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## IHS MARKIT GREECE MANUFACTURING PMI®

### PMI signals solid improvement in operating conditions in December

#### KEY FINDINGS

Output and new order growth remain strong

New export orders rise at faster pace

Inflationary pressures soften

December data signalled a solid improvement in the health of the Greek manufacturing sector. The overall expansion was driven by further strong upturns in output and new orders, supported by a faster increase in new business from abroad. Despite easing to a six-month low, the rate of job creation remained among the strongest in the series history, with backlogs of work declining at a solid pace.

On the price front, cost burdens faced by goods producers rose at the slowest rate since September 2016. Subsequently, panellists reported a rise in discounting activity as output prices decreased for the second time in three months. Nonetheless, business confidence picked up to a three-month high.

The seasonally adjusted IHS Markit Greece Manufacturing Purchasing Managers' Index® (PMI®) – a composite indicator designed to measure the performance of the manufacturing economy – registered 53.8 in December, down slightly from 54.0 in November. The headline figure was solid overall and among the strongest seen in 11 years.

Despite easing slightly from November, the rate of output growth was strong in December and well above the series trend. Anecdotal evidence attributed the latest upturn to greater new order volumes and increased client demand.

New business received by Greek manufacturers also expanded strongly in December and at the second-fastest pace since March (behind November's recent peak). Export orders gained growth momentum, with the rate of increase accelerating to a three-month high. Panellists linked the

Manufacturing PMI  
sa, >50 = improvement since previous month



rise in new business from abroad to stronger foreign client demand and the acquisition of new customers.

Meanwhile, input price inflation softened in December and was at a 27-month low. Where cost burdens rose, this reportedly stemmed from higher raw material prices including metals and chemicals.

Although cost burdens continued to rise, manufacturing firms were pushed to reduce their output charges during December. Anecdotal evidence suggested the fractional fall in output prices was due to increased discounting in an effort to attract clients.

In line with a sustained rise in new business, employment increased at a solid pace. Although dipping to a six-month low, the rate of job creation was one of the strongest in the series history. Reflective of improved capacity, backlogs fell for the ninth successive month.

Greater production requirements also led to an increase in buying activity in December. The use of stocks in production led to the fastest depletion of pre-production inventories since July 2017.

Business confidence picked up in December, with manufacturing firms linking optimism to a sustained rise in client demand and greater investment in new technology. The level of positive sentiment was the strongest for three months and robust overall.

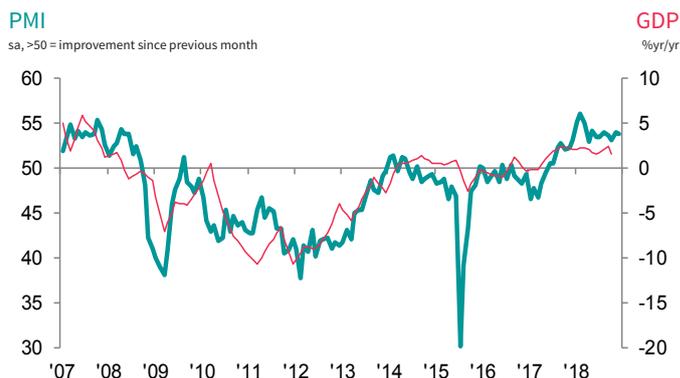
## COMMENT

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

*“Greek manufacturers continued to show resilience in December, with output growth remaining strong and well above the series trend. Although the upturn in new orders eased slightly, greater foreign demand led to the quickest rise in new export orders since September.*

*“Despite a further deterioration in vendor performance, input price inflation softened to the slowest since September 2016. In an effort to entice clients, firms dropped their factory gate prices for the second time in three months through increased discounting.*

*“Encouragingly, employment growth was among the strongest in the series history and output expectations picked up to a three-month high.”*



## 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.

December 2018 data were collected 5-14 December 2018.

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).