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IHS MARKIT GREECE MANUFACTURING PMI®

June PMI lowest since November 2017

KEY FINDINGS

Slower improvement in operating conditions driven by softer demand

Output expands at solid rate

Job creation slowest since December 2017

Operating conditions in the Greek manufacturing sector improved moderately in June, with the headline PMI dipping to its lowest since November 2017. Weighing on overall growth were slower increases in production and new business. Moreover, the rate of job creation slowed on the back of softer demand conditions and backlogs of work fell further. Subdued demand also drove manufacturers to lower output prices. Meanwhile, output expectations remained robust, with goods producers buoyed by a sustained rise in client demand.

The seasonally adjusted IHS Markit Greece Manufacturing Purchasing Managers' Index® (PMI®) – a composite indicator designed to measure the performance of the manufacturing economy – registered 52.4 in June, down from 54.2 in May. The headline reading signalled a moderate improvement in the health of the Greek manufacturing sector, the slowest since November 2017. The latest figure extended the current sequence of expansion to 25 consecutive months.

Dragging the headline PMI was a slower rise in new orders in June. The upturn eased notably from April's recent high, and was the softest since October 2017. Although some firms stated that the expansion stemmed from the acquisition of new clients, others cited softer demand conditions compared to earlier in the year.

New export orders, meanwhile, rose at only a marginal rate, with firms stating that fading external demand restricted growth.

Subsequently, production increased at a solid, albeit at the

Manufacturing PMI
sa, >50 = improvement since previous month



softest pace since October 2018 in June. Nonetheless, the rise was faster than the series trend and just below the 2018 average. Panellists linked the upturn to a sustained increase in new order volumes.

At the same time, firms reacted to softer demand conditions by raising workforce numbers at a slower rate in June. Nevertheless, the pace of job creation was still solid in the context of the series history. Backlogs of work fell for the fifth successive month as output growth continued to outpace that of new orders.

Meanwhile, Greek manufacturers signalled a renewed drop in output charges in June. Firms stated that increased competition had driven discounting and promotional activity. Input prices paid by goods producers rose at only a moderate pace, with inflation easing to the slowest since July 2016.

Purchasing activity continued to rise solidly in June, despite the rate of growth easing to a 14-month low. Inventory levels fell further, with stocks of purchases declining at the quickest pace since June 2017. Holdings of finished goods decreased to the greatest extent in 28 months.

Finally, firms remained strongly optimistic towards output growth over the coming 12 months. The degree of confidence was well above the series trend, and stemmed from a sustained rise in client demand.

COMMENT

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

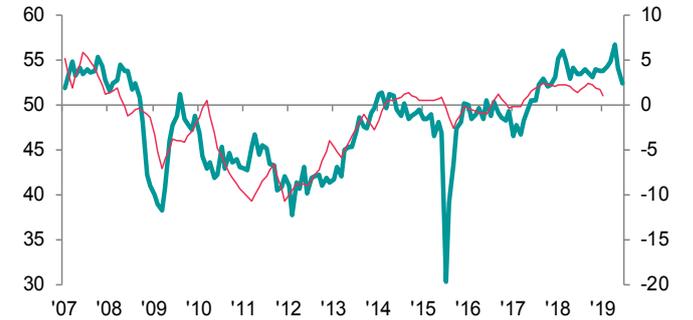
"Greek manufacturers continued to signal an improvement in the health of the sector in June, albeit the slowest since November 2017, amid solid rates of output and employment growth. Business confidence also remained upbeat, with firms buoyed by an ongoing rise in client demand."

"A key area of concern highlighted by June survey data was, however, the longevity of such an upturn in customer demand. New business and export sales rose at only modest rates, with the effects of fading external demand beginning to seep into the Greek manufacturing sector. Downward pressure on growth is expected to stifle the expansion in industrial production over the coming months, with IHS Markit forecasting a year-on-year increase of 2.7% in 2019."

"Firms also indicated a renewed fall in factory-gate prices as efforts to entice clients with discounts and promotions were ramped up."

PMI

sa, >50 = improvement since previous month



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.

June 2019 data were collected 12-21 June 2019.

For further information on the PMI survey methodology, please contact 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).