

## United Kingdom

### Factory output surges in April, but surveys cast doubt on sector's resilience

- **Manufacturing output jumps 2.3% in April, but uplift likely to be temporary**
- **Industrial production up 2.0%**
- **PMI points to near-stagnation in May**

The UK manufacturing sector enjoyed its strongest expansion since July 2012 at the start of the second quarter, according to the Office for National Statistics, but any sparkle looks to be short-lived.

Data for April showed a 2.3% surge in factory production, building on a 0.1% increase in March.

The wider measure of industrial production was up 2.0%, also the largest rise since July 2012 but dragged down relative to manufacturing by a 0.3% decline in mining and quarrying output.

However, even the ONS cautioned about reading too much into the buoyancy hinted at by the data. The monthly data are often volatile and April was no exception. The latest numbers were boosted by an 8.6% jump in pharmaceuticals output, linked in turn to export sales, which lifted total production by almost 0.5% during the month.

The improvement in the official data also contrasts with survey evidence's deteriorating picture on the health of the economy, and manufacturing in particular, in recent months, suggesting the April upturn may be reversed in May.

Recent PMI survey data have been signalling the weakest trend in manufacturing for three years, linked to a near-stalling of order book growth and deteriorating exports.

The survey data point to economic growth slowing to just 0.2% in the second quarter, half the rate of expansion seen in the first quarter.

The survey also revealed that [one-in-three manufacturers had been adversely affected by uncertainty surrounding the June poll on the UK's membership of the EU](#). However, this is not just a Brexit-related slowdown. While referendum uncertainty is clearly dampening demand, a slowing in global

economic expansion is also evident, acting as a further brake on UK growth. Worldwide PMI survey data have been pointing to the [slowest global growth since 2012](#) in recent months.

#### UK Manufacturing Output



Sources: Markit, ONS.

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