

IHS Markit Spain Manufacturing PMI®

Strong growth again, but supply-side delays persist

Key findings

Output and new order growth rates soften

Supply-side and capacity constraints persist

Rapid cost inflation signalled

Data were collected 13-23 September 2021

Spain's manufacturing sector experienced another month of strong growth during September, underpinned by sharply rising production and new orders. Jobs continued to be created as capacity constraints persisted, whilst optimism about the future improved to a three-month high.

However, the severe and unprecedented delivery delays that have underpinned rapid cost inflation in the sector showed no sign of dissipating and served to constrain overall growth. A near record deterioration in vendor performance was registered, whilst input prices again rose at a remarkably elevated pace.

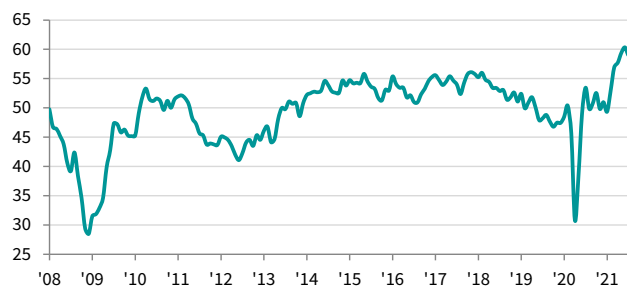
The headline IHS Markit Spain Manufacturing PMI – a composite single-figure indicator of manufacturing performance – posted 58.1 during September, down from 59.5, but well above the 50.0 no-change mark to indicate strong manufacturing growth. September marked the eighth month in succession that an improvement in operating conditions has been registered, albeit the weakest since April.

Although easing since August, rates of growth in both output and new orders remained elevated during September. Firms continued to report that demand was strengthening, both at home and abroad, with some evidence of clients making advance orders to mitigate against delivery delays. International sales rose for an eighth successive month, albeit at a slower rate than seen in recent months.

Capacity constraints remained in focus during September as firms struggled to match production with current order book requirements. This was reflected by a steep increase in backlogs of work, with growth at a three-month high. Firms responded by taking on additional staff for a seventh successive month, whilst also wherever possible utilising

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:

“Spain’s manufacturing sector continues to expand strongly, registering another month of historically marked gains in output and new orders as demand strength in domestic and international markets is maintained.”

“However, growth is clearly being restrained by severe and ongoing supply-side delays, which show little sign of dissipating. This in part reflects strong buying activity, buoyed in part by rational efforts to bolster stocks and mitigate the very challenges that firms are actually trying to overcome.”

“The impact continues to be clearly seen in prices data, with cost inflation accelerating back towards record levels and firms more than willing to take advantage of strong sales demand to raise their own charges accordingly.”

warehouse inventories to satisfy orders.

A notable feature of sector performance in recent months has been the development of severe delivery delays for inputs. This continued in September amid an ongoing imbalance between supply and demand.

Indeed, on the one hand, firms continued to raise their own purchasing activity markedly, partly in a bid to mitigate against future delivery delays and raise inventory levels but to also meet burgeoning output and demand requirements. However, with suppliers reportedly running low on stocks and continuing to face difficulties in sourcing transport (especially containers), the inevitable result was a further lengthening of times with September's data pointing to one of the sharpest in the pandemic (and survey history) to date.

Supply-side constraints and strong demand led to another round of input cost inflation during September. According to panellists, many goods and bought-in services were rising in price, with metals, electricity, fuel, and transport-related expenses most notably reported as being up in cost. Overall input price inflation was close to June's survey record, and wherever possible these higher expenses were passed on to clients. Latest data showed that output charge inflation was the highest in the past three months and amongst the greatest in the survey history.

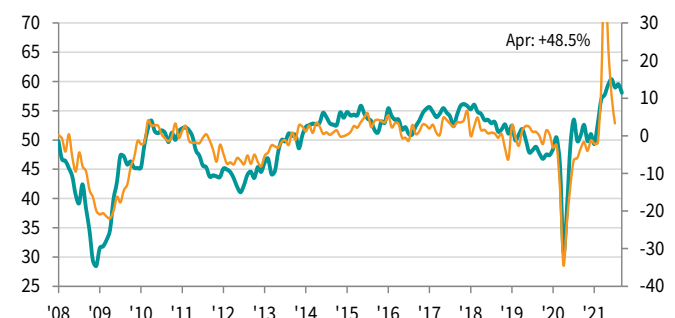
Finally, looking ahead to the coming 12 months, manufacturers were more optimistic than in August, with overall business confidence its best since June. Positive projections for order books, an end to the pandemic and the planned launch of new products were all reasons to be hopeful, though supply-side constraints and their inflationary effects remained a concern for several panellists.

Output Index

sa, >50 = growth since previous month

Industrial Production

% yr/yr



Sources: IHS Markit, INE.

Contact

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

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

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

September data were collected 13-23 September 2021.

Survey data were first collected February 1998.

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 (NYSE: 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 © 2021 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please contact katherine.smith@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.

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.

ihsmarkit.com/products/pmi.html.