

IHS Markit Greece Manufacturing PMI®

Strongest improvement in operating conditions since February 2020 amid greater client demand

Key findings

Renewed expansions in output and new orders

Supplier delays lead to fastest rise in input costs on record

Business confidence and employment growth most marked for over a year

Data were collected 12-23 April 2021.

The latest PMI® survey data signalled a solid improvement in the health of the Greek manufacturing sector in April. Alongside renewed expansions in output and new orders, and stronger employment growth, a further and greater deterioration in vendor performance (ordinarily a signal of improving operating conditions) contributed to the uptick in the headline index. At the same time, raw material shortages led to the fastest rise in cost burdens since data collection for the series began in May 1999.

Meanwhile, stronger client demand and looser COVID-19 restrictions resulted in the most upbeat output expectations since February 2020.

The headline IHS Markit Greece Manufacturing PMI® is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The headline PMI posted 54.4 in April, up from 51.8 in March to indicate a second successive monthly improvement in operating conditions across the Greek manufacturing sector. Overall growth was also the sharpest since February 2020, before the outbreak of the COVID-19 pandemic.

Goods producers registered a renewed upturn in new orders during April, as stronger client demand and the easing of COVID-19 restrictions boosted new sales. The rise in new order inflows was only modest overall, but the first for over a year. The expansion was largely due to greater domestic demand,

continued...

Greece Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

Comment

Commenting on the latest survey results, Siân Jones, Senior Economist at IHS Markit, said:

"Greek manufacturing firms signalled a further step towards sector recovery in April, as output and new orders returned to growth amid reports of stronger client demand. Although export orders continued to fall, they did so at the slowest pace since last September, after which many key export markets introduced greater COVID-19 restrictions.

"That said, supplier delivery delays and transportation issues led to a further severe deterioration in vendor performance. As such, input costs soared once again.

"In more positive news, manufacturers hired new workers at the fastest pace since before the pandemic's outbreak, as output expectations for the coming 12 months ticked higher. Concurrently, our latest forecast anticipates a 2.8% expansion in industrial production through 2021."

as new export sales continued to decrease. That said, the rate of decline was the slowest since September 2020 amid reports of looser restrictions in key export markets.

Subsequently, firms noted a return to growth of production at the start of the second quarter. The solid expansion was the fastest since February 2020.

In line with stronger client demand, firms expanded their workforce numbers at a solid rate in April. Although backlogs of work fell further, the rate of decline was the slowest for over a year amid greater incoming new work.

Meanwhile, delivery times lengthened to the greatest extent since the depths of the pandemic a year ago, as shipping delays and component shortages reportedly led to longer lead times.

In line with raw material shortages, manufacturers registered the sharpest increase in cost burdens on record in April. Additional transportation fees were also linked to the uptick in cost inflation.

Subsequently, firms sought to partially pass on higher costs to clients. Output charges rose at the quickest rate since the series began in November 2002, but the pace of output price inflation was far outpaced by that of costs.

In an effort to shore up stocks, firms expanded their input buying at the fastest rate for over a year in April. Nonetheless, the use of stocks in production led to a further and quicker fall in pre-production inventories, while stocks of finished goods also declined.

April data saw an improvement in business confidence across the manufacturing sector, as the degree of optimism reached its highest since February 2020. Hopes of an end to COVID-19 restrictions and stronger client demand reportedly boosted sentiment.

Survey methodology

The IHS Markit Greece Manufacturing PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 300 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index® (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

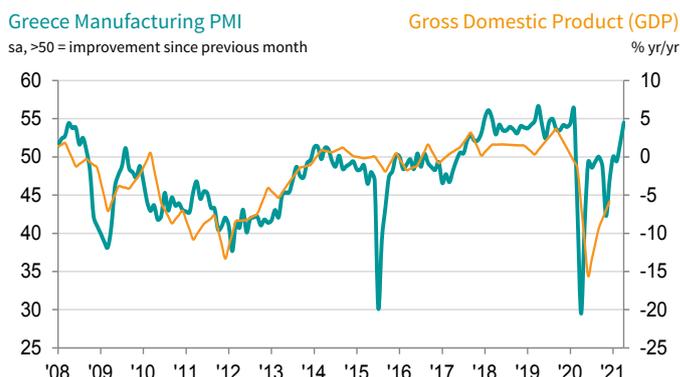
Survey dates and history

Data were collected 12-23 April 2021.

Survey data were first collected May 1999.

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Sources: IHS Markit, National Statistical Service of Greece.

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