

# UK PMI Surveys

## Large companies hit hardest as downturn gathers pace

The PMI surveys for both the UK manufacturing and service sectors plumbed new depths in November, with output contracting at rates never before seen in the seventeen- and eleven-year histories of data collection respectively. Hit by sharply deteriorating demand from both at home and abroad as the global financial crisis spread rapidly into the real economy, companies have also begun to shed staff at unprecedented rates.

Looking at PMI data at the company-size level, larger companies are now seeing the fastest rates of output and employment contraction, in a marked reversal of the situation prior to the downturn, when large firms led economic growth and employment creation.

### The larger they come...

PMI data show that smaller companies have typically failed to achieve the rate of growth seen in larger companies over the past ten years, with the divergence particularly pronounced in the past five years.

Smaller companies also saw output contract earlier than larger firms in the current downturn, reporting that output began falling in October of last year and has since dropped at a sharply increasing rate over the last year (interrupted only by a couple of months of very modest growth last winter).

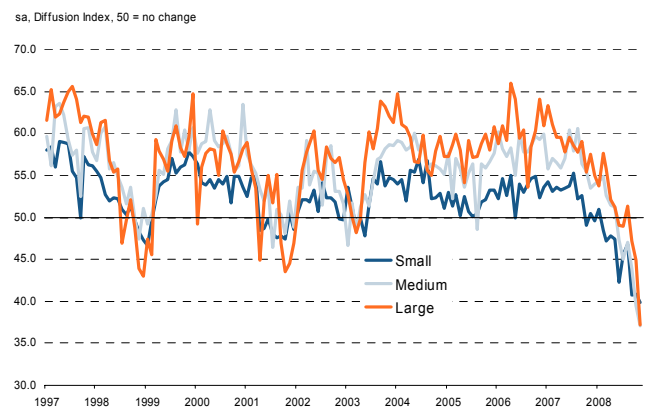
In contrast, large companies did not see output begin to fall until June of this year. This longer time taken for the crisis to hit larger companies is not surprising, given that they had further to fall from the much faster rate of growth than smaller firms prior to the financial crisis. However, the crisis seems to be hitting larger firms the hardest, as the latest data up to November shows that their output is now falling at a faster rate than small and medium-sized companies.

### ...the faster employment falls.

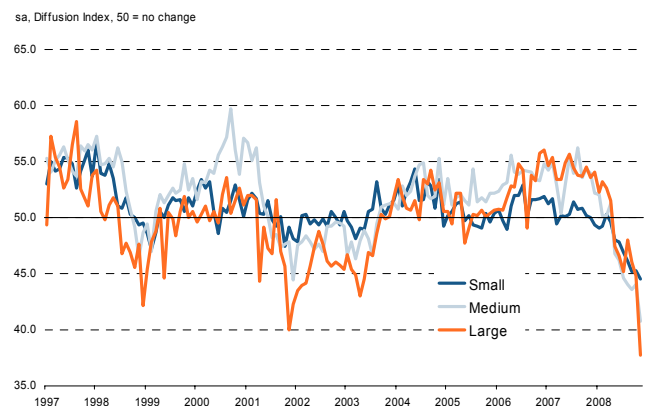
PMI data on employment trends show that it is typical to see larger firms shed staff at a faster rate than smaller companies when business conditions turn sour, and this certainly holds true in the current downturn. As with output, smaller firms reported that employment began

falling sooner than larger firms in the current downturn (the first decline was registered last December, whereas larger firms did not report their first drop in employment until May of this year). However, the rate of job losses at larger firms has accelerated very sharply during the first two months of Q4 to a rate well above those seen in small and medium-sized companies.

### UK Composite Output PMI – by company size



### UK Composite Employment PMI – by company size



Source: Markit Economics

---

**Chris Williamson**

**Chief Economist**

Markit

Tel: +44 20 7260 2329

Email: [chris.williamson@markit.com](mailto:chris.williamson@markit.com)

For further information, please visit [www.markit.com](http://www.markit.com)

The intellectual property rights to this report provided herein is owned by Markit Group Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Markit is a trademark owned by the Markit group.