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# IHS Markit / CIPS Flash UK Composite PMI®

Including IHS Markit / CIPS Flash UK Manufacturing and Services PMI®

## Looser pandemic restrictions result in fastest UK private sector growth since late-2013

### Key data

Flash UK Composite Output Index  
Apr: 60.0, 89-month high (Mar final: 56.4)

Flash UK Services Business Activity Index  
Apr: 60.1, 80-month high (Mar final: 56.3)

Flash UK Manufacturing Output Index  
Apr: 59.1, 8-month high (Mar final: 56.6)

Flash UK Manufacturing PMI  
Apr: 60.7, 321-month high (Mar final: 58.9)

April data were collected 12-21 April 2021.

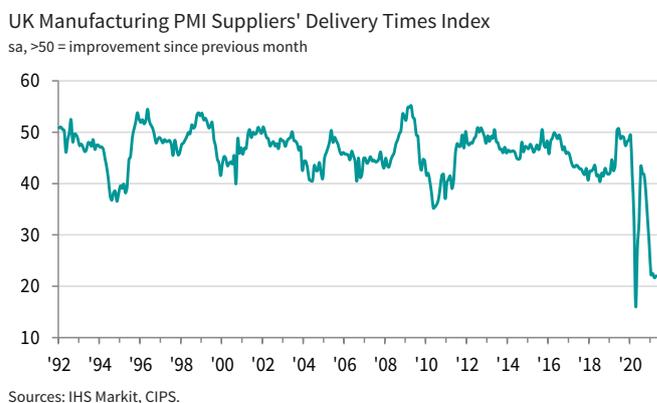
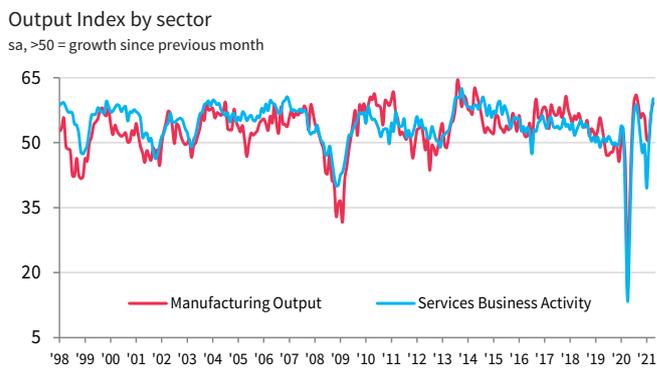
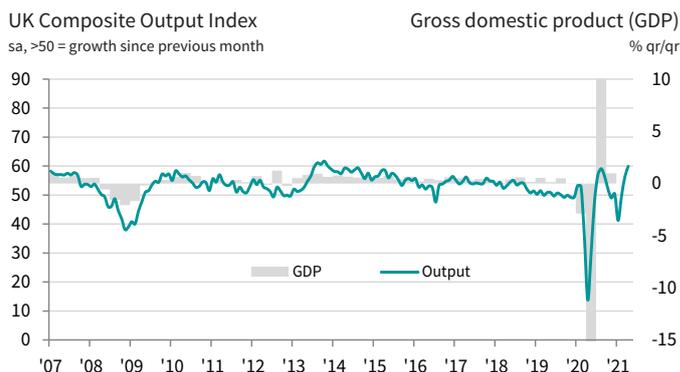
April PMI® data compiled by IHS Markit and CIPS illustrated a strong revival in UK private sector output after the downturn seen at the start of 2021 during the full national lockdown. Moreover, for the first time since the COVID-19 pandemic began, service activity growth outperformed manufacturing production. This was largely due to a boost from easing government stringency measures regarding some consumer services and non-essential retail in England and Wales from mid-April, with Scotland and Northern Ireland set to follow similar reopening paths by the end of this month.

At 60.0 in April, up from 56.4 in March, the headline seasonally adjusted IHS Markit / CIPS Flash UK Composite Output Index registered above the 50.0 no-change value for the second month running and moved further ahead of January's recent low (41.2). The latest reading signalled the strongest overall increase in UK private sector output since November 2013.

Service activity (index at 60.1) expanded to the greatest extent since August 2014, while manufacturing production growth accelerated to its fastest for eight months. Survey respondents overwhelmingly attributed higher levels of output to the improving pandemic situation and confidence towards the sustainability of the recovery in the months ahead.

The index measuring business expectations for the next 12 months held close to the series-record high seen in March. Positive sentiment about the UK economic outlook helped to boost private sector employment during April. Latest data pointed to the steepest rate of job creation since August 2017 and comments from survey respondents mostly noted additional staff hiring as

*continued...*



opposed to the impact of recalls from furlough.

Adding to signs that UK private sector firms are set to experience greater workloads in the coming months, the latest survey indicated a sharp and accelerated increase in new business volumes. This index signalled the fastest upturn in customer demand for nearly seven years.

Stronger order books were achieved against a backdrop of subdued export sales, especially in the service economy due to tight restrictions on international travel. Manufacturers saw the strongest rise in new work from abroad since the end of the Brexit transition period on 31st December 2020, with some firms commenting on a gradual rise in willingness to spend among EU clients.

April data signalled that rapid cost inflation persisted across the UK private sector, led by higher fuel bills, staff wages, commodity prices and freight surcharges. A combination of greater operating expenses and stronger customer demand meant that average prices charged continued to increase at one of the fastest rates for the past three-and-a-half years.

### IHS Markit / CIPS Flash UK Manufacturing PMI®

Manufacturing sector business conditions strengthened again in April, led by the steepest rise in new orders since November 2013.

The seasonally adjusted IHS Markit/CIPS Flash UK Manufacturing Purchasing Managers' Index® (PMI®) – a composite single-figure indicator of manufacturing performance – registered 60.7, up from 58.9 in March and the highest since July 1994. There were positive contributions from the output, new orders and employment indices. The exceptionally high PMI reading also reflected another rapid lengthening of suppliers' delivery times during April (this component has a 15% weight in the Manufacturing PMI).

Production volumes increased to the greatest extent since last August, with particularly strong momentum seen among Food & Drink manufacturers due to the reopening of hospitality businesses.

### IHS Markit / CIPS Flash UK Services PMI®

UK service providers indicated a steep and accelerated rise in business activity during April. At 60.1, up from 56.3 in March, the seasonally adjusted IHS Markit/CIPS Flash UK Services PMI® Business Activity Index signalled the fastest pace of expansion for more than six-and-a-half years. By sub-category, by far the strongest momentum was seen among consumer services, driven by the reopening of some customer-facing parts of the economy in England and Wales. Business services also increased at a strong pace in April, reflecting rising confidence towards the UK economic outlook.

Forward bookings for hotels, restaurants and other consumer services in response to the roadmap for lifting pandemic restrictions helped to boost new business volumes across the service economy in April. Measured overall, the latest increase in new work was the steepest since March 2015.

In contrast to the persistently weak employment trends seen in the second half of 2020, the latest survey indicated that service providers responded to rising demand by hiring additional staff at a robust pace in April. The rate of job creation accelerated to its fastest since August 2017. Despite efforts to rebuild business capacity, backlogs of work were accumulated to the greatest extent for nearly six years, which suggested that pent up client demand will continue to boost activity in the months ahead.

## Comment

Chris Williamson, Chief Business Economist at IHS Markit, said:

*"Companies are reporting a surge in demand for both goods and services as the economy opens up from lockdowns and the encouraging vaccine roll-out adds to a brighter outlook. In more than 23 years of PMI history, we have only seen one spell of faster growth than this, recorded between August and November 2013.*

*"Business activity should continue to grow strongly in May and June as virus restrictions are eased further, setting the scene for a bumper second quarter for the economy.*

*"There's also good news for the job market. With optimism about the year ahead continuing to run close to March's all-time high, firms have been encouraged to take on extra staff at a rate not seen for over three and a half years.*

*"There are some causes for concern, however, as export performance remains relatively lacklustre, often linked to post-Brexit trading conditions, and prices continue to rise sharply.*

*"Although exports returned to growth after three months of decline, the rate of increase remained relatively subdued compared to export trends seen in many other economies.*

*"Prices charged for goods by manufacturers are meanwhile rising at a rate not seen for a decade, linked to higher global prices for many inputs and near-record supply shortages. These prices will inevitably feed through to higher inflation as we head into the summer, though there's much uncertainty as to how long the inflationary impact will last. Importantly, supply delays will need to ease markedly from near-record levels to help bring price pressures down."*

Duncan Brock, Group Director at CIPS, said:

*"There were signs of hope in abundance in April for the UK economy as private sector businesses forged ahead confidently, lifted by strong rises in output, orders and jobs. The energy behind pipelines of new work came mainly from domestic clients as lockdown limitations were reduced. Export orders remained flattened under the weight of Brexit-related trade frictions, ongoing business uncertainty and travel restrictions.*

*"Service providers primarily enjoyed a bumper expansion of activity and the strongest since August 2014 as consumers also became more confident in their spending habits driven by vaccinations and safer premises. As firms prepared for strong summer trade, job seekers felt the warmth of the spring sunshine with recruitment drives leading to the fastest job creation since August 2017.*

*"Whilst business volumes expanded, supply chain performance remained under par and 57% of UK manufacturers reported longer waiting times. Suppliers gave both Brexit and covid-related reasons for slower response times but as 67% of respondents said they were paying more for manufacturing inputs continuing inflationary pressure may dampen ongoing recovery in the sector."*

UK Composite Employment Index

sa, above 50 = growth since previous month



Sources: IHS Markit, CIPS.

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Survey methodology

The IHS Markit / CIPS Flash UK Composite PMI® is compiled by IHS Markit 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 by IHS Markit 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® (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.

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 = 0.0 (absolute difference 0.4)

Services Business Activity Index = 0.0 (absolute difference 0.3)

Manufacturing PMI = 0.0 (absolute difference 0.3)

Underlying final 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).

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Survey dates and history

April data were collected 12-21 April 2021.

Final manufacturing data are published on 4 May 2021, and final services and composite data on 6 May 2021. Data collection began in January 1992 for manufacturing, July 1996 for services and January 1998 for the composite index.

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.

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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 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.

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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.