

Embargoed until 0915 CEST (0715 UTC) 2 May 2019

IHS MARKIT SPAIN MANUFACTURING PMI®

Spanish manufacturing sector expands at fastest rate for three months

KEY FINDINGS

Stronger gains in both output and new orders

Employment growth strengthens

Confidence at three-month high

Spain's manufacturing sector continued to expand during April, and at a faster rate as both production and new orders registered stronger gains compared to March. Employment growth also improved, though backlogs of work rose for the first time in three months as capacity came under pressure. Stronger-than-expected sales meanwhile led to the depletion of both stocks of purchases and finished goods.

Prices data showed an acceleration in both input and output charge inflation, whilst confidence about the future picked up to its highest level since January.

The IHS Markit Spain Manufacturing PMI – a composite single-figure indicator of manufacturing performance – rose to a level of 51.8 during April. That was up from 50.9 in March and the best reading since January. Moreover, the implied rate of growth signalled by the index, though modest, was above the survey's historical average.

The improvement in the PMI during April was driven in the main by improved gains in both output and new orders. The upturn in sales was the best seen for ten months, whilst output growth has now been recorded continuously for just under five-and-a-half years.

Anecdotal evidence from the survey panel suggested that market conditions were a little firmer in April and that demand had subsequently strengthened. Product competitiveness was also noted as a factor supporting an uptick in foreign demand, with April's survey indicating a back-to-back increase in new export sales following February's mild decline.

There was some indication that growth of sales in April had come in a little higher relative to expectations for

Manufacturing PMI
sa, >50 = improvement since previous month



manufacturers. Panellists commented that warehouse inventories had been depleted to meet higher demand, whilst increased production requirements led to a greater utilisation of input stocks. That said, a number of panellists signalled a preference for using existing stocks wherever possible, and subsequently reduced their buying activity. The net impact was a fall in the quantity of inputs purchased for the third time in the past five months.

There were also reports that capacity was under a little pressure during April. Backlogs of work increased for the first time in three months. Some panellists signalled that staff shortages were weighing on their ability to meet existing order requirements. This was in spite of another round of staff recruitment during April. Latest data revealed that workforce numbers rose modestly, but nonetheless at the best rate since January.

Input price inflation accelerated in April to its highest level since January. The solid rise in input costs reflected higher prices paid for energy, foodstuffs and metals (especially aluminium and steel). Manufacturers sought to limit any pressure on their margins by increasing their own charges. Although marginal, the rate of inflation was the highest for five months.

Finally, confidence about production in 12 months' time improved during April to a three-month high. Planned new product launches, increased commercial activities and forecasts of better demand are all expected to bolster sales and production over the coming year.

COMMENT

Commenting on the PMI data, Paul Smith, Economics Director at IHS Markit said:

"The Spanish manufacturing sector enjoyed a relatively positive month, especially in the context of a challenging international demand environment. Order books and production both rose at better rates and, although remaining at relatively modest levels, the data are commensurate with overall expansion of the industrial sector."

"Moreover, the uplift in demand appeared to catch out a number of manufacturers, with firms subsequently eating into their inventories during the month and, in some cases, bemoaning a lack of staff to deal with rising workloads."

"These trends in output, demand, and inventories should subsequently all help to support further modest sector expansion in the near-term."

Output Index

sa, >50 = growth since previous month



Source: IHS Markit, INE.

CONTACT

IHS Markit

Paul Smith
Economics Director
T: +44-1491-461-038
paul.smith@ihsmarkit.com

Joanna Vickers
Corporate Communications
T: +44-207-260-2234
joanna.vickers@ihsmarkit.com

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.

April 2019 data were collected 10-23 April 2019.

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. To learn more go to [ihsmarkit.com/products/pmi.html](https://www.ihsmarkit.com/products/pmi.html).

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

About IHS Markit

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2019 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, click [here](#).

About AERCE

AERCE is the Spanish Association of Purchasing and Supply Management. Founded in 1981 has 1,000 members, representing more than 10,000 related professionals, which include the most important companies in the country, institutions and professionals belonging to various industrial sectors, services and the public sector.

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

e-mail: info@aerce.org, website: www.aerce.org.