

IHS Markit Spain Manufacturing PMI®

PMI improves to seven-month high in February

Key findings

Strengthened market demand reported

Supply-side delays persist...

...intensifying cost pressures

Data were collected 11-19 February 2021

The Spanish manufacturing economy returned to growth during February, driven by improved market demand, both from at home and abroad. Buying activity was subsequently increased, although supply-side delays meant lead times lengthened and prices rose. Staffing levels were also cut, despite confidence about the future improving to its highest level for nearly three years.

After accounting for seasonal factors, the IHS Markit Spain Manufacturing PMI – a composite single-figure indicator of manufacturing performance – improved to 52.9 in February, up from 49.3. That was the highest reading since last July.

The solid improvement in operating conditions was closely linked to similar-sized rises in both new orders and output. February's survey indicated that solid growth reflected firmer market demand, with firms in some cases noting a resumption of investment activity and new product releases as supportive growth factors. Gains in new work were seen across both domestic and foreign markets as evidenced by a rise in new export business for the second time in the past three months.

The upturn in overall sales in part caught firms by surprise, with backlogs of work increasing markedly for the first time in nearly two years and to the greatest degree since March 2018.

Delays in production owing to challenges in sourcing inputs were also evident. According to the latest data, average lead times for the delivery of inputs increased again at one of the sharpest rates in the survey history. There were many reports of supply-side shortages, with strengthened global demand and ongoing transportation delays pushing up delivery times.

Adding to vendor challenges was a rise in purchasing activity

continued...

Spain Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

Comment

Commenting on the latest survey results, Paul Smith, Economics Director at IHS Markit, said:

“Benefiting from a general upturn in demand, especially for intermediate goods, Spain’s manufacturing economy enjoyed a noticeable return to growth during February.”

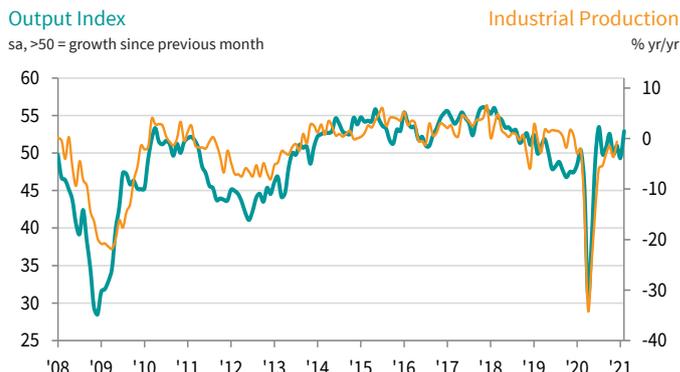
“Output and new orders both increased, leading to rises in buying activity and backlogs of work at plants, whilst confidence about the future strengthened as firms predicted a strong upturn in economic activity once the pandemic has been brought fully under control.”

“However, the wider global improvement in manufacturing and ongoing challenges in transportation are fuelling new challenges, with difficulties in sourcing inputs leading to noticeable delivery delays and markedly higher input prices. February data showed input price inflation reaching a near four-year high as a host of goods were reported to have risen in cost. And with firms feeling a little more confident about current and future market demand, they raised their own prices at the sharpest rate since June 2018.”

amongst Spanish manufacturers, with input buying rising to the greatest degree since last July. Challenges in sourcing inputs from vendors encouraged firms to utilise their own stocks in production wherever possible, with firms depleting inventories for a twenty-fourth month in succession.

A further consequence of the mismatch between the supply and demand of goods was the sharpest rise in the cost of inputs for nearly four years. A wide range of inputs were reportedly up in price, including paper, metals (especially steel), foodstuffs and oil-related items. With market demand improving, manufacturers were able to raise their own charges to the greatest degree since June 2018.

Finally, staffing levels were reduced slightly in February, extending the current period of contraction to four months. That was despite evidence of increased optimism, with confidence about the future improving on hopes that successful vaccine deployment will provide the basis for a strong economic upturn in the second half of 2021. Overall, confidence was at its highest level since March 2018.



Sources: IHS Markit, INE.

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Survey methodology

The IHS Markit Spain Manufacturing PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 400 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

February data were collected 11-19 February 2021.

Survey data were first collected February 1998.

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AERCE is a member of the International Federation of Purchasing and Supply Management (IFPSM).

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About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 40 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.

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