

News Release

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S&P Global Greece Manufacturing PMI[®]

Output growth slows as price rises hamper client demand in April

Key findings

Production expansion slowest in 13-month sequence of growth

Marked increases in input costs and output charges

Tentative signs of pressures on capacity easing

April PMI[®] data from S&P Global signalled a solid improvement in operating conditions across the Greek manufacturing sector. Although picking up, the headline PMI indicated the second-slowest upturn for a year. Output and new orders rose only marginally as substantial hikes in selling prices due to marked increases in cost burdens dampened client demand. Although inflationary pressures eased slightly, they were stronger than any seen before the third quarter of 2021.

Meanwhile, subdued demand conditions led to only a slight expansion in backlogs of work and the weakest degree of confidence since October 2020.

The seasonally adjusted S&P Global Greece Manufacturing Purchasing Managers' Index[®] (PMI[®]) posted 54.8 in April, up slightly from 54.6 in March. The latest data indicated a solid upturn in the health of the Greek manufacturing sector, but one that was the second-weakest in a year.

Greek manufacturers registered a marginal upturn in production in April, with the rate of growth easing further from February's sharp expansion. The rate of increase was the slowest in the current sequence of growth that began in April 2021. Although firms attributed the uptick in output to a further rise in new orders, others stated that material shortages and soaring selling prices stymied client demand.

New orders rose further in April, but the pace of expansion was only marginal overall and well below those seen at the end of 2021. The rate of growth picked up from March's recent low, however. At the same time, manufacturers recorded a renewed rise in new export orders. The rate of increase was only slight overall, but was quicker than the series average.

Goods producers continued to register marked increases in selling prices at the start of the second quarter. Despite reports of soaring output charges dampening the expansion in new orders, firms passed higher costs on to customers where possible due to surging input prices. Although easing, rates of input cost and factory gate charge inflation were

Greece Manufacturing PMI
sa, >50 = growth since previous month



Source: S&P Global.
Data were collected 11-22 April 2022.

Comment

Siân Jones, Senior Economist at S&P Global, said:

"Greek manufacturing firms signalled further subdued demand conditions during April. Although the rate of new order growth quickened slightly, it remained only marginal, with the upturn in output slowing. Customer purchasing power continued to be dented by significant upticks in prices.

"Hikes in cost burdens and output charges were faster than any seen prior to the final few months of 2021, as supplier shortages and Russia's invasion of Ukraine exacerbated already severe supply-chain disruption and drove prices higher. As a result, input purchasing growth slowed as firms utilised current holdings of finished items to supplement production.

"Meanwhile, employment rose further and relieved some pressure on capacity, with backlogs rising at the slowest pace for a year.

"Mounting headwinds including a reduction in customer appetite due to higher prices and further increases in cost burdens look set to weigh on growth over the coming year. Alongside firms' output expectations dropping to the lowest since October 2020, our current forecast predicts only a 1.4% rise in industrial production in 2022."

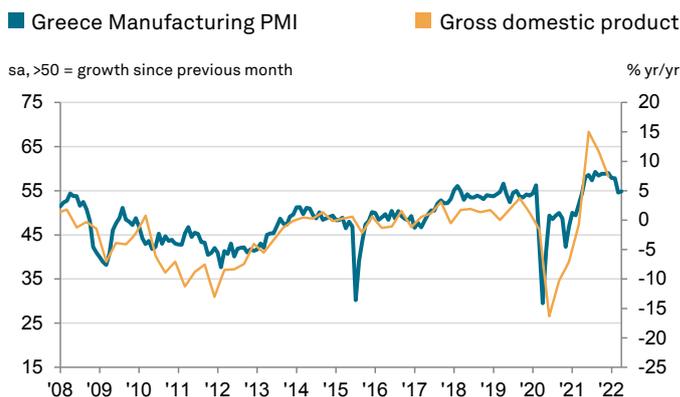
faster than any seen before September and October 2021 respectively. Higher cost burdens were driven by hikes in prices for materials including plastics, chemicals and metals, alongside greater transportation and fuel costs.

In line with the subdued uptick in new orders, firms noted a slower rise in backlogs of work during April. The increase in work-in-hand was linked to raw material shortages. That said, the rise in incomplete sales was the slowest in the current 12-month sequence of increase.

Firms continued to hire new workers in a bid to process incoming work in a timely manner. Although strong, the rate of job creation was the joint-softest since last September.

Supplier delivery times worsened again in April, as lead times lengthened markedly and to one of the greatest extents on record. Extensive transportation delays were reportedly exacerbated by Russia's invasion of Ukraine. Despite a strong fall in both pre- and post-production inventories, with the latter the fastest in for eight months, input buying grew only marginally.

Meanwhile, business confidence at Greek manufacturing firms softened further. The degree of optimism in the year-ahead outlook for output slipped to the lowest since October 2020. Although some firms were hopeful of a pick-up in new orders, others raised concerns regarding the impact of the Russia's invasion of Ukraine and surging prices on future demand conditions.



Sources: S&P Global, National Statistical Service of Greece.

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Survey methodology

The S&P Global Greece Manufacturing PMI® is compiled by S&P Global 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. Data collection began in May 1999.

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.

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