

Embargoed until 0930 BST (0830 UTC) 1 October 2021

# IHS Markit / CIPS UK Manufacturing PMI®

## Manufacturing upturn slows further as supply-chain strain and labour shortages stymie growth

### Key findings

UK Manufacturing PMI at 57.1 in September

Output and new orders rise at slowest rates since February

New export business falls for first time in eight months

Data were collected 13-27 September 2021.

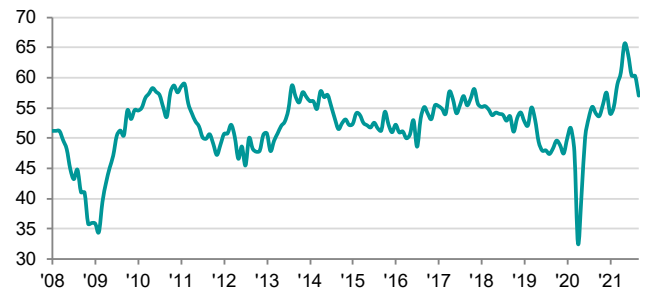
Supply chain delays, slower new order growth and rising material and labour shortages all constrained the UK manufacturing sector in September. At 57.1, down from 60.3 in August, the seasonally adjusted IHS Markit/CIPS Purchasing Managers' Index® (PMI®) fell to a seven-month low.

Manufacturing production increased for the sixteenth consecutive month in September. However, the rate of expansion eased for the fourth month in a row and to its weakest since February. Growth slowed across the consumer, intermediate and investment goods sectors. Data broken down by company size indicated that upturns at medium and large-scale producers were offset by a continued downturn among small firms.

Production schedules were disrupted by a combination of input shortages, longer supplier lead times and capacity constraints (including difficulties with staff shortages and hiring required skills). Average vendor lead times increased to one of the greatest extents in the survey history, amid reports of delays to air, land and sea freight, staff shortages at vendors, COVID-19 and Brexit disruptions, a lack of delivery drivers and port delays.

Weaker growth of new business also stymied efforts to increase output further during September. New orders rose at the weakest pace since February, as intakes from domestic clients increased at a slower pace and new export work contracted for the first time in eight months. The decline in

IHS Markit / CIPS UK Manufacturing PMI  
sa, >50 = improvement since previous month



Sources: IHS Markit, CIPS.

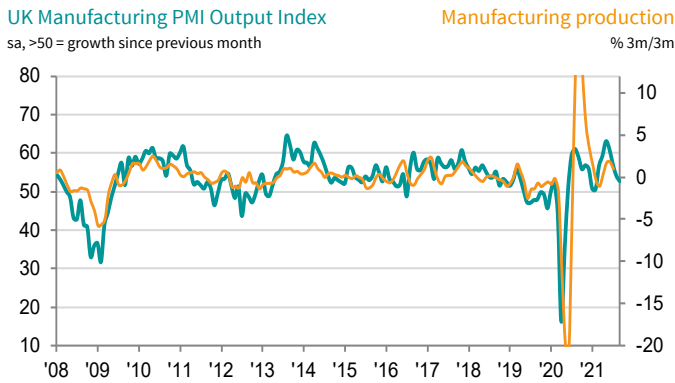
new export orders reflected shipping issues, cancellations due to long lead times and capacity issues at clients.

UK manufacturers continued to report labour shortages and difficulties recruiting appropriately skilled staff during September. Although jobs growth was registered for the ninth month running, the rate of increase was the weakest since January. Jobs growth slowed at medium and large sized companies, while small manufacturers saw cuts for the first time in eight months.

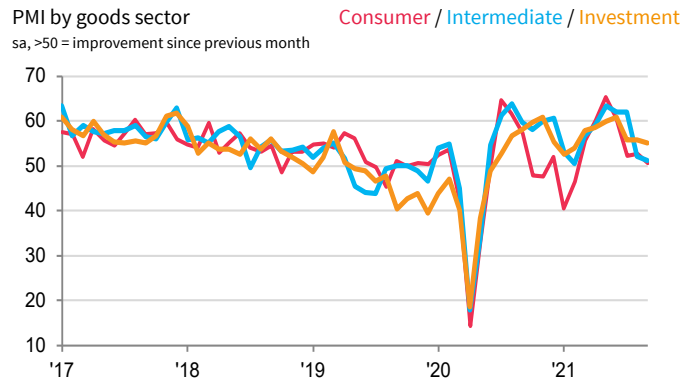
Where higher employment was recorded, this was generally to meet production requirements, combat rising backlogs of work and preparations for future growth. Outstanding business increased at one of the fastest rates on record, with over 30% of firms experiencing an expansion.

Meanwhile, manufacturers maintained a positive outlook for the year ahead in September. Over 62% of companies forecast their output would increase during the coming 12 months, compared to only 6% expecting a contraction. The confident outlook was attributed to recoveries in both domestic and global markets, reduced difficulties from supply chains, COVID-19 and Brexit and planned new product launches.

The impact of supply-chain pressures also impacted inventory holdings. Companies reported building contingency stocks, leading to a further increase in input inventories and purchasing activity. Meanwhile, disruption to production schedules meant additional pressure on holdings of finished products (which fell for the twentieth month in a row).



Sources: IHS Markit, CIPS, ONS.



Sources: IHS Markit, CIPS.

## Comment

Commenting on the latest survey results, Rob Dobson, Director at IHS Markit, said:

*“The September PMI highlights the risk of the UK descending towards a bout of ‘stagflation’, as growth of manufacturing output and new orders eased sharply while input costs and selling prices continued to surge higher.*

*“Companies are facing a growing list of headwinds, which includes declining new export orders, component shortages, delays to air, land and sea freight, staff shortages exacerbated by COVID-19 illnesses, Brexit disruptions, sharply rising costs and now fuel shortages.*

*“Production growth is severely impacted by the ongoing strain across supply chains and, with demand far exceeding supply, the inevitable result has been higher prices, which will ultimately hurt the pockets of consumers.*

*“The jobs market is also experiencing slower growth, as firms experience labour shortages and difficulties recruiting required skills. With little sign of resolution to these issues, manufacturers, especially smaller firms with lower market power or capacity flexibility, will continue to be buffeted by these headwinds for the foreseeable future, hinting at a tough autumn and winter ahead for many firms.”*

Duncan Brock, Group Director at the Chartered Institute of Procurement & Supply:

*“Manufacturing activity in September was crammed with obstacles to succeed as supply disruptions continued to dampen growth for a fourth month in a row. Smaller businesses were impacted the most as reduced resources in supplies and drivers, made trade more unmanageable as we move towards the last quarter of the year.*

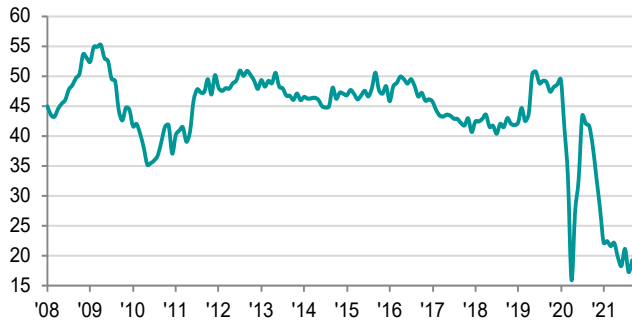
*“New orders growth slowed again compared to May’s high from both domestic and overseas customers as the Brexit and covid-related long delivery times and accelerating costs contributed to a reduced eagerness to commit. Customers were becoming impatient with sluggish production times from UK businesses, opting to source for more efficiency elsewhere.*

*“Prices for raw materials and skilled staff continued to soar as 99% of the survey’s supply chain managers said prices had either gone up this month or stayed at elevated rates. These high costs of doing business are affecting jobs, as skilled labour remained both elusive and expensive, leading to the lowest rise in job creation since the beginning of the year.*

*“The sector is feeling the strain of an ongoing onslaught of snags and hitches at every stage of the supply chain from sourcing raw materials through to component shortages and delivery disruptions. Like a whack a mole game where once one difficulty is resolved, another appears soon after, the sector may be challenged but remains stoically convinced that things can only get better in 2022 once the next few gruelling months are at an end.”*

UK Manufacturing PMI Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Sources: IHS Markit, CIPS.

UK Manufacturing PMI Input Prices Index

sa, >50 = inflation since previous month



Sources: IHS Markit, CIPS.

Contact

Joanna Vickers  
Corporate Communications  
IHS Markit  
T: +44-207-260-2234  
[joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

Trudy Salandiak  
Corporate Communications  
CIPS  
T: +44-1780-761576  
[trudy.salandiak@cips.org](mailto:trudy.salandiak@cips.org)

Survey methodology

The IHS Markit / CIPS UK Manufacturing PMI® is compiled by IHS Markit 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.

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.

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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

Survey dates and history

Data were collected 13-27 September 2021.

Data were first collected January 1992.

Flash vs. final data

Flash data were calculated from approximately 85% of final responses. Since January 2006 the average difference between final and flash Manufacturing PMI values is 0.0 (0.4 in absolute terms).

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2021 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please contact [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com). To read our privacy policy, click [here](#).

About CIPS

The Chartered Institute of Procurement & Supply (CIPS) is the world's largest procurement and supply professional organisation. It is the worldwide centre of excellence on purchasing and supply management issues. CIPS has a global community of 200,000 in over 150 countries, including senior business people, high-ranking civil servants and leading academics. The activities of procurement and supply chain professionals have a major impact on the profitability and efficiency of all types of organisation and CIPS offers corporate solutions packages to improve business profitability. [www.cips.org](http://www.cips.org).

About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. [ihsmarkit.com/products/pmi.html](http://ihsmarkit.com/products/pmi.html).