 3-month high.

Flash UK Services PMI Business Activity Index<sup>(2)</sup>: 51.3 (May: 50.9). 3-month high.

Flash UK Manufacturing Output Index<sup>(3)</sup>: 47.1 (May: 46.5). 4-month high.

Flash UK Manufacturing PMI<sup>(4)</sup>: 47.7 (May: 46.4). 5-month high.

Data were collected 12-19 June



June data from the S&P Global Flash UK PMI® survey revealed a sustained recovery in private sector output after the brief dip seen in April. New business volumes returned to growth, ending a six-month period of contraction, although the upturn was largely confined to the service economy. Meanwhile, manufacturers posted another export-led decline in order books. This was mainly attributed to the impact of US tariffs, rising geopolitical uncertainty and intense price competition in major global markets.

Businesses also highlighted a further easing of output charge inflation from April's recent peak. The latest increase in average prices charged by UK private sector firms was the slowest since January 2021.

At 50.7 in June, up from 50.3 in May, the headline seasonally adjusted S&P Global Flash UK PMI Composite Output Index posted above the crucial 50.0 no-change value for the second month running and was

the highest since March. That said, the latest reading pointed to only a marginal upturn in business activity.

A further modest expansion of service sector activity contrasted with a solid reduction in manufacturing production during June. Companies reporting a rise in business activity generally cited improving order books and a partial rebound in client confidence from April's low point due to the rollback of US tariff announcements. Global trade tensions and rising geopolitical uncertainty were again cited as growth headwinds, especially in the manufacturing sector.

New business intakes across the UK private sector as a whole increased for the first time since November 2024, albeit only fractionally. This mostly reflected a gradual turnaround in domestic business and consumer spending, according to survey respondents.

In contrast, total new work from abroad decreased for the eighth month running, with reductions recorded in both the manufacturing and service sectors. However, after a slump during April, the speed of the downturn in goods export sales continue to ease was the slowest for five months. Many firms continued to suggest that US tariffs and elevated business uncertainty had dampened overseas demand, while some also highlighted challenges posed by lower-cost competition.

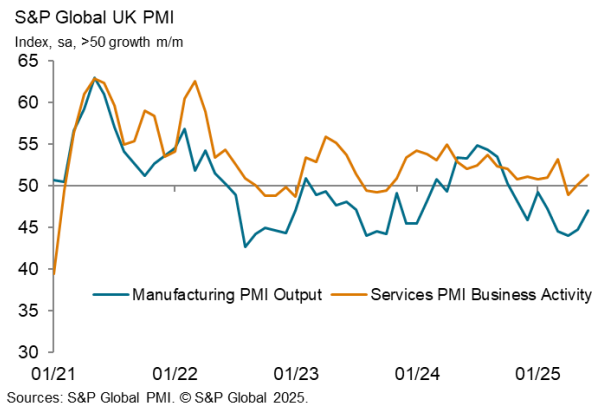
Strong cost pressures and subdued demand conditions remained a constraint on staff recruitment in June. UK private sector employment decreased for the ninth consecutive month and at a faster pace than in May. Survey respondents suggested that excess capacity and squeezed margins had encouraged cutbacks to workforce numbers through hiring freezes and redundancies.

Inflationary pressures subsided during June, particularly within the service economy. Input prices across the UK private sector as a whole increased at the slowest pace for three months. At the same time, output charges rose at the softest pace since January 2021. This reflected a much weaker increase in average prices charged by service providers, with the respective index the lowest for over four years.

Finally, business activity expectations for the year ahead drifted down from May's six-month high.

## News release

Elevated global economic and political uncertainty were the main factors cited by survey respondents in June, alongside concerns about the broader domestic business climate. Meanwhile, positive sentiment was linked to organic growth through new product launches, greater capital spending, investments in digital services, and a demand tailwind from falling borrowing costs.



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

*“The UK economy remained in a sluggish state at the end of the second quarter, according to the early PMI survey data. Although business conditions have continued to improve since April’s downturn, quelling recession fears, growth of business activity remains disappointingly lacklustre, indicative of second quarter GDP rising at only a 0.1% quarterly pace.*”

*“Business confidence also remains in the doldrums compared to this time last year, losing ground again in June. On top of concerns over the impact of recent government policies and worries over global trade protectionism, June’s data collection coincided with increased tensions in the Middle East. Employment has hence continued to be cut as firms grapple with the combination of higher staffing costs, linked to last autumn’s Budget, lower demand and subdued confidence.*”

*“These conditions have, however, led to a marked cooling of inflationary pressures, notably in the services economy, which have been a major concern of the Bank of England. As such, the picture of near-stalled growth, falling employment and lower inflation opens the door for the Bank of England to cut rates again at its next policy meeting in August.”*

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### Notes to editors

Final June data are published on 1 July for manufacturing and 3 July 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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