

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 08:15 (UK Time), 03 February 2014

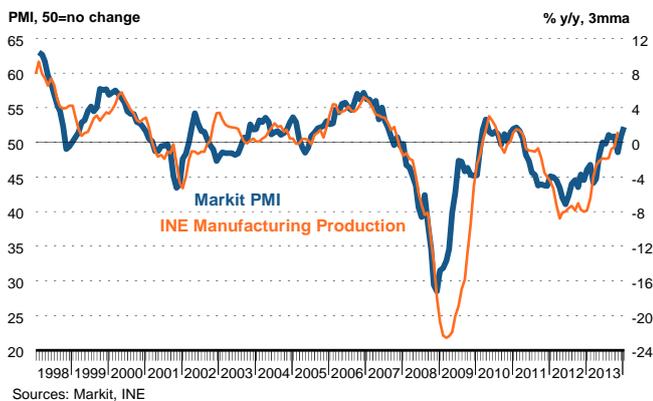
Markit Spain Manufacturing PMI®

Output growth quickens to 41-month high

Key points:

- Solid expansion in manufacturing production
- Employment rises for first time since October 2010
- First reduction in input costs in five months

Historical overview:



Summary:

The Spanish manufacturing sector started 2014 on a positive footing as growth of both output and new orders accelerated. Rising workloads led firms to take on extra staff, marking the first instance of job creation since late-2010. Meanwhile, input prices decreased for the first time in five months and this enabled manufacturers to lower their output prices as part of attempts to improve competitiveness.

The seasonally adjusted Markit *Purchasing Managers' Index*® (PMI®) – a composite indicator designed to measure the performance of the manufacturing economy – rose to 52.2 in January from 50.8 in December, signalling a modest strengthening of business conditions at the start of the year. Moreover, the improvement in operating conditions in January was the strongest since April

2010.

The rate of growth in manufacturing output accelerated in January and was the fastest in close to three-and-a-half years. Production has now risen in five of the past six months.

Total new business also increased at a sharper pace at the start of 2014, with some panellists highlighting the impact of rising new export orders. New business from abroad expanded at a marked pace that was the strongest since last September.

Higher production requirements led manufacturers to raise their employment levels in January, just the second increase in staffing levels in the past 77 months.

Backlogs of work also rose, ending a two-month sequence of decline. Although only modest, the rate of accumulation of outstanding business was the fastest since August 2010.

Manufacturers reported a slight fall in input costs, the first since August last year. Some respondents indicated that they had been able to negotiate price reductions with suppliers. Output prices also decreased in January, following a rise in December. Where selling prices were reduced, panellists linked this to the fall in input costs and attempts to improve competitiveness.

Firms raised their purchasing activity at a solid pace that was the fastest since April 2010, largely in response to greater workloads.

Increased demand for inputs imparted further capacity pressure on vendors and lead times lengthened amid reports of low stock levels. Delivery delays led manufacturers in Spain to deplete pre-production inventories. That said, the pace of reduction in stocks of purchases was the slowest since November 2011. Finally, stocks of finished goods were reduced for the twenty-eighth

consecutive month, albeit at a slower pace.

Comment:

Commenting on the Spanish Manufacturing PMI® survey data, Andrew Harker, senior economist at Markit and author of the report, said:

“There is a sense of optimism in the Spanish manufacturing sector at the start of 2014, with the PMI data for January suggesting that an economic recovery in the sector may be getting underway. The expansion in output quickened to the sharpest in close to three-and-a-half years, with success in export markets fuelling growth.

“One of the most positive aspects of the latest survey was a rise in employment, which suggests that firms have some confidence in the sustainability of the recent increases in workloads – something we haven’t seen for some time.”

-Ends-

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Notes to Editors:

The Spain Manufacturing PMI® (*Purchasing Managers’ Index*®) is produced by Markit Economics. The report features original survey data collected from a representative panel of around 400 companies based in the Spanish manufacturing sector. The panel is stratified by Standard Industrial Classification (SIC) group, based on the industry contribution to GDP.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the ‘Report’ shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the ‘diffusion’ index. This index is the sum of the positive responses plus a half of those responding ‘the same’.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from Markit. Please contact economics@markit.com.

The Manufacturing *Purchasing Managers’ Index*® (PMI®) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers’ Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

The *Purchasing Managers’ Index*® (PMI®) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. PMI surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

About Markit

Markit is a leading, global financial information services company with over 3,000 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency.

Its client base includes the most significant institutional participants in the financial marketplace. For more information please see www.markit.com

About PMI

Purchasing Managers' Index® (*PMI*®) surveys are now available for 32 countries and also for key regions including the Eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to www.markit.com/economics.

About AERCE

The Spanish Association of Purchasing Managers and Supply. Established in 1981, it encompasses approximately 1600 members, distributed across ten sections. AERCE represents Spain in the International Federation of Purchasing and Supply Management (I.F.P.S.M).

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