

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 08:15 (UK Time), 01 July 2013

Markit Spain Manufacturing PMI®

Solid rise in exports leads to growth of new orders

Key points:

- Overall new business increases for first time since April 2011
- Slower falls in output and employment
- Fourth successive reduction in input costs

Historical overview:



Summary:

June provided further signs that the decline in the Spanish manufacturing sector is coming to an end. New orders increased, driven by a marked rise in new business from abroad. Meanwhile, output, employment and purchasing activity all decreased at weaker rates.

The seasonally adjusted Markit *Purchasing Managers' Index®* $(PMI^{@})$ – a composite indicator designed to measure the performance of the manufacturing economy – posted 50.0 in June, signalling no change in business conditions during the month. This followed a reading of 48.1 in May, and ended a 25-month sequence of deteriorating operating conditions.

The stabilisation of business conditions was aided by a first rise in new orders since April 2011. Respondents indicated that growth of overall new orders was largely reflective of higher new export business. New orders from abroad rose for a second successive month, and at a marked pace that was the fastest in more than two years. Respondents indicated that higher new business had been received from a range of international markets.

Higher new orders contributed to a slowdown in the rate of decline in production in June. Although output continued to fall, the latest marginal reduction was the weakest in the current 26-month sequence of contraction. Meanwhile, backlogs of work increased slightly, the first accumulation of outstanding business since January 2011.

For the third successive month, the rate of job cuts at manufacturing firms eased in June. The latest fall in employment was the slowest since November 2010. The rate of decline in purchasing activity also slowed during the month, again linked to the rise in new orders.

Input costs fell for the fourth consecutive month, with panellists reporting declining raw material prices. That said, the pace of reduction was only modest. Output charges also decreased in June amid a combination of lower input costs and strong competition. Output prices have been reduced in each month since August 2011.

A reluctance to hold inventories was again a feature of the manufacturing sector during June. Respondents reported that a lack of stocks at suppliers had been the main reason for a solid lengthening of delivery times.

Meanwhile, stocks of purchases decreased substantially again, with panellists reporting a combination of efforts to improve cash flow and the use of inputs to support production. Meanwhile, post-production inventories were reduced at a solid



pace that was slightly faster than in May.

Comment:

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

"The second quarter of 2013 ended on an encouraging note for the Spanish manufacturing sector, with PMI data pointing to a rise in new business and an easing in the rate of decline in production. The improved performance was heavily reliant on export growth, however, with little sign of recovery in domestic client demand."

-Ends-

For further information, please contact:

Markit

Andrew Harker, Economist
Telephone +44-1491-461-016
Email andrew.harker@markit.com

Caroline Lumley, Corporate Communications Telephone +44-20-7260-2047 Mobile +44- 781-5812162 Email caroline.lumley@markit.com

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®* (*PMl®*) 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 2,800 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 PMIs

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).

AERCE: Rosellón 184, 7-4a 08008 Barcelona

Tel: +34 (93) 451 0960; Fax: +34 (93) 451 8056; e-mail: info@aerce.org; website: www.aerce.org

The intellectual property rights to the Spain Manufacturing PMI provided herein is owned by Markit Economics Limited. Markit and the Markit logo are registered trade marks of Markit Group Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index*® and *PMI*® are registered trade marks of Markit Economics Limited. Markit and the Markit logo are registered trade marks of Markit Group Limited.

In conjunction with

