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IHS MARKIT GREECE MANUFACTURING PMI®

PMI dips to four-month low, but overall growth remains solid

KEY FINDINGS

Sustained improvement in manufacturing operating conditions

Rates of output and new order expansion ease

Strong and faster pace of job creation

Greek manufacturers continued to signal a solid improvement in the health of the sector during October, despite the headline PMI posting at its lowest since June. Although expansions in production and new business softened, they were strong in the context of the series history. Foreign client demand, meanwhile, picked up and led to a faster upturn in new business from abroad. Subsequently, firms registered a sharper increase in workforce numbers, with the rate of job creation the joint-fastest since April. Business confidence also remained robust as manufacturers reported more favourable financial conditions and stronger demand.

At the same time, firms reduced their charges for the first time since June amid greater competitive pressures.

The seasonally adjusted IHS Markit Greece Manufacturing Purchasing Managers' Index® (PMI®) – a composite indicator designed to measure the performance of the manufacturing economy – posted 53.5 in October, down slightly from 53.6 in September and signalling a solid improvement in the health of the Greek manufacturing sector at the start of the final quarter of 2019. Although the headline PMI figure dipped to a four-month low, it remained comfortably above the long-run series average of 49.8.

The rate of production growth eased for the second successive month in October, but was solid nonetheless. Panellists stated that a sustained rise in new order volumes drove the latest upturn.

New business received by manufacturing firms rose at a strong pace in October, amid greater client demand from

Manufacturing PMI
sa, >50 = improvement since previous month



Source: IHS Markit

domestic and foreign customers. Although total new orders rose at a slightly slower rate, the pace of expansion in new business from abroad quickened from that seen in September and was moderate overall. Export sales reportedly grew following the acquisition of new clients.

In line with a sustained upturn in new business, firms expanded their workforce numbers further. The rate of job creation ticked up to the joint-fastest since April as firms sought to ease pressure on capacity amid greater production requirements. At the same time, backlogs of work were reduced at only a marginal rate that was the slowest for four months.

Strong client demand and more favourable financial conditions continued to support business confidence in October, with manufacturing firms noting a robust level of optimism towards an increase in output over the coming year.

Meanwhile, input prices rose at a historically subdued pace. Some manufacturers stated that lower prices for metals eased pressure on cost burdens. Despite higher input costs, firms cut their output charges for the first time in four months amid efforts to stay competitive.

Finally, buying activity continued to rise due to greater new order volumes, with pre- and post-production inventories depleted further as firms fulfilled orders from stocks.

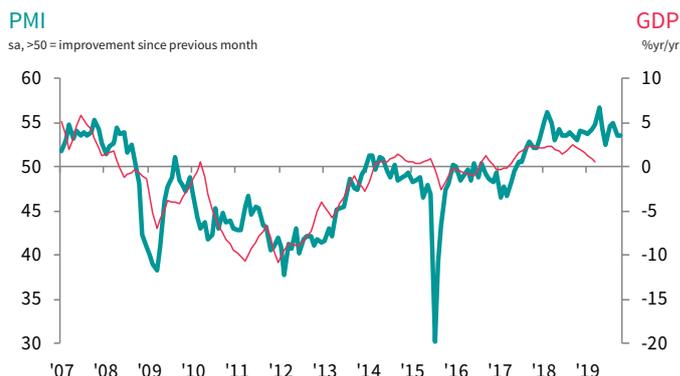
COMMENT

Siân Jones, Economist at IHS Markit, which compiles the Greece Manufacturing PMI survey, commented:

"The Greek manufacturing sector continued on a steady growth path in October. Although the overall improvement in operating conditions eased, it was supported by solid expansions in output and new business. Of note was a pick-up in foreign demand, with new export orders rising at a sharper rate.

"Firms were buoyed by stable demand conditions and, as such, increased their workforce numbers at a strong and faster rate. Optimism towards future output levels was also reflected in expectations which remained robust amid more favourable financial conditions.

"External conditions did, however, start to impact Greek goods producers as output charges were reduced for the first time in four months amid efforts to remain competitive domestically and globally."



Source: IHS Markit, National Statistical Service of Greece.

CONTACT

IHS Markit

Siân Jones
Economist
T: +44-1491-461-017
sian.jones@ihsmarkit.com

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

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.

October 2019 data were collected 11-24 October 2019.

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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).