

## News Release

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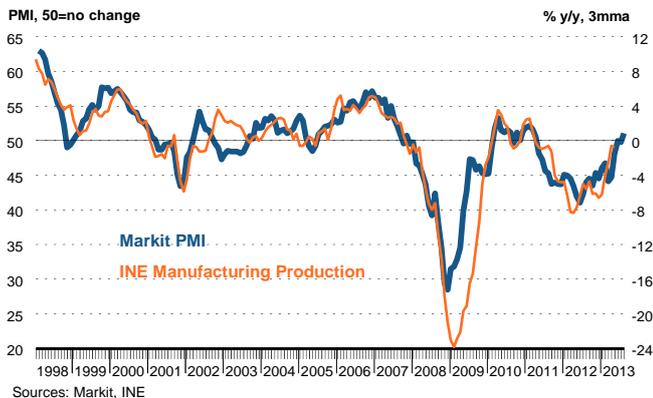
### Markit Spain Manufacturing PMI<sup>®</sup>

#### First rise in manufacturing output since April 2011

##### Key points:

- Output returns to growth as exports rise sharply
- Staffing levels fall at faster pace
- Further slight reduction in input costs

##### Historical overview:



##### Summary:

The Spanish manufacturing sector saw a return to output growth in August, helped by a sharp increase in new export orders. That said, data suggested that firms often opted to use existing stocks to help meet demand. Concurrently, employment was reduced at a faster pace, while further falls in the prices of some raw materials led input costs to decrease fractionally during the month.

The seasonally adjusted Markit *Purchasing Managers' Index<sup>®</sup>* (PMI<sup>®</sup>) – a composite indicator designed to measure the performance of the manufacturing economy – posted 51.1 in August, up from 49.8 in the previous month. This represented the first monthly improvement in operating conditions since April 2011.

Spanish manufacturing production returned to

growth in August, ending a 27-month sequence of decline. Where output increased, panellists indicated that this largely reflected higher new orders.

Overall new business rose for the third successive month, and at a solid pace that was the strongest since February 2011. Anecdotal evidence suggested that the increase in total new orders was driven by stronger client demand from foreign markets. New orders from abroad expanded sharply, with the rate of growth quickening to the fastest in 32 months.

There was evidence that in some cases firms used existing inventories to cover new orders rather than increasing production. The delivery of orders was mentioned by panellists that saw falls in backlogs of work and stocks of finished goods. Post-production inventories decreased at the fastest pace since March.

Manufacturers also continued to lower employment, despite rising demand. Firms partly linked the latest fall to attempts to improve efficiency. The rate of job cuts quickened to the sharpest in four months.

Input prices fell marginally, extending the current period of decline to six months. Some panellists reported lower costs for raw materials including wheat and steel. With cost pressures continuing to ease, firms lowered their output prices. Charges decreased at a solid pace, albeit one that was slightly slower than in July.

Manufacturers raised their input buying in line with higher production requirements. The increase in purchasing activity was the first since April 2011. Low stock levels meant that suppliers were unable to respond to higher demand for inputs, leading to the strongest lengthening of delivery times in two-and-a-half years. Meanwhile, stocks of purchases decreased. However, the rate of depletion eased

and was the slowest for a year.

**Comment:**

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

*“The news from the Spanish manufacturing sector improved again in August, with PMI data highlighting a first rise in output for 28 months. As has been the case in recent months, exports were the key source of positive momentum as growth quickened sharply. Firms appear still to doubt the sustainability of the current improvements, however, opting to raise output only modestly and often using existing stocks to meet new order requirements.”*

-Ends-

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**Notes to Editors:**

The Spain Manufacturing 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 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](mailto:economics@markit.com).

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

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](http://www.markit.com)

**About PMIs**

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