

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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IHS Markit Greece Manufacturing PMI®

Output growth remains marked amid continued rises in new orders

Key findings:

- Thirteenth consecutive monthly increase in production
- Further solid rise in employment
- Input cost inflation fastest since January 2017

Data collected June 12-22

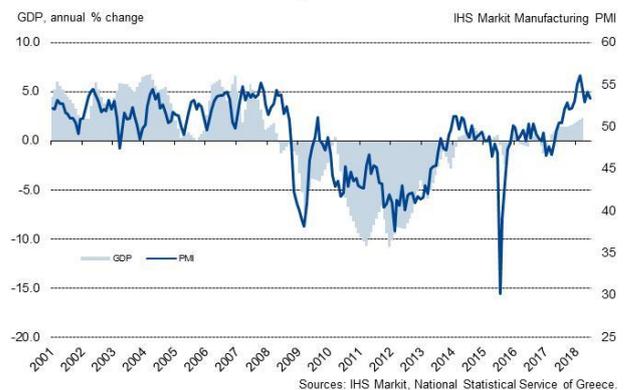
The recovery in the Greek manufacturing sector continued at the end of the second quarter of the year. Further solid expansions in output and new orders were recorded, leading to ongoing job creation and accelerated growth of purchasing activity. On the price front, higher costs for raw materials, such as steel, led to a sharper rise in input prices, while output charges continued to increase.

The seasonally adjusted IHS Markit Greece Manufacturing *Purchasing Managers' Index*® (PMI®) – a composite indicator designed to measure the performance of the manufacturing economy – registered at 53.5 in June, down slightly from 54.2 in May, but still signalling a solid monthly improvement in business conditions during the month. The health of the sector has strengthened continuously since June 2017.

Manufacturing output rose for the thirteenth successive month in June, with the rate of expansion broadly unchanged from that seen in May. Increased new orders was the main factor behind the rise in production.

Higher new orders were reported from both domestic and export markets. Total new business increased for the eleventh month running, while new export orders have now risen in nine consecutive months. Moreover, the rate of growth in new business from abroad was the strongest since January.

IHS Markit Greece Manufacturing PMI



Sources: IHS Markit, National Statistical Service of Greece.

As well as increasing production, firms also used inventories to help satisfy new orders. As a result, stocks of finished goods decreased.

Manufacturers made efforts to expand operating capacity in line with higher production requirements. Employment continued to increase at a solid pace in June, while the rate of expansion in purchasing activity quickened to a four-month high. Rising input buying helped result in another increase in stocks of purchases.

Increased capacity enabled firms to reduce backlogs of work for the third month running, with the rate of depletion the strongest in the year-to-date.

The rate of input cost inflation accelerated for the second consecutive month in June and was the sharpest since January 2017. Respondents noted increases in a range of raw materials, with steel most widely mentioned.

Firms were able to pass higher input costs on to customers to some extent, resulting in a sixth successive monthly increase in selling prices. That said, the rate of inflation was only slight.

Suppliers' delivery times lengthened again, albeit only modestly. Some firms mentioned that transportation issues had caused delivery delays.

Greek manufacturers remained strongly confident that output will continue to rise over the coming 12 months, with optimism largely reflecting expected growth of new orders. Despite easing, sentiment was still among the highest since the series began in July 2012.

Comment:

Andrew Harker, Associate Director at IHS Markit which compiles the *Greece Manufacturing PMI[®]* survey, said:

“While rates of growth have eased across much of the eurozone in recent months, the Greek manufacturing sector showed itself able to sustain a solid pace of expansion across the second quarter. Particularly pleasing in June was a sharp and accelerated rise in new export orders.

“A potential headwind for Greek firms is rising cost burdens – input price inflation hit a 17-month high in June amid higher costs for raw materials in global markets. With pricing power remaining muted, manufacturers are facing further pressure on profit margins.”

-Ends-

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Note to Editors:

The Greece Manufacturing PMI[®] (*Purchasing Managers' Index*[®]) is produced by IHS Markit. The report features original survey data collected from a representative panel of over 300 companies based in the Greek manufacturing sector. The panel is stratified by GDP and company workforce size.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

The Manufacturing Purchasing Managers' Index (PMI) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

The Purchasing Managers' Index (PMI) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. PMI surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

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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 <https://ihsmarkit.com/products/pmi.html>

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