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IHS MARKIT GREECE MANUFACTURING PMI®

PMI rises amid faster upturn in new business

KEY FINDINGS

Strong improvement in operating conditions

Rates of production and new order growth accelerate to four-month highs

Output expectations rise to new series high

Greek manufacturers noted a further strong improvement in operating conditions in August. Overall growth was driven by sharper increases in output and new orders, with rates of expansion quickening to the fastest since April. Subsequently, firms expressed greater optimism towards future output growth, with confidence reaching a fresh series high. Manufacturers also signalled a strong rise in employment, with backlogs falling further. At the same time, inflationary pressures softened and remained historically muted.

The seasonally adjusted IHS Markit Greece Manufacturing Purchasing Managers' Index® (PMI®) – a composite indicator designed to measure the performance of the manufacturing economy – rose to 54.9 in August, from 54.6 in July. The latest headline figure was the highest for four months and signalled a strong improvement in the health of the Greek manufacturing sector. Moreover, the latest data further extended the current sequence of expansion that began in June 2017.

A key factor behind the quicker overall upturn was a faster expansion in production across the manufacturing sector. Growth was linked to stronger client demand and a sharper rise in new business. The rate of increase was one of the most marked for around 12 years and steep overall.

Concurrently, the pace of new order growth accelerated and was the quickest since April. The upturn was attributed to greater foreign and domestic client demand, with new export orders rising at the fastest pace for three months. Some firms

Manufacturing PMI
sa, >50 = improvement since previous month



also stated that an increase in advertising and promotional activity had boosted new sales.

In line with more robust demand conditions, goods producers signalled a stronger degree of confidence towards future output growth. In fact, the level of optimism ticked up to a new series high, as firms suggested positive sentiment stemmed from hopes of a sustained improvement in client demand and new product launches.

Robust expectations for the year ahead were also reflected in further employment growth. The rate of job creation remained historically strong and was attributed to greater production requirements. Backlogs of work, meanwhile, fell further as the pace of output growth outpaced that of new business.

On the price front, rates of both input price and output charge inflation eased in August. Cost burdens faced by manufacturers rose at a slower pace, reportedly due to weaker global demand for inputs. Meanwhile, the pace of output charge inflation eased and was only fractional overall, in line with greater promotional activity.

Finally, purchasing expanded following a sharper rise in new business. Goods producers also stated that both pre- and post-production inventories were utilised to supplement production and ensure the timely delivery of orders.

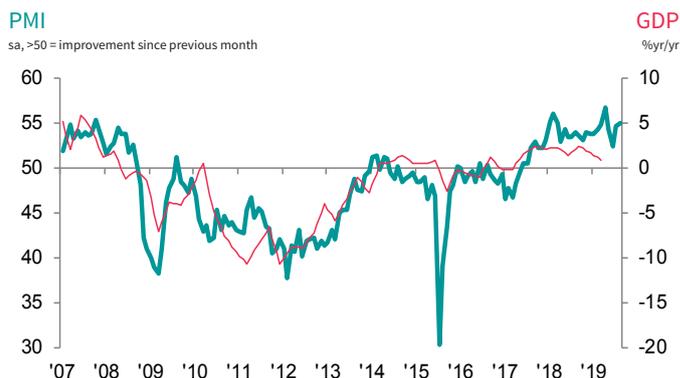
COMMENT

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

"The Greek manufacturing sector remained a bright-spot in the eurozone in August, with output and new business growth accelerating. Operating conditions improved at the sharpest pace since April's near 19-year record. Bucking the trend seen elsewhere, goods producers also registered a faster increase in external demand.

"Subsequently, expectations towards future output reached a fresh series high amid buoyant producer confidence. Firms were further incentivised to expand their workforce numbers as the increase in production requirements was sustained.

"Meanwhile, cost burdens rose at a softer pace. Reflective of a slower rate of input price inflation and greater promotional activity, factory gate charges increased at only a fractional pace."



Source: IHS Markit, National Statistical Service of Greece.

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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.

August 2019 data were collected 12-22 August 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).