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## IHS MARKIT GREECE MANUFACTURING PMI®

### Solid improvement in operating conditions in May

#### KEY FINDINGS

PMI dips to three-month low but remains well above series average

Sharp expansions in output and new orders

Cost pressures ease to the slowest since July 2016

According to the latest PMI data, the health of the Greek manufacturing sector continued to improve in May. Steep upturns in output and new orders supported overall growth. Subsequently, a sustained increase in client demand drove an expansion in employment, which was among the strongest in the series history. Meanwhile, input cost inflation softened to only a solid rate that was the slowest since July 2016. In response, firms increased factory-gate charges at the softest pace for three months.

Output expectations remained strongly optimistic in May, as new client acquisitions and greater export orders drove confidence.

The seasonally adjusted IHS Markit Greece Manufacturing Purchasing Managers' Index® (PMI®) – a composite indicator designed to measure the performance of the manufacturing economy – registered 54.2 in May, down from April's recent peak (56.6), but signalling a solid improvement in operating conditions across the Greek goods-producing sector. The latest headline PMI figure extended the current sequence of expansion to two years.

Although the rate of output growth eased to a three-month low, it remained sharp overall and was well above the series trend. Anecdotal evidence suggested that the sustained upturn in production was driven by greater domestic and foreign demand.

Concurrently, manufacturing firms indicated a strong expansion in new business in May. Although the respective seasonally adjusted index posted slightly below April's recent

Manufacturing PMI  
sa, >50 = improvement since previous month



peak, it was above the long-run series average. Panellists stated that growth stemmed from greater domestic and foreign demand, with new export orders increasing strongly and for the twentieth consecutive month.

Inflationary pressure eased in May, with the rate of increase in input costs slowing to the softest since July 2016. Nonetheless, panellists suggested the solid rise in prices was due to higher raw material and transport costs. Consequently, greater client demand allowed firms to pass on higher input prices to clients through increased factory-gate charges for the fourth successive month.

Meanwhile, employment rose further in May. The strong upturn in workforce numbers was commonly attributed to greater production requirements, and the rate of expansion remained among the fastest seen in the survey's history. Subsequently, firms exhibited reduced strain on capacity as backlogs of work fell marginally.

The strong rise in new orders led to further contractions in inventories, as stocks were used to supplement production. Furthermore, purchasing activity rose sharply.

Finally, business confidence among manufacturers was robustly optimistic in May. The marked level of positive sentiment was linked to new client acquisitions and greater demand from foreign customers.

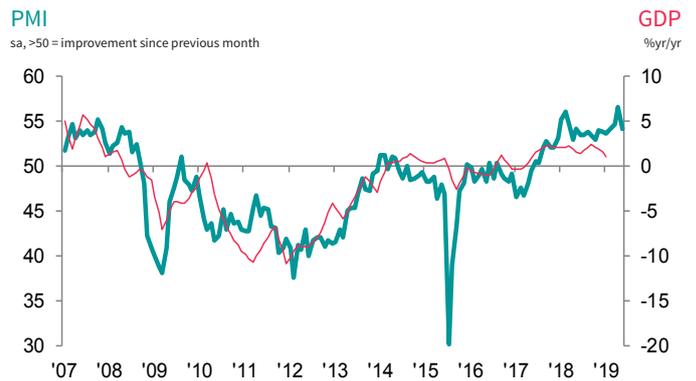
## COMMENT

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

*"The Greek manufacturing sector strengthened further in May. Production and new order growth remained sharp, with employment continuing to rise. Domestic and foreign demand were still resilient as new export orders rose strongly.*

*"Meanwhile, input cost inflation eased to the slowest since July 2016. Encouragingly, robust client demand allowed manufacturers to increase output charges for the fourth month running.*

*"Output expectations among good producers were strongly optimistic, with firms predicting further upturns in production over the coming year. Currently, IHS Markit forecasts a 3% increase in industrial production in 2019, with the rate of unemployment set to fall to 18.3% by the end of the year."*



Source: IHS Markit, National Statistical Service of Greece.

## CONTACT

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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.

May 2019 data were collected 13-23 May 2019.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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### 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. To learn more go to [ihsmarkit.com/products/pmi.html](https://www.ihsmarkit.com/products/pmi.html).