

UK

Large companies lead upturn, but smaller firms also see return to growth

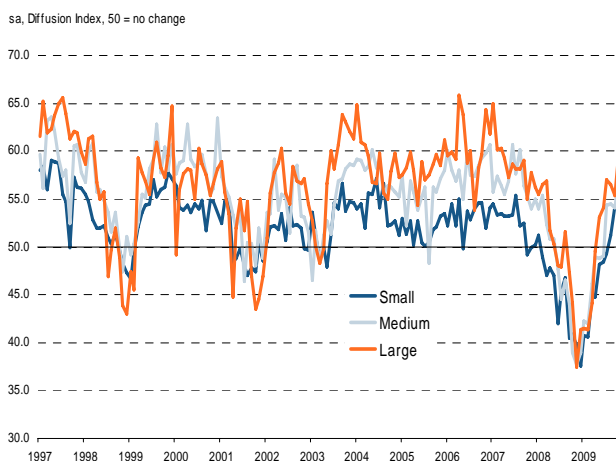
A breakdown of October PMI data by company size across manufacturing and services shows that UK growth continued to be led by large enterprises. The smallest companies, particularly those in services, lagged somewhat but nevertheless enjoyed a return to growth. Moreover, smaller companies are seeing an earlier return to stable staffing levels than larger firms, who continue to shed staff at a steep rate overall.

Output

Across all companies, the PMI surveys indicated that output rose for the sixth successive month in October, expanding at the fastest pace since September 2007. However, from similar starting points at the height of the downturn in early 2009, the recovery path experienced so far by larger companies has been more pronounced than for small and medium-sized enterprises (SMEs).

Large companies posted higher output for the sixth month running in October, while medium and small firms recorded growth for the fourth and third consecutive months respectively. The rates of growth accelerated in all three cases, hitting 25-, 26- and 33-month highs for large, medium and small firms respectively.

PMI Output by Company-Size Band

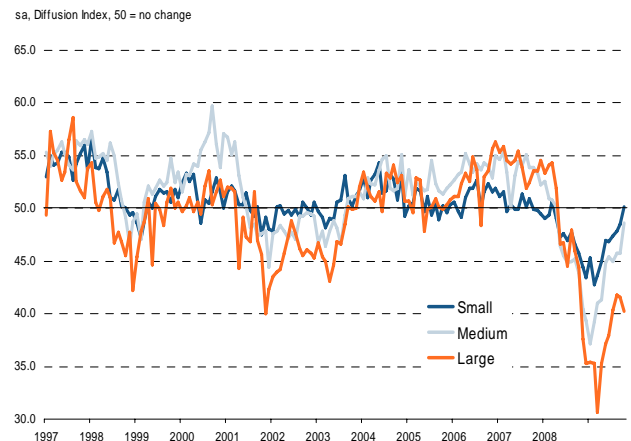


Within each size category, both manufacturing and service providers have seen output return to expansion in recent months. However, for large firms it is service providers that have seen the stronger upturn while, for SMEs, manufacturers have driven growth. SME manufacturers are also seeing faster growth of output than larger manufacturers, whereas the reverse is true for services.

Employment

While the output data painted a picture of larger companies leading growth, the figures for employment told a notably different story. Large companies again registered an historically steep rate of job shedding, in stark contrast to the situation at SMEs – where employment was broadly stable in October.

PMI Employment by Company-Size Band



The pace of job shedding at large companies has been faster than those seen for SMEs throughout the downturn.

At the sector level, trends in employment were broadly similar across manufacturing and services for all size bands in October.

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