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## IHS Markit Greece Manufacturing PMI®

### Strongest improvement in operating conditions since April 2000

#### Key findings

Output and new orders boosted by stronger client demand

Supplier shortages drive input cost inflation to fresh record rate

Job creation fastest since February 2020 as backlogs accumulate

May data were collected 12-21 May 2021.

The latest PMI® survey data signalled a robust improvement in the health of the Greek manufacturing sector during May. The headline figure was supported by stronger expansions in output, new orders and employment. Business confidence also ticked higher amid greater client demand and an end to many restrictions.

Meanwhile, significant supplier delays and material shortages led to the fastest rise in input costs on record. Firms made efforts to pass on higher input prices to clients, as charges rose at the quickest rate since data collection for the series began in November 2002.

The headline IHS Markit Greece Manufacturing PMI® is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The headline PMI posted 58.0 in May, up from 54.4 in April, to signal the greatest upturn in operating conditions across the Greek manufacturing sector since April 2000. The latest expansion was the third in as many months, and sharp overall.

May data indicated a steep increase in production, as Greek manufacturers registered the fastest upturn in output for just over two years. Anecdotal evidence suggested production growth was linked to greater new order inflows, with some also noting that the reopening of the tourism and hospitality sectors boosted sales.

Greece Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

#### Comment

Commenting on the latest survey results, Siân Jones, Senior Economist at IHS Markit, said:

"May PMI data signalled a further pick-up in growth momentum across the Greek manufacturing sector. The reopening of key sections of the economy, alongside stronger client confidence boosted new sales, with a renewed rise in foreign demand indicated as well.

"Encouragingly, business confidence and the rate of job creation ticked higher, to extents not seen since last February.

"That said, inflationary pressures and supply-chain disruptions remained a key theme throughout the underlying data. Efforts to build up stocks were stymied by lengthening delivery times and soaring input prices. Although firms sought to pass on higher cost burdens to clients, the rate of charge inflation continued to be far outpaced by that of input prices.

"On average through 2021, however, consumer prices are only forecast to rise by 0.3% compared to those seen in 2020, as firms seek to drive sales growth despite substantial supplier price hikes."

continued...

At the same time, new order inflows expanded for the second successive month, and at a notably faster pace. The sharp increase was the fastest since February 2018, as client demand strengthened and firms acquired new customers. Manufacturers also recorded a renewed rise in new export orders, bringing to an end a 14-month sequence of decline.

Goods producers continued to register a substantial deterioration in vendor performance. Raw material and component shortages, alongside transportation delays due to COVID-19 restrictions, reportedly led to extensive delays.

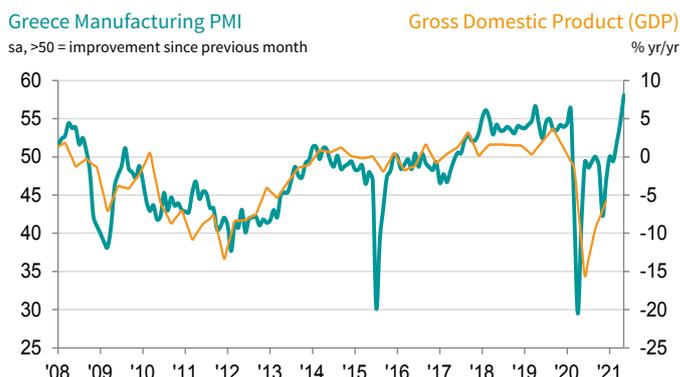
As a result, cost burdens soared once again in May. Material shortages, especially for components such as metals and packaging, were widely linked to the increase in input prices. The rate of cost inflation was the steepest on record, with firms commonly seeking to pass on higher input prices to customers.

Subsequently, output charges increased at the quickest pace since late-2002 when data collection for the series began.

In line with supply-chain disruptions, firms increased their input buying sharply in May. Nonetheless, stocks of purchases continued to decline as current holdings of inputs were used to supplement production. Manufacturers also noted a decrease in post-production inventories amid a stronger upturn in new orders.

Despite the fastest increase in employment since February 2020, firms registered the first accumulation of backlogs of work since January 2019. Pressure on capacity reportedly stemmed from component shortages and sharp growth in new orders.

Finally, business confidence improved to the strongest since February 2020 amid strengthening client demand.



Sources: IHS Markit, National Statistical Service of Greece.

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### Survey 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.

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

### Survey dates and history

Data were collected 12-21 May 2021.

Survey data were first collected May 1999.

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