Research

Manufacturing Snapshot

14 August 2026

Still solid

The Performance of Manufacturing Index (PMI) may have fallen in July, but remains firmly in expansionary territory at 54.3 on a seasonally adjusted basis. This returns the PMI close to its levels at the start of the year, before the onset of conflict in the Middle East and the subsequent oil price uncertainty. We acknowledge 54.3 is softer than June's staggering result, however, some month-on-month volatility in the PMI is common and not an immediate cause for concern.

In line with the headline figure, all five subcomponents softened over the month but remained above 50, indicating expansion. Production levels were particularly strong at 57.3 following large jumps in new orders over May and June. Employment was the weakest subindex at 52.8. Employment tends to lag other indicators, and this result still points to growth and momentum in the sector.

Some cautionary tone in sentiment

Although the manufacturing sector remained buoyant in July, sentiment contained some cautionary notes. Businesses that returned negative commentary cited geopolitical tensions and fuel price volatility as key concerns, while higher raw material costs, inconsistent forward orders, and softer consumer spending serve a reminder of the headwinds facing an otherwise resilient industry.

Most industries expanding

Most industries continued expanding in July, building on strength from the month prior. Non-metallic mineral production remained below 50 but improved on its June result. Industries most exposed to consumer spending (namely food, beverages and apparel) moved from expansion to contraction. A likely consequence of disposable incomes becoming squeezed by elevated inflation and fuel prices in recent months.

A positive start to Q3

Overall, July's PMI result paints a positive start to Q3. The data adds to several forward-looking indicators which have suggested economic momentum is building. While we have slight negative GDP growth pencilled in for Q2, these data provide further support to the notion of positive growth thereafter.

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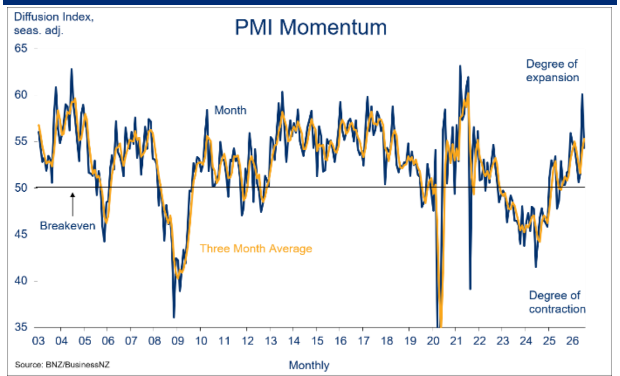
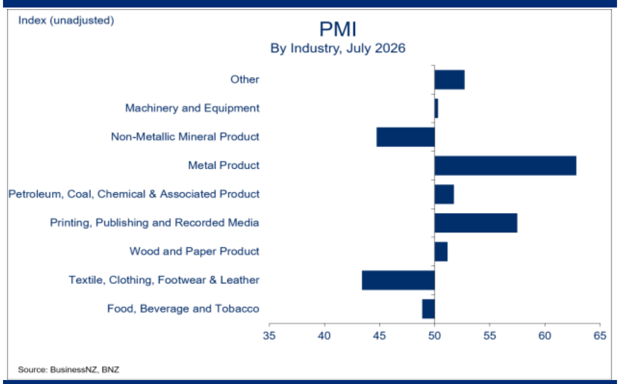
Still expanding

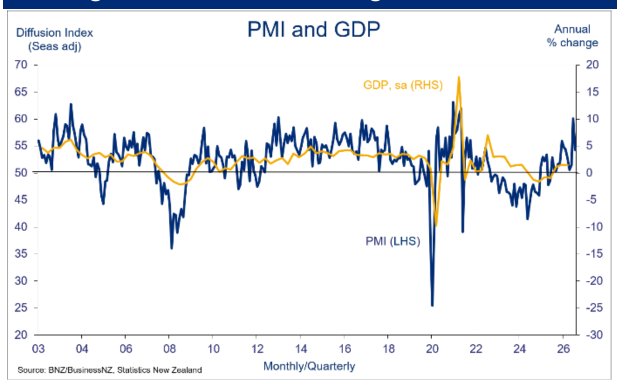


Production pushing ahead

Mostly positive news



More signs of momentum building



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