# UK stocks clear 9,300 milestone as PMI improves and borrowing narrows, yet fragility lingers



The latest activity on the UK’s stock market and its broader economy sits on a delicate line between encouraging signs and lingering fragility. The FTSE 100 closed above 9,300 for the first time in the session, a milestone that followed evidence of improving public finances and a momentum-filled PMI. The Office for National Statistics reported July’s net borrowing of £1.05 billion, far smaller than June’s £22.56 billion and markedly below the year-ago figure, a signal that the public purse is behaving better than lenders and policymakers had feared. Yet even as the funding position brightened, analysts warned that the long‑run picture remains constrained by structural weaknesses in the economy as gilt yields move higher and potential productivity downgrades loom in autumn forecasts. In the same breath, the S&P Global flash UK PMI for August showed the pace of growth picking up to a 12‑month high, with services leading the expansion and manufacturing showing tentative stabilisation, suggesting that the recent improvement may be more than a brief respite.

The market mood was reinforced by brighter domestic data alongside an external backdrop of guarded optimism about global growth. A Marketscreener summary noted the London stock market’s relative outperformance versus European peers as sentiment improved on the back of a stronger PMI print and cautious but constructive commentary from economists about the trajectory of the economy. However, the macro narrative remains mixed. Currency markets moved modestly, with the pound hovering near 1.34 dollars and the euro easing toward 1.162 dollars as investors awaited further signals from the Federal Reserve. Ahead of this week’s Jackson Hole policy symposium, a Reuters briefing highlighted that markets were weighing the prospect of a September rate move against Powell’s anticipated remarks, with some analysts expecting the Fed chair to reinforce a cautious path rather than commit to near-term easing. In short, the latest data has produced a currency-and-equities rally, but traders are wary that a single monthly snapshot may not capture the full cycle ahead.

On the fiscal front, the public finances picture remains fragile even as near‑term data brightens. July’s borrowing figure puts the current year on a tighter footing than in June and reinforces warnings from economists about the UK’s fiscal trajectory. Government debt as a share of GDP continues to sit at elevated levels, and the OBR’s forecasts for the autumn budget are likely to carry significant political weight. Against this backdrop, investor attention has shifted to corporate reporting and the health of consumer demand. Among the corporate stories shaping sentiment, WH Smith underwent a dramatic re‑set after revealing an accounting error that prompted a large downward revision to its earnings outlook in North America. Hedge funds and traders had flagged WH Smith as a top short in July, according to Hazeltree data, amplifying the stock’s fall as Deloitte was brought in to conduct an independent review. The North American operation remains central to the group’s long‑term growth ambitions, making the update a focal point for investors watching for signs of how the rest of the business might fare in a tougher travel environment.

Meanwhile, the week’s other focal point remains the rhythm of policy and markets in the United States. Ahead of Powell’s Jackson Hole remarks, dollar strength persisted as investors weighed the possibility of gradual policy normalisation, even as some analysts pencilled in a later‑year rate cut if inflation showed further signs of cooling. The broader message for global markets is that while activity data are offering fresh confirmation of a cyclical improvement, the path ahead will be shaped by central‑bank communication and the economy’s ability to translate a stronger PMI into durable, broad‑based growth. In London trading, shares of other bellwether firms also faced mixed readings as investors priced in the risk that a tighter policy stance could curb domestic demand sooner rather than later. Yet for now, the mood is distinctly more constructive than it was at the start of the summer, even as the fiscal and corporate contours of the UK economy continue to evolve under the pressure of debt, taxation, and global market uncertainty.

Reference Map:

* Paragraph 1 – [[1]](https://www.independent.co.uk/news/business/office-for-national-statistics-jerome-powell-chris-williamson-pmi-office-for-budget-responsibility-b2811947.html), [[4]](https://www.reuters.com/world/uk/uk-firms-report-strongest-activity-year-august-pmi-survey-2025-08-21/)
* Paragraph 2 – [[1]](https://www.independent.co.uk/news/business/office-for-national-statistics-jerome-powell-chris-williamson-pmi-office-for-budget-responsibility-b2811947.html), [[2]](https://www.marketscreener.com/news/ftse-ends-above-9-300-amid-brighter-pmi-print-ce7c50dad989f224), [[5]](https://www.reuters.com/world/middle-east/dollar-gains-before-key-powell-speech-jackson-hole-friday-2025-08-21/)
* Paragraph 3 – [[3]](https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/bulletins/publicsectorfinances/july2025), [[6]](https://www.reuters.com/sustainability/boards-policy-regulation/hedge-funds-picked-wh-smith-top-short-before-share-slump-hazeltree-data-shows-2025-08-21/)

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## Bibliography

1. <https://www.independent.co.uk/news/business/office-for-national-statistics-jerome-powell-chris-williamson-pmi-office-for-budget-responsibility-b2811947.html> - Please view link - unable to able to access data
2. <https://www.marketscreener.com/news/ftse-ends-above-9-300-amid-brighter-pmi-print-ce7c50dad989f224> - London’s FTSE 100 closed above the 9,300 level for the first time in the session, finishing up 21.06 points at 9,309.20 as equities were buoyed by brighter data and improving sentiment. The market snapshot notes the outperformance of UK stocks versus European peers, while the FTSE 250 slipped and the AIM All-Share levelled, reflecting mixed domestic news. The piece highlights better‑than‑hoped borrowing data and a supportive macro backdrop, alongside commentary from economists who warn the public finances remain fragile and policy could tighten further in the autumn. It also references broader market context, including Jackson Hole focus and currency moves.
3. <https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/bulletins/publicsectorfinances/july2025> - The Office for National Statistics released its July 2025 public sector finances bulletin, showing net borrowing of £1.1 billion for July 2025 — the smallest July borrowing for three years and well below June’s outturn. The financial year to July 2025 recorded borrowing of £60.0 billion, marginally higher than the prior year but in line with the Office for Budget Responsibility forecast. The current budget was in surplus by £3.3 billion in July, while central government net debt hovered around 96.1% of GDP. The bulletin emphasises a fragile fiscal trajectory, with receipts and debt interest influenced by inflation and policy developments.
4. <https://www.reuters.com/world/uk/uk-firms-report-strongest-activity-year-august-pmi-survey-2025-08-21/> - Britain's August 2025 PMI indicated the fastest pace of private-sector expansion in a year, with the S&P Global composite index rising to 53.0 from 51.5 in July. Growth was led by the services sector, which advanced to 53.6, while manufacturing remained weak at 47.3, underscoring a durable services-led recovery. The data suggested the UK was outperforming many European economies, though inflation pressures persisted and job creation cooled. The reading supported expectations for a gradual path of Bank of England policy adjustment. Sterling reacted modestly higher on the release, while analysts warned against reading too much into a single monthly snapshot this month.
5. <https://www.reuters.com/world/middle-east/dollar-gains-before-key-powell-speech-jackson-hole-friday-2025-08-21/> - Dollar gains were noted ahead of Powell's Jackson Hole speech as markets assessed the potential trajectory of US policy. Reuters reported the dollar index near 98.60, with the euro weakening to around $1.161 and sterling standing near $1.342 after a day of mixed data. The piece underscored tariff uncertainty and inflation risks shaping expectations for a September move, with some analysts pricing in a likely first cut later in the year while remaining cautious pending Powell's remarks. Traders watched US data releases and Fed rhetoric for confirmation of policy direction, while global markets kept a careful eye on risk sentiment.
6. <https://www.reuters.com/sustainability/boards-policy-regulation/hedge-funds-picked-wh-smith-top-short-before-share-slump-hazeltree-data-shows-2025-08-21/> - Hedge funds and traders flagged WH Smith as a top short in July, Hazeltree data shows, ahead of an August 21 update revealing an accounting error. Reuters reported WH Smith shares tumbled more than 45% after the group disclosed a £30 million overstatement of North American earnings, prompting a cut to its annual profit outlook. The update commissioned Deloitte to conduct an independent review, while the North American unit — representing about a fifth of group revenue — remains pivotal to growth plans. The incident weighed on the stock amid travel sector headwinds and higher debt levels.
7. <https://www.lse.co.uk/news/uks-renishaw-sees-annual-profit-towards-top-end-of-outlook-range-4quozbxnz0swko1.html> - Renishaw updated on August 21, 2025, guiding profit toward the top end of its prior outlook. The trading update projected revenue around the middle of the £700–£720 million range and adjusted pre‑tax profit toward the upper end of £109–£127 million. The update attributed cost reductions and tariff resilience, with U.S. tariffs seen as having limited effect. Finance director Allen Roberts will step down later in the year after 46 years with Renishaw. Shares rose on the news, reflecting optimism about margins and cost discipline, though analysts noted the earnings range remained wide and driven by exchange rates and demand mix.