nickleeder

edition 01 · September 2026

Beyond the Buzzwords

The Transformation Pulse

What this month's manufacturing reports actually tell you.



this month

The optimism is real. It is conditional.

Confidence rose on both sides of the Atlantic, but the costs underneath it did not move. Manufacturers are backing the recovery with capital, not people.

nl.

01
At a glance

The month in one paragraph

September was the month sentiment turned up on both sides of the Atlantic while the complaints underneath it refused to move.

US manufacturers posted their most positive outlook in four years, UK confidence rose for the first time in more than a year, and global production accelerated for a second quarter running. Yet the same three constraints top every survey: input costs, energy and policy uncertainty. The optimism is real, but it is conditional, and manufacturers are backing it with capital rather than headcount.

78.9%
of US manufacturers positive on their outlook, a four-year high
NAM, Q3 2026

+3%
UK employment balance, down from +15% in one quarter: a hiring freeze
Make UK and S&W, Q3 2026

2%
of UK manufacturers have AI embedded across the whole business
Make UK and Bishop Fleming, 2026

The Pulse

The five measures we track every month, with the latest value against the previous one from the same source. These are quarterly series; the PMI strip below moves monthly.

Measure	This month	Prior	Direction
US outlook positive (NAM)	**78.9%**	74.2%	↑ up
US expected input cost growth	**+5.0%**	+5.8%	↓ down
UK investment intentions	**+15%**	+8%	↑ up
UK employment balance	**+3%**	+15%	↓ down
Global output growth, q/q (UNIDO)	**+1.5%**	+1.2%	↑ up

The PMI strip

The month's final manufacturing PMIs, published 1 October. Above 50 means activity grew on the month; all five regions are growing, and the global reading is a 55-month high.

Global	US	UK	Eurozone	China
53.0 ↑	**55.9** ↑	**51.9** ↑	**52.9** ↑	**52.1** ↑
prior 52.3	prior 53.9	prior 51.7	prior 52.7	prior 51.5

© Nick Leeder & Co Limited 2026. All rights reserved.

02
What landed

What landed in September

Five reports landed in September. Here is what each one claims and whether it should change how you run your operation.

NAM
14 September 2026

+5.0%
US input costs expected next year

Manufacturers' Outlook Survey, Q3 2026

US sentiment reached its highest level since Q2 2022, with expected sales (4.3 per cent), production (3.8 per cent) and capital investment (2.6 per cent) all at four-year highs. The counterweight: raw material costs top the worry list for a second quarter, named by 80.8 per cent, with input costs expected to rise another 5.0 per cent.

Nearly two-thirds plan to import industrial machinery in the next year, while a Section 232 investigation into machinery imports is live. Expected employment growth is just 1.8 per cent.

Why it matters The recovery is being spent on machines, not people.

Make UK with S&W
9 September 2026

+3%
UK employment balance, from +15%

Manufacturing Outlook, Q3 2026

UK confidence improved for the first time in five quarters. Orders strengthened to +17 per cent and investment intentions nearly doubled to +15 per cent, but output growth slowed to +10 per cent from +26 per cent, and part of recent output is still stockpiling.

The employment balance fell from +15 to +3 per cent, which the report puts down to rising employment costs and Employment Rights Act compliance rather than demand.

Why it matters Demand is there; the hiring is not. Watch whether the freeze deepens as further employment measures land.

Make UK with Bishop Fleming
7 September 2026

65%
of UK manufacturers are family-owned

Who Inherits UK Manufacturing?

The first serious attempt to put ownership on the industrial policy map. Family firms contribute an estimated £94 billion and around one million jobs. They invest first in skills (63 per cent), cyber security (62 per cent) and AI in the back office (62 per cent), against 49 per cent for AI in production.

Energy is the top barrier at 59 per cent, at the G7's highest industrial price of 26.6p per kWh. Nine in ten have seen no benefit from the Industrial Strategy, and the 2024 inheritance tax changes are reshaping succession across two-thirds of the sector.

Why it matters Succession has moved from the tax adviser's desk onto the operations agenda.

© Nick Leeder & Co Limited 2026. All rights reserved.

UNIDO Statistics
30 September 2026

+6.1%
global exports, quarter on quarter

World Manufacturing Production and Trade, Q2 2026

Global output grew 1.5 per cent on the quarter, a second consecutive acceleration, with exports up 6.1 per cent. Medium-high and high technology industries led at 2.0 per cent.

Europe recovered from contraction (+1.6 per cent), Northern America rose 1.4 per cent and the UK grew 0.9 per cent, named among the stronger high-income performers.

Why it matters Global demand is running ahead of the mood at home. If your order book feels flat, the stronger market is abroad.

World Economic Forum
9 September 2026

23%
of EU energy use electrified; the aim is 46%

Leaders for European Growth and Competitiveness, First Edition

The first annual report of the Forum's European competitiveness platform, written with Accenture, McKinsey and Oliver Wyman. Its thesis: the diagnosis is complete, the technology, capital and firms all exist, and what Europe consistently fails to do is deploy at the speed of its rivals.

Lifting electrification from 23 per cent to 46 per cent by 2040 could cut the EU's fossil fuel import bill by 260 billion euros a year. Demand-pooling buyers' coalitions have aggregated 16 billion euros a year across more than 160 deals since 2021.

Why it matters If a whole continent can have a deployment gap, so can your plant. The demand-pooling method is one an operator can borrow.

03
Patterns

Four patterns across the month

Edition one sets our baseline. These are the patterns that run across independent sources this month; from October, each will carry its direction of travel against the last edition.

01
baseline

Sentiment is up, but it is conditional.

US optimism at a four-year high and the first UK confidence rise in five quarters arrive in the same month that input costs top both countries' worry lists. Confidence follows output, orders and investment, and it will fall with them.

Sources NAM; Make UK and S&W

© Nick Leeder & Co Limited 2026. All rights reserved.

02
baseline

Capital is beating headcount.

Capex intentions are at a four-year high in the US and nearly doubled in the UK, while hiring is modest in America and frozen in Britain. Leaders are buying capability rather than adding people.

Sources NAM; Make UK and S&W

03
baseline

The deployment gap is documented at every level.

Only 2 per cent of UK firms run AI business-wide, the UK adoption plan says pathways are the national constraint, and the WEF says Europe's problem is pace of deployment, not assets. One diagnosis, three altitudes.

Sources Make UK and Bishop Fleming; UK Government AI Adoption Plan; World Economic Forum

04
baseline

Policy attention is shifting from technology to structure.

September's UK material is about who owns manufacturing, how adoption actually happens and what it costs to operate here, not about any particular technology.

Sources Make UK and Bishop Fleming; UK Government AI Adoption Plan



What this means for you

Plan for competitors who automate before they hire. If your 2027 plan assumes rivals carry the same labour cost curve as you, the surveys say otherwise.

Next step Test your 2027 plan against a rival who automates instead of hiring.

Treat input costs as the planning constant, not a passing squeeze. Another 5.0 per cent on raw materials is the US base case, and UK energy is the G7's most expensive. Productivity from existing assets is the 2027 play.

Next step Re-run your investment cases with input costs up another 5 per cent.

The money in AI is still on the shop floor, and almost nobody is there yet. With 2 per cent of firms running AI business-wide, the advantage is unclaimed, and the barriers are ones an operator can work on today.

Next step List the production decisions AI could support, and name the barrier blocking each one.

If you are family-owned, succession is now an operations risk. The prepared minority are developing successors before anything forces the issue, and it will show in who still owns their business in ten years.

Next step Put succession on the operations risk register this quarter.

© Nick Leeder & Co Limited 2026. All rights reserved.

04
On the shelf

New on the shelf

Captured in September but published earlier, so we list it apart from the month's news.

UK Government, AI Adoption Plan: Advanced Manufacturing

Independent report by the sector's AI Champion, 8 June 2026

Its diagnosis is blunt: the UK does not lack AI capability, it lacks a deployment pathway, and too many projects are stuck in pilots. It proposes a Scan-Pilot-Scale pathway and five interventions built on Made Smarter, Innovate UK and the HVM Catapult rather than new institutions. Short, free, and worth an hour of any operations leader's time.

Sources

	Publisher	Title	Published
1	NAM	Manufacturers' Outlook Survey, Third Quarter 2026	Sep 2026
2	Make UK and S&W	Manufacturing Outlook, Quarter 3 2026	Sep 2026
3	Make UK and Bishop Fleming	Who Inherits UK Manufacturing? The impact of tax policy on family businesses in manufacturing	Sep 2026
4	UNIDO Statistics	World Manufacturing Production and Trade, Quarterly Report Q2 2026	Sep 2026
5	World Economic Forum	Leaders for European Growth and Competitiveness, First Edition	Sep 2026
6	UK Government (Cabinet Office and DSIT)	AI Adoption Plan: Advanced Manufacturing	Jun 2026
7	S&P Global (with J.P. Morgan, CIPS, RatingDog)	Manufacturing PMI final releases, September 2026	Oct 2026

Every figure in this edition comes from the reports listed above. Full links and the complete analysis are on the edition's page at nickleeder.com.

© Nick Leeder & Co Limited 2026. All rights reserved.

nickleeder

Complexity delivers nothing.

About The Transformation Pulse

Each month we read the manufacturing reports so you do not have to: the surveys, outlooks and policy papers published that month. The Transformation Pulse says what they mean for manufacturing leaders, with every source listed. A new edition is published around the 10th of each month at nickleeder.com, as this free PDF, and as a LinkedIn article.

About Nick Leeder & Co

Complexity delivers nothing. We help manufacturing leaders turn enabling technology into real value through practical action, with clarity, confidence and control. Our team brings decades of hands-on manufacturing and technology leadership. We are multi-award-winning, and our expertise is recognised by organisations including the World Economic Forum. We don't do transformation theatre. We do outcomes.

Nick Leeder & Co / 37 Great Pulteney Street, Bath BA2 4DA, United Kingdom
hello@nickleeder.com / +44 (0)1275 772 422 / nickleeder.com

Copyright notice. © Nick Leeder & Co Limited, 2026. All rights reserved. Nick Leeder & Co Limited is a company registered in England and Wales, company number 14066763. You may quote brief extracts with clear credit to Nick Leeder & Co. This paper is for general information only. We work hard to keep it accurate and current, but we make no promises or warranties that it is complete, accurate, reliable or suitable for any purpose. Any reliance you place on it is at your own risk. Nothing in it is legal, financial or professional advice.

nl.