

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
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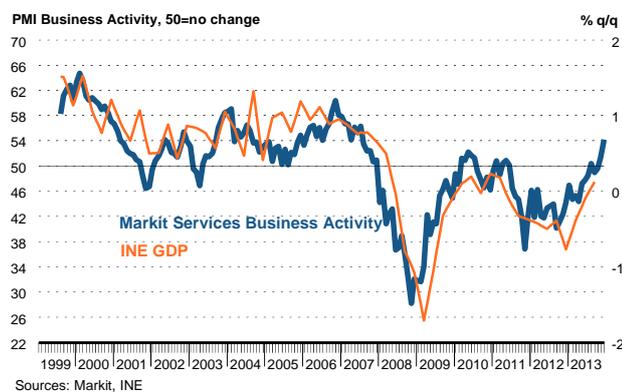
Markit Spain Services PMI[®]

Sharpest rise in services activity since July 2007

Key points:

- Activity and new orders expand at sharpest pace for over six years
- Slowest fall in employment since March 2008
- Further marked reduction in output prices

Historical overview:



Summary:

The recovery in the Spanish service sector strengthened in December as both new orders and business activity increased at sharper rates. That said, there were signs that the rise in new business was at least partly supported by ongoing discounting. Meanwhile, the rate of job cuts eased, and was only marginal.

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 – increased to 54.2 in December from 51.5 in November. This was the second successive reading above the 50.0 no-change mark and signalled the sharpest rise in activity since July 2007. Panellists reported signs of greater customer activity during the month. Transport & Storage led

the overall expansion in activity, closely followed by Financial Intermediation.

New business increased for the fifth successive month in December. Moreover, the rate of expansion quickened for the third consecutive month and was the fastest in almost six-and-a-half years. Panellists indicated signs of improving business conditions and an associated strengthening of client demand. All six monitored sectors posted an expansion of new orders.

Despite a sharp rise in new business, backlogs of work continued to fall. That said, the rate of depletion remained only marginal.

Staffing levels also continued to decrease during the month, but the rate of job cuts eased for the second month running and was the slowest since the current sequence of falling employment began in March 2008. Post & Telecommunications and Transport & Storage registered increases in staffing levels.

A number of respondents indicated that staff costs had fallen in December. However, rising energy prices at other firms meant that overall input costs were unchanged from November. This followed two months of increasing input prices. The fastest rise in input costs was at Hotels & Restaurants, while the greatest fall was at Post & Telecommunications.

Services companies continued to lower their output prices. Some respondents indicated that selling prices had been reduced in order to encourage sales, while others mentioned competitive pressures. The rate of decline in charges was marked and the fastest in three months.

Positive sentiment was recorded again in December, with a number of companies forecasting improving economic conditions during 2014. Although dipping from November's recent peak, optimism was the second-highest since July 2007.

Comment:

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

“The latest services PMI data provide real optimism that in 2014 we could finally see the start of a meaningful economic recovery in Spain. Activity and new business each rose at rates not seen since prior to the economic crisis, although the extent to which companies are relying on discounting to support growth of orders remains a worry. There even look to be signs of positive movement in the labour market, with the sector coming close to seeing a stabilisation in employment in December.”

-Ends-

For further information, please contact:

Markit

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

Caroline Lumley, Corporate Communications
Telephone +44-20-7260-2047
Mobile +44 781 581-2162
Email caroline.lumley@markit.com

Notes to Editors:

The Spain Services PMI[®] (*Purchasing Managers' Index*[®]) 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.

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).

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

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