

## News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
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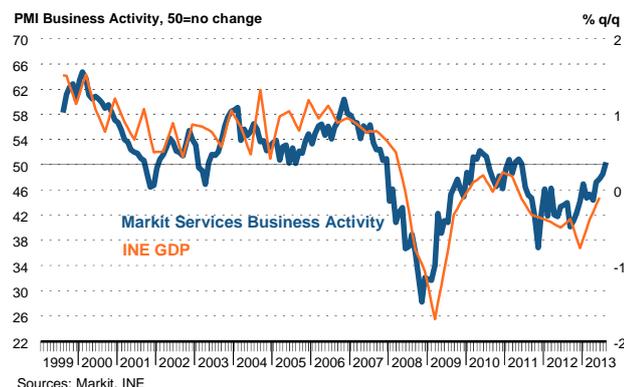
### Markit Spain Services PMI<sup>®</sup>

#### Activity increases for first time in 26 months

##### Key points:

- Activity and new business return to growth
- Employment continues to fall
- Input costs rise modestly

##### Historical overview:



##### Summary:

Business activity in the Spanish service sector returned to growth in August, ending a sequence of decline which stretched for more than two years. New business also increased during the month and backlogs of work fell at the slowest pace since June 2011. That said, companies continued to lower their employment, and at a faster pace than in July.

The headline seasonally adjusted Business Activity Index – which is based on a single question asking respondents to report on the actual change in business activity at their companies compared to one month ago – posted 50.4 in August, up from 48.5 in July. This was the first reading above the 50.0 no-change mark since June 2011, but still signalled only a marginal monthly increase in activity. Higher activity was mainly linked to rising new business.

New orders also increased in August, ending a 25-

month sequence of falling new business. Some panellists reported that the launch of new projects had helped to increase client demand. Moreover, the rise in new business was solid and the strongest since March 2010. Four of the six monitored sectors posted higher new orders, the exceptions being Renting & Business Activities and Financial Intermediation.

Anecdotal evidence suggested that the rise in new orders had led to an increase in backlogs of work at some firms. Although overall outstanding business continued to fall, the rate of depletion slowed for the sixth consecutive month and was the weakest since June 2011.

Despite the improvements in activity and new business, companies in the Spanish service sector lowered employment again during August. Moreover, the rate of job cuts quickened slightly since July. Panellists reported a reluctance to take on extra staff given the fragility of economic conditions in Spain.

A modest rise in input costs was seen in August, following a slight fall in the previous month. However, the rate of inflation was much slower than the series average. The strongest increase in input prices was seen at Hotels & Restaurants, while Post & Telecommunications posted the fastest fall in input costs.

Service providers continued to use price discounting as part of attempts to secure new business. Output prices decreased for the sixty-first successive month, and across each of the sectors covered by the survey. The sharpest fall was at Renting & Business Activities companies.

Although dipping slightly from the previous month, sentiment in the Spanish service sector remained positive in August. Optimism largely reflected current signs of improvement, which provided hope

that the worst of the economic crisis is over. Sentiment remained weaker than the series average, however.

**Comment:**

Commenting on the Spanish Services PMI<sup>®</sup> survey data, Andrew Harker, senior economist at Markit and author of the report said:

*“The services PMI signalled the first expansion of the sector in more than two years in August. Coming on the back of a return to growth of manufacturing output, as highlighted by the manufacturing PMI earlier this week, this rise in services activity reinforces the view that Spain will exit technical recession in the third quarter of 2013. Concerns remain, however, and this is highlighted by a quickening pace of job cuts despite rising workloads. Companies are reluctant to hire workers while solid, sustainable growth remains elusive and the outlook is still an uncertain one.”*

-Ends-

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**Notes to Editors:**

The Spain Services PMI<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) is produced by Markit Economics. The report features original survey data collected from a representative panel of over 300 companies based in the Spanish service sector.

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](mailto:economics@markit.com).

The *Purchasing Managers' Index*<sup>®</sup> (PMI<sup>®</sup>) 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**

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## 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](http://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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