
UK: Manufacturing Growth Continues?

by Andrew Wroblewski

More Rationale for BoE to Continue on Hold. Coming in slightly below expectations, the headline January manufacturing PMI dipped back 0.4 point to 50.8, albeit still very much consolidating the jump seen in December, which brought about *the first above-50 reading since last April and the highest outcome in 15 months*. Moreover, the survey actually suggested that production posted a clearer increase, despite on-going weakness in capital goods. Meanwhile, demand from the domestic market remained positive, while the level of new export orders continued to drop. Price pressures were higher too, with pricing power still modest.

DE View: These numbers have been showing continuing high degrees of month-to-month volatility in recent months, with the January update therefore all the more notable for the appearance of consolidation. *Puzzlingly, the weakness in exports will frustrate the likes of the BoE, possibly meaning that the central bank continues to talk down the currency.*