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IHS Markit Greece Manufacturing PMI®

First upturn in manufacturing operating conditions since February 2020

Key findings

Contractions in output and new orders ease to marginal rates

Supply chain disruptions worsen

Inflationary pressures reach record highs

Data were collected 12-24 March 2021.

The latest PMI® survey data indicated a renewed, albeit marginal, improvement in operating conditions across the Greek manufacturing sector in March. Although still signalling contraction, the paces of decline in output and new orders eased. Business confidence, meanwhile, picked up, with firms also expanding their workforce numbers in anticipation of future new order growth.

Meanwhile, supply chain disruptions deteriorated once again and to the greatest extent since last April. Subsequent raw material shortages led to the fastest rise in input costs on record. Firms were able to partially pass on higher costs, however, as the rate of charge inflation reached a new series peak.

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 51.8 in March, up from 49.4 in February, to signal the first improvement in the health of the Greek manufacturing sector since February 2020. The rate of expansion was only marginal overall, however, and much slower than those seen immediately preceding the pandemic outbreak.

Contributing to the uptick in the headline index was a further deterioration in vendor performance in March (ordinarily a

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 operating conditions improved for the first time in over a year in March. That said, declines in output and new orders remained, with domestic and foreign client demand struggling to rally.

"Pushing the headline index up, however, was a greater deterioration in vendor performance and one matched only by those seen immediately following the pandemic outbreak in April 2020 and in the aftermath of the 2015 bailout referendum. Input costs soared as a result, with firms largely passing these on to their clients.

"Despite a rise in the number of virus cases across Europe, manufacturers were more upbeat in March. Firms also hired more staff amid hopes of future upticks in client demand. Stronger demand conditions will be dependent on the re-opening of the tourism and hospitality sector, however."

signal of improving demand conditions). Ongoing supply chain disruption stemming from transportation delays and raw material shortages following the coronavirus disease 2019 (COVID-19) pandemic reportedly lengthened lead times. Delivery times were extended markedly, and to the greatest extent since April 2020.

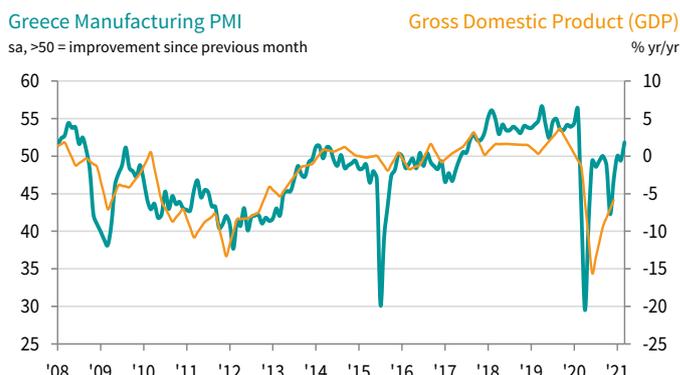
In response to supply shortages, input costs faced by Greek goods producers increased at an unprecedented pace at the end of the first quarter. Some firms also noted that higher input prices were linked to additional costs following Brexit.

Firms were able to raise their selling prices in March, and at the sharpest rate since data collection for the series began in November 2002. Survey respondents overwhelmingly attributed the increase in charges to the pass-through of higher costs to clients.

At the same time, output and new orders contracted further, albeit at softer and only marginal paces. The declines reportedly stemmed from weak client demand and continued closures in the hospitality and tourism sectors.

In line with subdued demand conditions, backlogs of work decreased strongly in March. That said, companies were upbeat regarding future output and expanded their workforce numbers at the fastest pace since February 2020. Confidence in the 12 month outlook for output also improved and was the second-highest since the pandemic outbreak over a year ago.

Finally, efforts to stockpile and avoid future supply shortages led to renewed growth in input buying in March. The increase in purchasing came alongside further contractions in pre- and post-production inventories, as firms struggled to replenish holdings of inputs and finished goods due to delivery delays.



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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 12-24 March 2021.

Survey data were first collected May 1999.

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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. ihsmarkit.com/products/pmi.html