

Q2 2026 UK Manufacturing Pulse Check

June

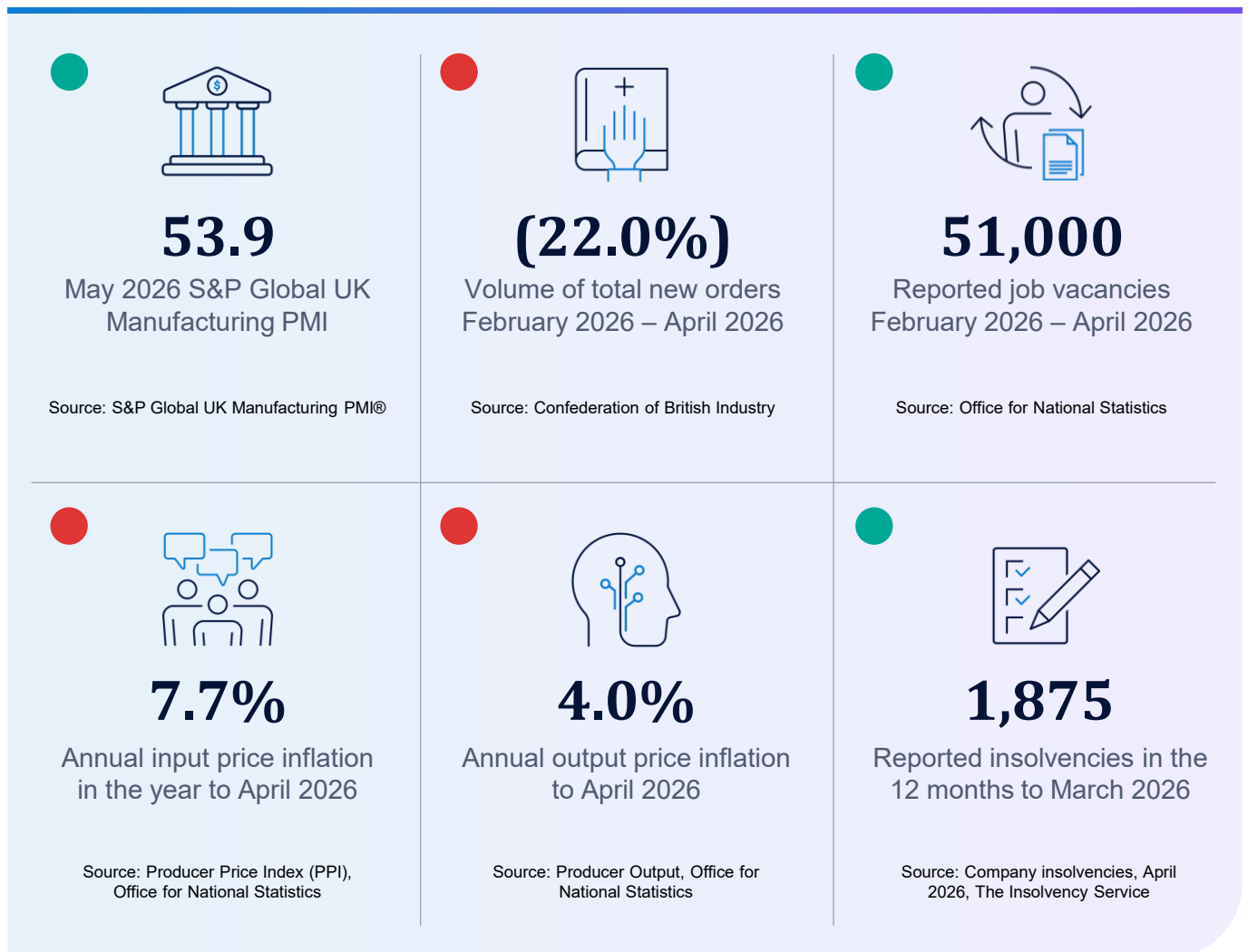
Overview


UK manufacturers continue to operate amid sustained geopolitical uncertainty, driven by the war in Ukraine, sanctions, tariffs and ongoing tensions involving Iran. These factors continue to disrupt key global trade routes and contribute to supply chain instability.

Continued volatility in oil and energy prices is increasing operating costs, contributing to supply chain disruption and placing sustained pressure on manufacturers' margins and working capital.

Strategy

To protect profitability, manufacturers must take decisive action to build a resilient supply chain that can withstand ongoing disruption.



 Improvement from [Q1 Manufacturing Pulse](#)

 Decline from [Q1 Manufacturing Pulse](#)

Operational Improvements and Supply Chain Restructuring

Manufacturers can strengthen resilience and profitability through smarter supply chains, leaner operations and targeted investment, helping to protect margins and remain competitive amid ongoing uncertainty.



Friendshoring & Nearshoring

By adopting friendshoring (i.e. sourcing from politically and economically aligned countries) or nearshoring (i.e. moving suppliers or production closer to key markets), manufacturers can **reduce exposure to geopolitical risk, logistics disruption and rising transport costs**.



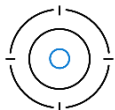
Supplier Diversification

Supplier diversification, rather than reliance on a single low-cost supplier, can improve resilience. Using dual-source or multi-source suppliers also provides a **buffer against price volatility and supply shortages**.



Inventory Optimisation

Inventory optimisation can help balance resilience and efficiency. While stockpiling can help avoid delivery disruption and protect customer service levels, **adopting a just-in-time approach can improve working capital efficiency** and reduce excess inventory costs.



Production Consolidation

Production consolidation can help **reduce overhead** costs by streamlining operations, improving asset utilisation and eliminating inefficiencies across multiple sites or production lines.



Monetising Spare Capacity

Monetising spare production capacity allows manufacturers to turn **idle machinery or unused factory space into an additional revenue stream**, helping to offset fixed costs and manage fluctuating demand more effectively.



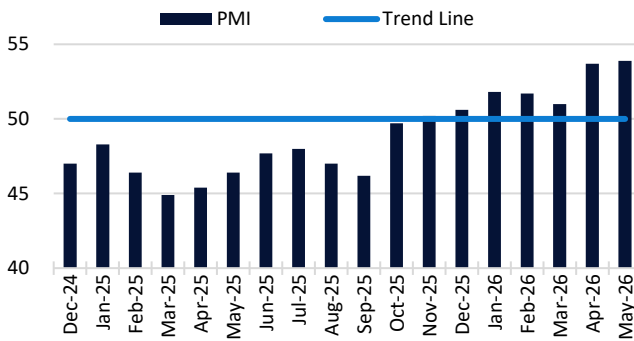
Strategic Digital Investment

Strategic digital investment planning remains important as manufacturers **adopt new technologies to stay competitive**. Careful implementation helps minimise disruption, support staff training and maximise data effectiveness.

Key Indicators

Global UK Manufacturing PMI

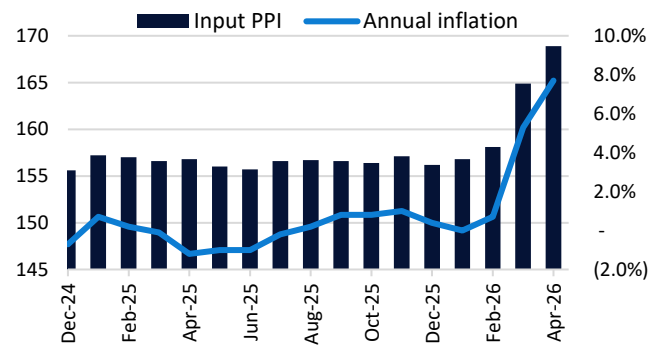
The S&P Global UK Manufacturing PMI climbed to 53.9 in May 2026, indicating recovery despite supply chain pressures.



Source: S&P Global UK Manufacturing PMI®

Producer Input Prices

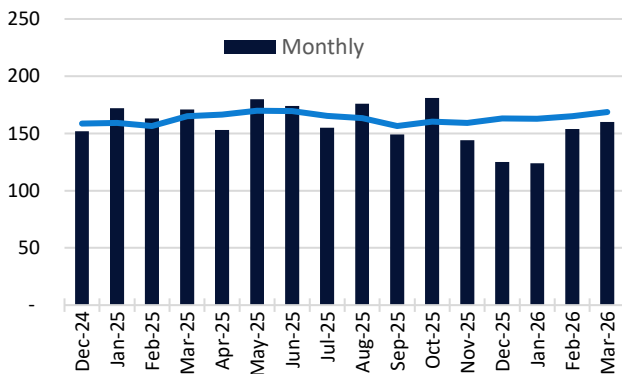
Producer input price inflation rose sharply to c.7.7% in April 2026, indicating increasing cost pressures for manufacturers.



Source: Producer Price Index (PPI), Office for National Statistics

UK Manufacturing Corporate Insolvencies

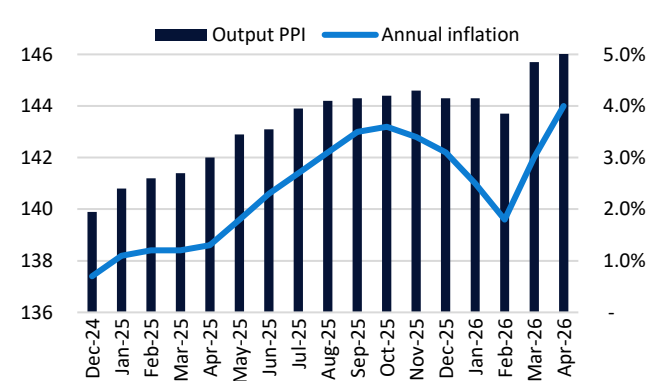
UK manufacturing corporate insolvencies fell by 6% to 1,875 on a like-for-like basis in the 12 months to March 2026.



Source: Office for National Statistics

Producer Output Prices

Producer output prices rose by c.4.0% year-on-year in April 2026, indicating increasing pricing pressure across the manufacturing sector.



Source: Producer Price Index (PPI), Office for National Statistics

Key Contacts



Daniel Smith
Senior Managing Director
+44 7884 234932
daniel.smith@teneo.com



Diana Torres
Senior Managing Director
+44 7345 428859
diana.torres@teneo.com



Michael Houston
Director
+44 7468 367105
michael.houston@teneo.com



Khalil Malik
Associate Director
+44 7881 359115
khalil.malik@teneo.com

© 2026 Teneo. All rights reserved. This material was produced by Teneo for use solely by the recipient. This communication is intended as general background research and is not intended to constitute advice on any commercial investment or trade matter or issue and should not be relied upon for such purposes. The views expressed here represent opinions as of this date and are subject to change without notice. The information has been obtained from sources believed to be reliable but no guarantees can be given as to its accuracy, completeness or reliability. AI-enabled tools may have been used in the preparation of this report to assist with data analysis, content structuring, and editorial refinement. Where used these tools did not operate autonomously and did not replace expert judgment. All outputs were reviewed, validated, and finalized by the report authors, who retain full accountability for the accuracy and integrity of the work. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic or otherwise, without the prior consent of Teneo.