

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 08:15 (UK Time), 04 November 2013

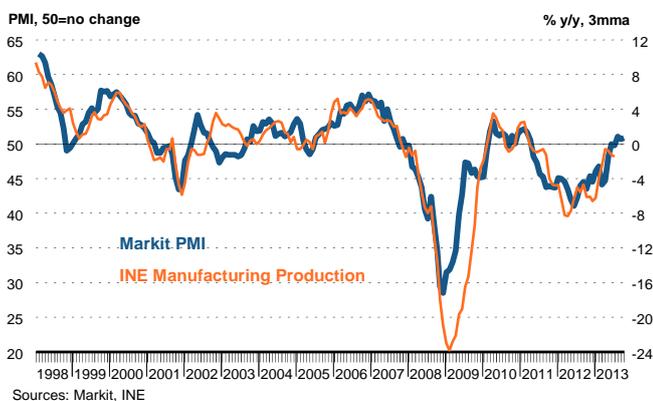
Markit Spain Manufacturing PMI®

Further slight rise in output as new order growth picks up

Key points:

- Sharpest rise in new orders since February 2011
- Employment declines at faster pace
- Output prices increase for first time in 27 months

Historical overview:



Summary:

The modest recovery in the Spanish manufacturing sector continued in October as operating conditions improved slightly again. New order growth picked up to the strongest in more than two-and-a-half years, contributing to higher output and a stabilisation of backlogs of work. Employment continued to decline, however, and the rate of job shedding intensified during the month.

The seasonally adjusted Markit *Purchasing Managers' Index*® (PMI®) – a composite indicator designed to measure the performance of the manufacturing economy – registered 50.9 in October, up marginally from 50.7 in September. This pointed to a slight improvement in operating conditions during the month.

New orders at Spanish manufacturing firms increased at a solid pace that was the strongest since February 2011. Higher new export orders was a key driver of rising total new business, according to respondents. New export orders increased for the sixth successive month, although the pace of expansion slowed from that registered in September.

Rising new business contributed to a third successive increase in production during October. That said, the rate of growth remained modest, and was little-changed from the previous month.

Backlogs of work were largely unchanged amid improving new order volumes. This ended a two-month sequence of decreasing outstanding business.

Higher workloads failed to lead to increasing employment, with some panellists reporting that company restructuring had been behind job losses in October. The rate of job cuts was marked and the sharpest since April.

A second successive slight rise in input prices was recorded, with raw materials such as paper reported to have increased in cost over the month. Despite the weakness of inflation, higher input costs were linked to a first increase in output prices since July 2011.

Purchasing activity rose fractionally in October, with the rate of growth in input buying slowing for the second consecutive month. Meanwhile, low stocks at suppliers was mentioned by respondents as the main reason for lengthening delivery times. Lead times have lengthened in each of the past 49 months, but the latest deterioration was the weakest since June.

Stocks of both purchases and finished goods were depleted during the month. Pre-production

inventories decreased at a solid pace, albeit the slowest in 14 months. The latest fall in post-production inventories was the weakest since April, and partly linked to rising sales.

Comment:

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

“The improving picture in the Spanish manufacturing sector continued in October, although there is little sign so far of a widening build-up of momentum. The most positive aspect from the latest survey was a quickening of new order growth, but again this seemed to be mainly based on success in export markets rather than a broad-based improvement in client demand.”

-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 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).

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