

UK manufacturing grows at two-year-high as inflation shows signs of easing



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The UK's manufacturing sector grew at its fastest pace for more than two years last month as inflationary pressures for firms and customers showed signs of easing, according to new data,

The closely watched S&P Global UK manufacturing PMI survey recorded a reading of 52.5 for August, up from 52.1 in the previous month.

The reading, which was the highest for 26 months, was in line with analysts' expectations.

Any reading above 50 means a sector is in growth while a score below this means it is contracting.

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with new business from overseas having fallen continuously since early in 2022

Rob Dobson, S&P Global Market Intelligence

Rob Dobson, director at S&P Global Market Intelligence, said: “The UK manufacturing sector remained a positive contributor to broader economic growth in August.

“The upturn is broad-based across manufacturing, with the investment goods sector the standout performer.”

It represents the fourth consecutive month of growth for the sector.

Factory firms reported an increase in output, new orders and employment as the industry’s recovery continued to gather pace.

Manufacturing production increased for the fourth successive month in August, as companies raised output after witnessing an increase in orders, as well as efforts to clear previous agreed contracts.

New business grew as firms reported “better market sentiment” after a reduction in interest rates.

It reported that the UK market drove growth in new contracts, as export orders decreased for the 31st consecutive month, amid weaker demand in [Europe](#) and the continued slowdown in mainland China.

Mr Dobson added: “The trend in export orders remain a key cause for concern, with new business from overseas having fallen continuously since early in 2022.”

Meanwhile, job creation improved at manufacturers as a result of higher output and new order volumes, with growth reaching its highest reading in more than two years.

Firms also reported that input costs rose again, but at a slower rate, with increases for selling prices also slowing down over the month.