

# United Kingdom

Employment and new orders rise at fastest rates for almost six years as recovery gains traction in June

- All-sector PMI signals fastest growth of business activity since March 2011
- GDP growth could exceed 0.5% in Q2
- Hiring most buoyant since October 2007
- New orders show largest gain since September 2007

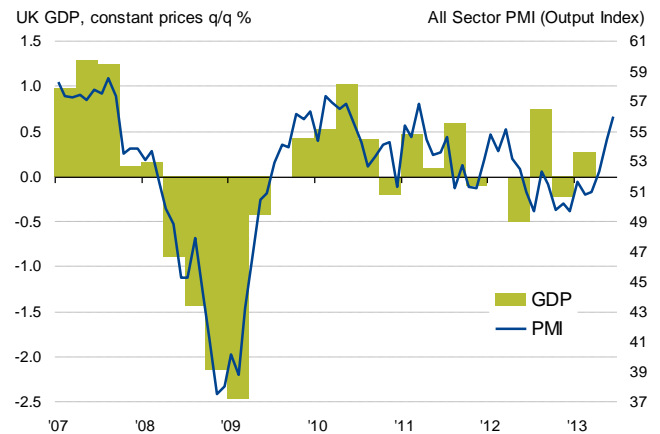
Business activity grew at the fastest pace for just over two years in June, according to the UK all-sector PMI, fueled by the strongest inflow of new business for almost six years. In an increasingly broad-based economic upturn, surging growth in the service sector accompanied a resurgent manufacturing sector and modest growth in the construction sector. Overall job creation hit the highest since October 2007 as companies responded to the brighter outlook.

The all-sector PMI, measuring output across the private sector economy, rose for the fourth month running in June, up from 54.4 in May to 56.0, its highest since March 2011. At 54.2, the average reading for the second quarter is up markedly from 51.2 in the first quarter and is roughly consistent with GDP growth accelerating from 0.3% in the opening quarter of the year to 0.5% in the three months to June, with even stronger growth possible given the recent flow of upbeat official data.

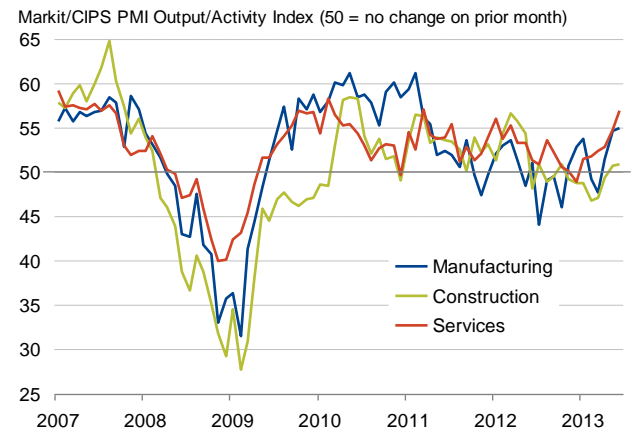
Encouragingly, growth in the second quarter is looking more broad-based than earlier in the year. The service sector led the upturn in June, and has led the revival throughout much of the year so far, recording the strongest expansion since March 2011 as new business rose at the fastest rate for six years. The June growth spurt finished off the best quarter since the start of 2012 for the services economy. However, manufacturing enjoyed the strongest quarterly increase in output since the first quarter of 2011, with output growing in June at the fastest pace since April 2011.

Even the construction sector eked out marginal growth over the quarter for the first time in a year, with output

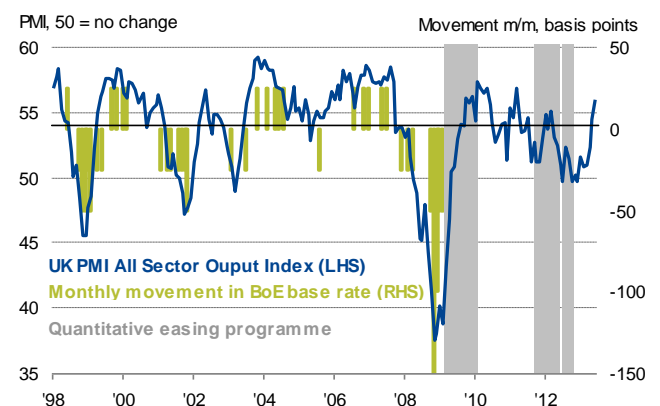
## UK economic growth and the all-sector PMI



## Output/business activity indicators



## Bank of England policy decisions and the PMI



rising for a second successive month in June to register the strongest monthly gain since May 2012.

### Employment and new orders growth near six-year peaks

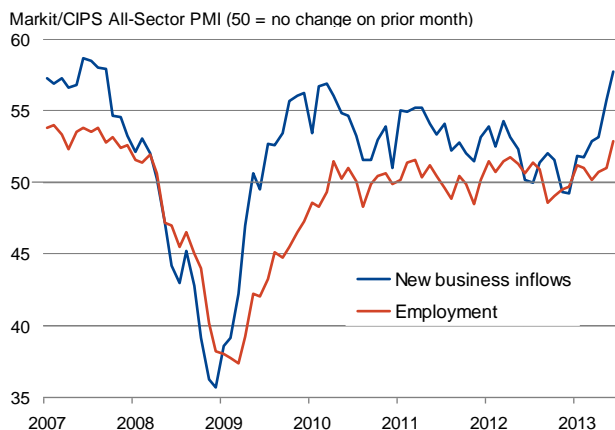
The upturn in business activity was fueled by inflows of new business growing at the fastest rate since September 2007. Faster rates of increase were seen across all three sectors. Leading the pack was services, where the increase in new work was the greatest since June 2007, while manufacturers reported the largest jump in new orders since February 2011 and construction companies saw the biggest monthly increase in new business since May of last year.

With demand rising across the broad, firms took on more staff at the fastest rate since October 2007. The increase was concentrated on the services sector, where hiring was the strongest since August 2007. A more modest gain in construction was nevertheless the best recorded since September of last year, while the manufacturing workforce was more or less unchanged.

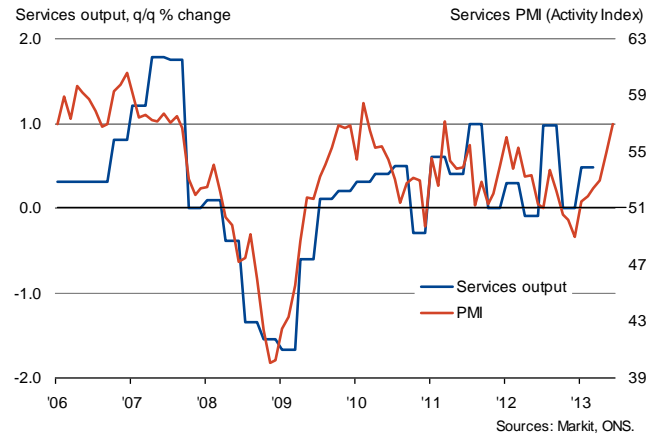
### Bank of England to hold policy

The latest reading of the PMI pushes the survey further out of territory that has been historically consistent with policy stimulus from the Bank of England. It is therefore hard to see how any of the members of the Monetary Policy Committee could make a case for further quantitative easing. Policymakers are likely to argue that any action could perhaps be better geared towards trying to ensure the upturn is fully sustainable, such as measures to further encourage bank lending and business investment.

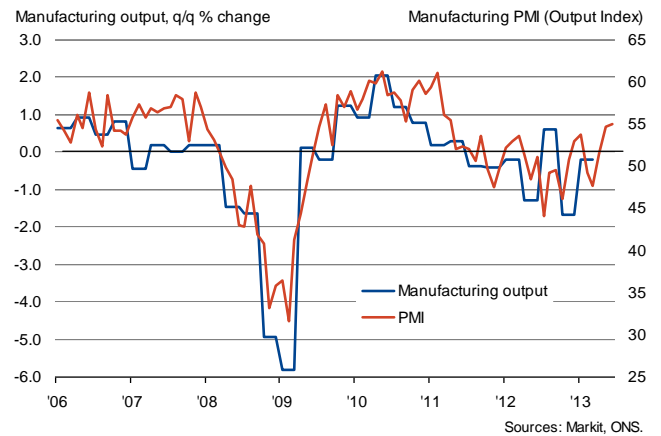
### New business and employment



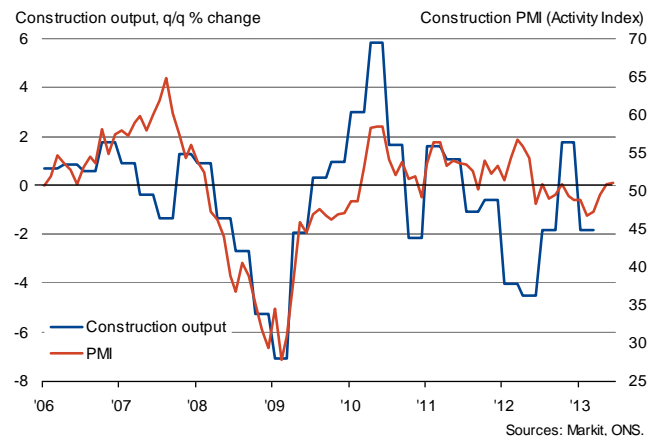
### Services



### Manufacturing



### Construction



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