# LATEST LLOYDS UK SECTOR TRACKER REVEALS MORE SECTORS GREW IN FEBRUARY

- **Four out of 14 UK sectors said output grew in February – three more than in January and the most since November**
- **The number of sectors seeing demand rise month-on-month (as measured by new orders) was unchanged (two)**
- **Every sector raised prices for the first time in seven months, as most sectors see cost pressures increase**

The latest Lloyds UK Sector Tracker, compiled using exclusive PMI survey data from around 1,300 private sector companies, reveals that more sectors reported month-on-month growth in February.

Four sectors saw output rise (up from one in January) – the most since November 2024. Software & IT services grew at the fastest pace (58.7), and the tourism and recreation sector – which includes pubs, hotels and restaurants – expanded for the first time in ten months (50.4).

Meanwhile, the data shows that month-on-month, demand – as measured by new orders – remained broadly similar, with two sectors reporting a rise. Software services saw demand growth for the 24th month in a row. 12 sectors saw demand, as measured by new orders, fall.

**Businesses focus on cost cutting, as cost pressures remain**

In February, most sectors reported a month-on-month increase in cost pressures (nine).

Against this background, all seven manufacturing sectors monitored by the Tracker cut back on their purchases of raw materials for a third month in a row, while the number of businesses mentioning that headcounts had been lowered – as part of efforts to manage costs – marginally increased to 3.3 times the long-run average (vs. 3.06 in January and 3.68 in December 2024).

For the first time in seven months, every sector increased the prices charged to customers, although seven sectors did so at a slower rate than in January.

**Nikesh Sawjani, Senior UK Economist at Lloyds, said:** "The month-on-month rise in the number of growing sectors is movement in the right direction, as it demonstrates the work that firms are doing to counter the challenges they continue to face. However, February marked the sixth month in a row where more than half of the monitored sectors saw output contract. Although uncertainty remains within sectors, businesses are no longer absorbing as much impact – instead, they are taking steps to protect their margins."

**ENDS**

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**Notes to editors**

**Output growth:** Software services (58.7), financial services (57.5), metals and mining (52.2), tourism and recreation (50.4)

**Output contraction:** Automobiles and auto parts manufacturing (48.8), industrial goods manufacturing (46.4), chemicals manufacturing (46.1), food and drink manufacturing (44.8), real estate (44.7), commercial and professional services (44.1), household products manufacturing (41.2), transportation (40.8), healthcare (40.3), technology equipment manufacturing (37.2).

**Growing demand, as measured by new orders:** Software services (55.1), financial services (51.2).

**Contracting demand, as measured by new orders:** Metals and mining (49.6), automobiles and auto parts manufacturing (46.5), industrial goods manufacturing (44.3), food and drink manufacturing (44.1), technology equipment manufacturing (43.5), commercial and professional services (43.4), real estate (43.3), chemicals manufacturing (43.0), transportation (42.0), household products manufacturing (40.7), tourism and recreation (40.6), healthcare (37.1).

**Methodology**

The Lloyds UK Sector Tracker includes indices compiled from responses to S&P Global's UK manufacturing and services PMI® survey panels, covering around 1,300 private sector companies.

The Lloyds UK Sector Tracker monitors the following 14 individual UK sectors: Chemicals, Metals & Mining, Automobile & Auto Parts, Beverages & Food, Household Products, Industrial Goods, Technology Equipment, Tourism & Recreation, Financial Services (this sector has been updated to include banks, insurance providers and other financial services firms), Commercial & Professional Services, Transportation, Software & Services, Healthcare and Real Estate.

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 Purchasing Managers' Index (PMI) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries use the data to help make interest rate decisions. PMI surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.
For further information on the PMI survey methodology, please economics@spglobal.com

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