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IHS MARKIT GREECE MANUFACTURING PMI®

Growth momentum picks up in November

KEY FINDINGS

PMI rises to six-month high

Rates of output and new order growth accelerate...

...but export orders expand at weakest pace for 14 months

Greek manufacturing firms signalled renewed growth momentum in November, with the PMI rising to a six-month high. The solid overall improvement in operating conditions was driven by stronger expansions in output and new orders. That said, foreign demand was not as robust, with new export order growth easing to a 14-month low. Manufacturers increased their staffing numbers further in November, buoyed by stronger production growth and domestic client demand.

Meanwhile, output charges rose fractionally, with firms partly passing on sharp increases in input costs.

The seasonally adjusted IHS Markit Greece Manufacturing Purchasing Managers' Index® (PMI®) – a composite indicator designed to measure the performance of the manufacturing economy – registered 54.0 in November, up from 53.1 in October. The latest index figure indicated the greatest improvement in the health of the sector since May. The solid upturn in operating conditions was largely influenced by faster output and new business growth.

Production levels increased at the quickest rate for eight months in November. The rise in output was strong overall and commonly linked to greater new order volumes and more robust client demand.

Similarly, new orders rose at the strongest rate since March, with panellists attributing the increase to greater domestic client demand. Some firms linked this to a rise in tourism-related activity. That said, new export orders expanded at a weaker pace. New business from abroad increased at a

Manufacturing PMI
sa, >50 = improvement since previous month



marginal rate that was the slowest in the current 14-month sequence of growth.

In line with stronger client demand, manufacturing firms expanded their workforce numbers at the fastest pace for three months. Moreover, the rate of job creation was one of the quickest since data collection began in 1999. That said, backlogs fell for the eighth successive month and at the second-quickest pace in 2018 so far.

Firms also increased their purchasing activity during November, with Greek goods producers raising their input buying at the quickest pace since February. This contributed to a further solid deterioration in vendor performance.

Meanwhile, input price inflation remained sharp in November. Manufacturers attributed the rise in cost burdens to higher raw material prices and increased fuel costs. Stronger domestic client demand allowed firms to partly pass on higher input prices to clients through greater factory gate charges. Although only fractional, output prices rose following a slight fall in October.

Finally, business confidence picked up in November, with Greek manufacturing firms registering a more robust degree of optimism. The level of sentiment was driven by stronger client demand and a sense of improvement in the financial climate.

COMMENT

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

"The Greek manufacturing sector picked up growth momentum in November, with the PMI rising to a six-month high. Bucking the trend seen across the eurozone as a whole, goods producers registered a stronger rise in output and new orders.

"Firms were also encouraged by greater domestic demand to increase output charges during the month, following a slight fall in October. Input price pressures also moderated and were the weakest since April.

"That said, the Greek manufacturing sector was not exempt from the global slowdown in export demand. New business from abroad expanded at the slowest pace in the current 14-month sequence of growth."

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.

November 2018 data were collected 12-23 November 2018.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

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PMI

sa, >50 = improvement since previous month



Source: IHS Markit, National Statistical Service of Greece.

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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).