

## IHS Markit Greece Manufacturing PMI®

### Marginal contraction in manufacturing performance amid ongoing COVID-19 restrictions

#### Key findings

Output and new orders contract at sharper rates

Costs rise at steepest pace since October 2000 amid supply shortages

Selling prices increase at fastest rate since July 2008

Data were collected 11-19 February 2021.

The latest PMI® survey data indicated a marginal deterioration in the health of the Greek manufacturing sector during February. Output and new orders continued to decline amid weak client demand and coronavirus disease 2019 (COVID-19) restrictions, with rates of contraction quickening. Meanwhile, supply chain disruption remained apparent, with vendor performance deteriorating substantially. As a result, cost burdens increased significantly and at the sharpest rate since October 2000. Firms were able to partially pass on higher input prices, with charges rising at the steepest rate since July 2008.

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.

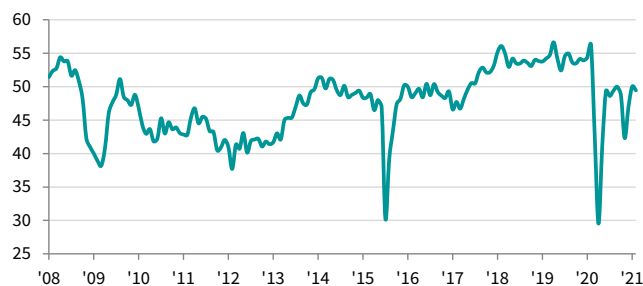
The headline PMI posted 49.4 in February, down from 50.0 in January, to signal a marginal decline in operating conditions across the Greek manufacturing sector. The headline figure was in part buoyed by a substantial deterioration in suppliers' delivery times which would ordinarily be seen as an indicator of an improvement in operating conditions.

February data signalled another monthly contraction in output and new orders, with rates of decline accelerating. Ongoing COVID-19 restrictions and weak client demand were often cited as key factors behind the downturns, with some noting the temporary closure of client businesses.

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Greece Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

#### Comment

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

"Greek manufacturers signalled a renewed decline in the health of the goods-producing sector in February. Weak client demand stemming from COVID-19 lockdown restrictions led to faster contractions in output and new orders.

"Supporting the headline figure, however, was a severe deterioration in vendor performance following steep global demand for inputs, supplier shortages and transportation delays. As a result, input prices soared. The rate of cost inflation was the fastest since October 2000. Meanwhile, the pace of charge inflation accelerated to the sharpest since July 2008 as firms partially passed on higher costs to clients.

"Our current forecast expects industrial production to increase 2.1% in 2021. The return of growth will largely depend on the success of vaccine roll-outs across key export markets, however, due to the manufacturing sector's strong connections with tourism."

External demand also declined, as new export orders fell further. That said, the rate of contraction was the slowest since last September.

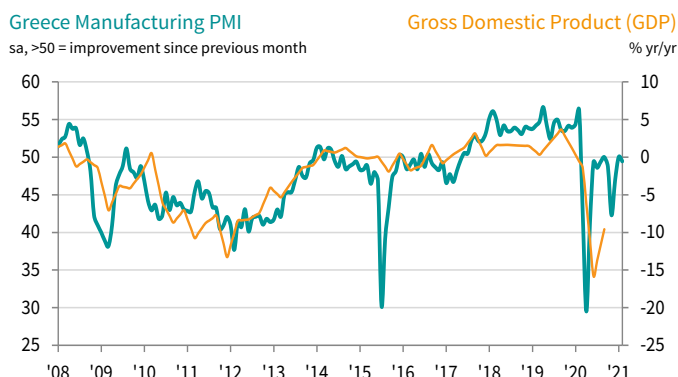
Substantial supply chain disruption led to cost burdens soaring in February, as the rate of cost inflation accelerated for the seventh successive month to the sharpest since October 2000. Higher raw material prices and greater transportation costs were also highlighted.

The marked uptick in cost pressures led firms to respond by hiking their selling prices midway through the first quarter. The rate of charge inflation was strong overall and the fastest since July 2008, as companies sought to partially pass on greater cost burdens to clients.

Longer lead times contributed to a further decline in inventory levels, as firms utilised current holdings to supplement production. Rates of contraction in stocks of purchases and finished goods accelerated, with the former falling at the quickest pace since June 2020.

At the same time, lower new order inflows led to firms working through their backlogs of work at a sharp pace in February. As a result, manufacturers increased their workforce numbers at only a fractional rate.

Finally, Greek manufacturing firms remained upbeat, on balance, regarding the outlook for output over the coming year in February. Optimism was reportedly linked to hopes of a successful vaccine roll-out in Greece and key export markets. Although the degree of confidence softened from that seen in January, it was stronger than the long-run series average.



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 11-19 February 2021.

Survey data were first collected May 1999.

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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. [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)