

# News Release

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## S&P Global / CIPS UK Manufacturing PMI®

### Manufacturing growth picks up despite rising price inflationary pressures

#### Key findings

Production growth improves slightly

New orders rise at slower pace as new export business retreats

Selling prices rise at record pace as cost inflation accelerates

The start of the second quarter saw a mild growth acceleration in the UK manufacturing sector. The rate of expansion in output improved from March's five-month low, leading to a further solid increase in staffing levels.

The seasonally adjusted S&P Global / CIPS UK Manufacturing Purchasing Managers' Index® (PMI®) rose to 55.8 in April, up from 55.2 in March and the earlier flash estimate of 55.3. The PMI – which is calculated as a weighted average of five sub-indices – has signalled expansion for 23 successive months.

Manufacturing production increased across the consumer, intermediate and investment goods industries. Solid rates of expansion were registered in the latter two categories, while the expansion at consumer goods producers was only marginal.

Companies linked higher production to increased intakes of new business, reduced delivery delays (compared to earlier in the year) and efforts to clear backlogs of work. The outlook also remained positive, with almost 55% of companies expecting output to rise over the coming year. However, the overall degree of confidence slumped to a 16-month low.

Strong growth headwinds continued to buffet manufacturers during April. New order growth slipped to its weakest in the current 15-month upturn, stymied by lower intakes of new export business and the impact on demand from rising selling prices. Weaker foreign demand reflected subdued conditions in overseas markets, the war in Ukraine and transportation issues. Lacklustre demand from the EU was linked to longer delivery times, customs checks and higher shipping costs post-Brexit.

Inflationary pressures continued to build at manufacturers. Input costs rose at the second-strongest pace in the survey history. Around 85% of companies registered an increase in purchase prices, while there were no reports of a decrease (a survey first). The rate of inflation at consumer goods producers hit a series-record high.

UK Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Data were collected 11-26 April 2022.

A broad range of inputs were reported to be up in price. This included chemicals, energy, food, freight, fuels, gas, metals, oil, plastics, polymers, timber, and transportation (air, land and sea). Several companies simply noted that "everything" cost more. Supplier price increases, market forces, the war in Ukraine, general inflationary pressure and China lockdowns also contributed to higher purchase prices.

April also saw output charges increase to a record extent, as manufacturers acted to pass on rising costs. Almost 61% of companies reported an increase in selling prices, compared to less than 1% initiating a reduction. Rates of output charge inflation were either at, or near to, series-record highs across the consumer, intermediate and investment goods sectors.

Employment rose for the sixteenth month running in April, as companies reacted to increased production and rising order backlogs, prepared for expected future growth and addressed staff shortages. Job creation was seen in the consumer, intermediate and investment goods industries and at SMEs and large-sized companies alike.

Purchasing activity increased for the fifteenth month in a row during April. Companies reported buying inputs in advance of expected price rises, to build-up safety stocks and to guard against further supply chain disruption.

Vendor lead times lengthened again in April. This reflected input shortages, port congestion, COVID issues, a lack of transportation capacity (especially for trucks and shipping), customs clearance delays, lockdown in China and the war in Ukraine.

## Comment

Commenting on the latest survey results, Rob Dobson, Director at S&P Global, said:

*“The improved expansion of output at manufacturers, while positive in itself, failed to mask the continued headwinds buffeting the sector at the start of the second quarter. New business growth near-stalled as a slowdown in the domestic market was accompanied by a further deterioration in export orders.*

*“Manufacturers and their clients are struggling as lockdowns in China and the Ukraine war exacerbate stretched global supply chains, the inflationary picture worsens and geopolitical tensions rise. Specific to the UK, Brexit represents an additional headwind, notably via lost EU customers, increased paperwork, customs checks and border delays. Business optimism has fallen to a 16-month low as companies become more cautious about the future outlook.*

*“The inflationary situation is getting increasingly fraught. Input costs rose to the second-greatest extent in the 30-year survey history, leading to a record increase in factory gate selling prices. Around 85% of manufacturers reported higher purchasing costs, compared to no reports of a decrease, with several firms simply noting that ‘everything’ was up in price. Worryingly, consumer goods producers reported record increases in both output charges and input costs, which is likely to further constrain household spending and reinforce the cost-of-living crisis.”*

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

*“In spite of the softer rate of expansion in new business, the manufacturing sector held its ground in April, benefiting from work already in hand and recent easing of supply chain stresses.*

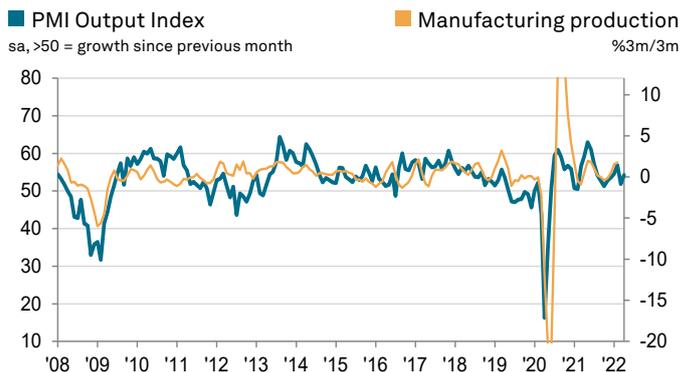
*“However, it is difficult to see where ongoing growth will come from in the coming months as new order growth was the most sluggish in over a year. Higher costs and shortages took a bite out of potential opportunities with clients hesitating to place orders and Brexit obstacles weighing down as work from overseas shrank for a third month in a row. Not one business in the survey reported paying less for their materials in April and 85% of supply chain managers reported higher costs, leading to the second highest inflationary rise in PMI history.*

*“Manufacturers are certainly feeling the pressure resulting in less optimism for the year ahead. With the lowest business expectations since December 2020, the global economy will need to pull a rabbit out of the hat to give manufacturers the leg up they need.”*

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Sources: S&P Global, CIPS, ONS.

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### Survey methodology

The S&P Global / CIPS 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.

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

### Flash vs. final data

Since January 2006 the average difference between final and flash Manufacturing PMI values is 0.0 (0.4 in absolute terms).

### About S&P Global

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### 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 over 60,000 members 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. [hsmarkit.com/products/pmi.html](http://hsmarkit.com/products/pmi.html).