

# United Kingdom

## Upturn in industrial production masks manufacturing weakness

- **Industrial production rises 0.4% in April, boosted by jump in mining and quarrying**
- **Manufacturing output slumps 0.4%**
- **PMI points to further manufacturing malaise in May**

A slump in factory output in April represents a very disappointing start to the second quarter, and casts doubt on widespread expectations that the economy is picking up speed after the sluggish start to the year.

Industrial production rose 0.4% in April, up 1.2% on a year ago, boosted by a 5.6% rise in mining and quarrying output, according to data from the Office for National Statistics.

However, the better than expected improvement in the headline industrial production number masks a worrying downturn in factory output, which is a better barometer of the underlying health of the industrial sector. Manufacturing output fell 0.4%, reversing an increase seen in March and reinforcing survey evidence that the goods-producing sector is stuck in a soft patch, linked in part to the strong pound. Over the latest three months, manufacturing has grown just 0.2% compared to the prior three months.

The production data follow trade statistics which showed goods exports down 2.5% in the latest three months compared to the prior three months.

The more up-to-date [Markit/CIPS PMI survey](#) showed manufacturing continuing to struggle in May, registering one of the weakest increases in output seen over the past two years. The average manufacturing PMI reading in the second quarter so far is the lowest since the second quarter of 2013.

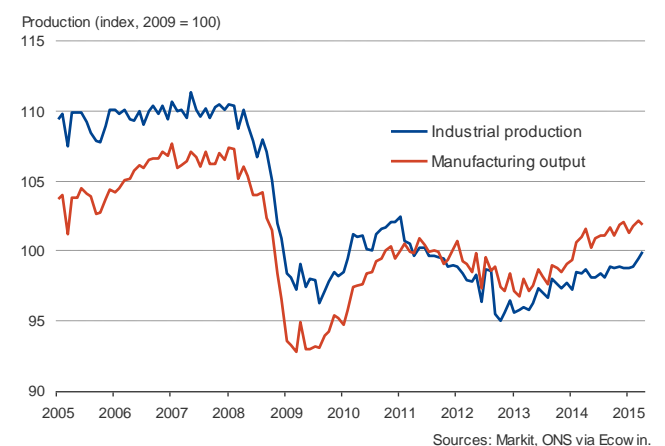
Alongside disappointing construction and service sector growth in recent months, the weakness of manufacturing puts a big question mark over widespread expectations that the economy is set to rebound strongly after a disappointing start to the year. GDP rose just 0.3% in the first quarter, half the rate seen in the latter half of 2014.

The latest downturn in factory output pushes the sector some 5.4% below its pre-crisis peak reached in January 2007, highlighting the unbalanced nature of the economic recovery. By comparison, GDP has recovered to surpass its pre-crisis peak by 4.0%, reflecting strong growth of services.

### UK Manufacturing Output



### Production levels



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