

S&P Global Flash UK PMI®

Input price inflation jumps to its highest for just over three years amid a surge in manufacturing costs

March 2026

Flash UK PMI Composite Output Index: 51.0
(Feb: 53.7). 6-month low.

Flash UK Services PMI Business Activity Index: 51.2 (Feb: 53.9). 6-month low.

Flash UK Manufacturing Output Index: 50.1
(Feb: 52.5). 6-month low.

Flash UK Manufacturing PMI: 51.4
(Feb: 51.7). 3-month low.

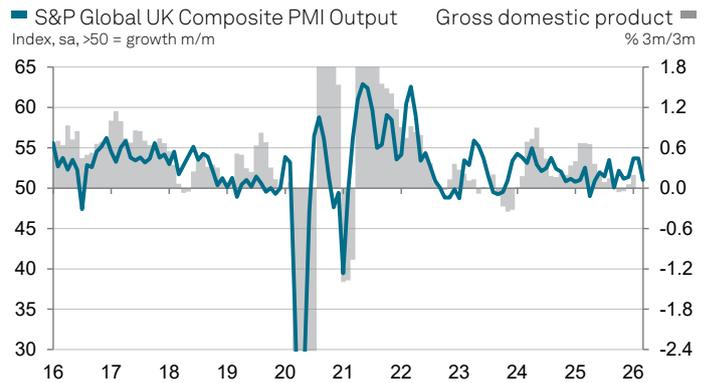
UK private sector firms indicated a marked slowdown in business activity growth during March as the war in the Middle East had an adverse impact on customer demand, input prices and supply chains. Business activity expectations for the year ahead also eased considerably since February, with optimism the lowest since June 2025. March data signalled a rapid acceleration in cost pressures across the UK private sector, which was overwhelmingly linked to rising prices paid for fuel, transportation and energy-intensive raw materials.

Manufacturers signalled the steepest rise in input costs since October 2022. Moreover, the seasonally adjusted Input Prices Index rose by just over 14 index points since February, signalling the biggest month-on-month acceleration of input price inflation across the manufacturing sector since October 1992 (following Black Wednesday in the prior month).

At 51.0 in March, down from 53.7 in February, the headline seasonally adjusted S&P Global Flash UK PMI® Composite Output Index registered above the neutral 50.0 value for the eleventh successive month. However, the latest reading pointed to only a marginal pace of output expansion that was the slowest since September 2025.

March data signalled a decline in total new work received by UK private sector firms for the first time in four months. Survey respondents typically commented on lower business and consumer confidence in response to worries about the war in the Middle East. More cautious spending patterns were also attributed to strengthening inflationary pressures and the prospect of rising borrowing costs.

A renewed decline in export sales weighed on overall new order books at UK businesses during March. This was led by the fastest reduction in new work from abroad in the service



Data were collected 12-20 March 2026.

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

Comment

Chris Williamson, Chief Business Economist at S&P Global Market Intelligence:

“The war in the Middle East has hit the UK economy in March, stalling growth while driving inflation sharply higher.

“Output growth across manufacturing and services has slowed to a crawl as companies blamed lost business directly on the events in the Middle East, whether through heightened risk aversion among customers, surging price pressures, higher interest rates, or via travel and supply chain disruptions.

“Inflationary pressures have surged higher on the back of rising energy prices and fractured supply chains. The acceleration in cost growth in the manufacturing sector was especially severe, being the sharpest since the depreciation of sterling following Black Wednesday in 1992.

“The full impact on inflation and economic growth depends not just on the duration of the war but also the length of disruptions to energy markets and shipping, though March’s PMI numbers clearly underscore how downside growth risks and upside inflation risks have already materialised.

“The Bank of England faces a challenging period where it will need to balance these growth and inflation risks when setting policy, seeking to dampen the potential for the inflation spike to become more engrained while ensuring a hawkish interest rate outlook does not exacerbate downturn risks.”

economy since April 2025. Anecdotal evidence pointed to the postponement of new projects in the Middle East and the impact of reduced international travel.

Meanwhile, manufacturers also reported an adverse impact on global demand due to war in the Middle East. However, new business from abroad still increased marginally during March. Some firms noted that escalating price pressures and worries about supply chain disruptions had encouraged customers to pre-purchase items and build up inventories.

Around 25% of UK manufacturers reported longer delivery times from suppliers in March, while only 2% signalled an improvement. This pointed to the sharpest downturn in vendor performance since July 2022. Survey respondents widely noted that extended shipping times from Asia due to re-routing via the Cape of Good Hope, alongside production stoppages at petrochemical suppliers in the Middle East, had led to longer wait times for raw materials.

Supply chain delays and subdued demand contributed to reduced stocks of purchases across the UK manufacturing sector in March. Post-production inventories were also depleted, albeit only moderately.

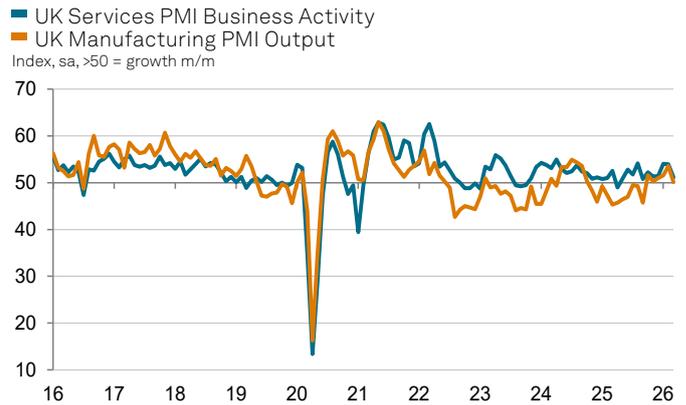
Goods producers signalled a rapid increase in purchasing prices during March. Around 47% of the survey panel reported a rise in their input costs, while only 2% reported a decline. This pointed to the sharpest rate of input price inflation in the manufacturing sector for nearly three-and-a-half years. Moreover, the acceleration in price pressures since February was the largest seen for over three decades.

Service providers also recorded a marked increase in their average cost burdens, with 38% of the survey panel reporting a rise and only 2% experiencing a fall. Across the UK private sector as a whole, latest data signalled that input cost inflation was the steepest since February 2023.

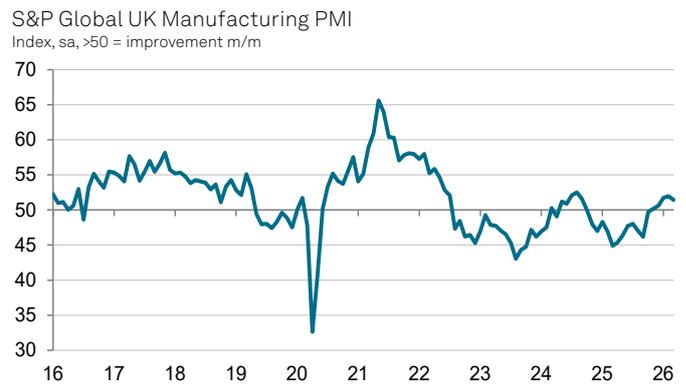
Private sector firms recorded a sharp increase in their average output charges in March, with manufacturers signalling a particularly steep acceleration since the previous month. The latest rise in output charges was the fastest since April 2025. Survey respondents overwhelmingly commented on fuel surcharges and the need to pass on higher raw material prices to customers.

Squeezed margins and softer business activity growth contributed to another reduction in private sector employment in March. The rate of job shedding picked up since February and was slightly faster than seen on average in 2025.

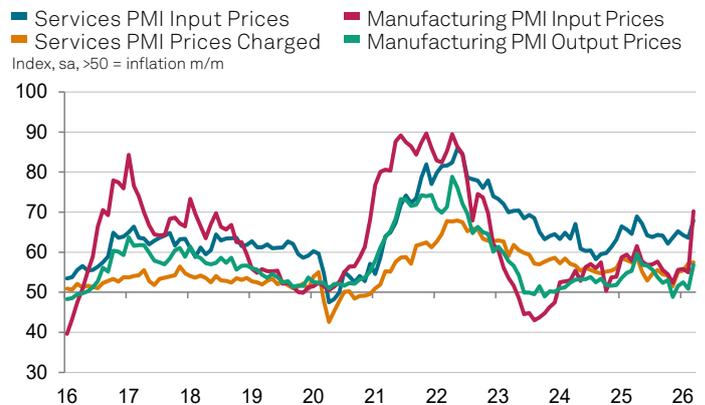
Finally, business activity expectations for the year ahead eased to the lowest for nine months in March, reflecting marked declines in optimism across both the manufacturing and service sectors. Geopolitical risks due to the war in the Middle East were widely cited as weighing on business confidence, alongside concerns about the cost of living and weak domestic economic prospects.



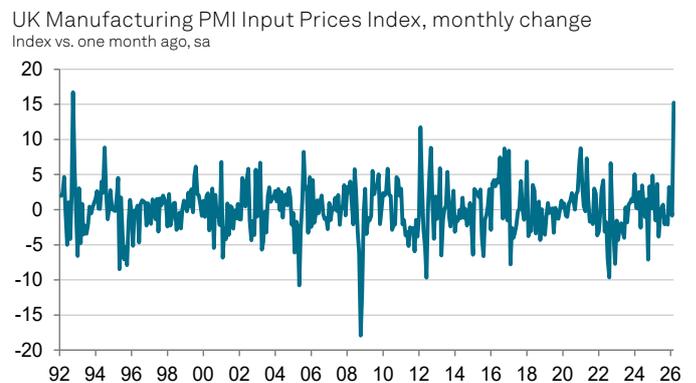
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Contact

Tim Moore
Economics Director
S&P Global Market Intelligence
T: +44 1491 461067
tim.moore@spglobal.com

Hannah Brook
EMEA Corporate Communications
S&P Global Market Intelligence
T: +44-7483-439-812
hannah.brook@spglobal.com
press.mi@spglobal.com

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Methodology

Final March data are published on 1 April for manufacturing and 7 April for services and composite indicators.

The S&P Global Flash UK Composite PMI® 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™ (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.

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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.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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