News Release

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IHS MARKIT
SPAIN MANUFACTURING PMI®

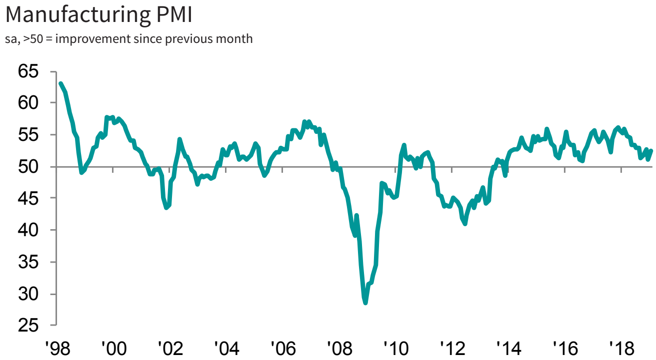
Upturn in growth signalled during January

KEY FINDINGS

Strong growth in consumer goods drives aggregate output and new orders higher

Cost pressures continue to soften in January

Optimism at six-month high



Spain's manufacturing economy enjoyed a positive start to 2019, recording faster gains in output, new orders and employment. There were reports of firmer demand from both national and international markets, which encouraged firms to bolster their inventories of purchases and finished goods. Optimism about the future strengthened to its highest level for six months.

Meanwhile, price pressures remained subdued, with input costs rising at the slowest rate in just under two-and-a-half years and output charges barely increasing.

The IHS Markit Spain Manufacturing PMI – a composite single-figure indicator of manufacturing performance – strengthened since December's 28-month low of 51.1 to reach 52.4 at the start of 2019. Consistent with solid growth on a monthly basis, the PMI has now posted above the 50.0 no-change mark for over five years.

January's survey revealed solid gains in both production and new orders. In each case, growth strengthened on December's near two-and-a-half year lows amid reports of strengthened demand, both at home and abroad. Indeed, international orders again rose solidly, albeit at a slightly weaker rate than at the end of 2018.

Latest data revealed considerable divergences across broad market groups during January. Whereas manufacturers of consumer goods registered strong gains in both output and new work, only modest growth was seen at intermediate goods producers. For capital goods, marked and accelerated declines in production, new orders and export sales were all registered.

With overall production and new work improving during January, a number of companies were suitably encouraged to bolster their purchasing activity over the month. Although modest, growth was a noticeable improvement on December's slight fall and helped to explain a marginal increase in stocks of purchases for only the second time in the past six months.

Warehouse inventories also increased during January as firms looked ahead to future growth. Staff recruitment was also reported, with the latest (albeit modest) gain in job numbers the best recorded by the survey since last August. Additional workers helped firms to keep on top of workloads. Although backlogs of work rose, they did so only modestly.

On the price front, having weakened noticeably in December, input price pressures continued to soften at the start of 2019. Although there remained reports of higher prices for energy, foodstuffs and metals, latest figures indicated that costs rose at the slowest pace since August 2016. As a result, output charges amongst Spanish manufacturers rose only marginally in January.

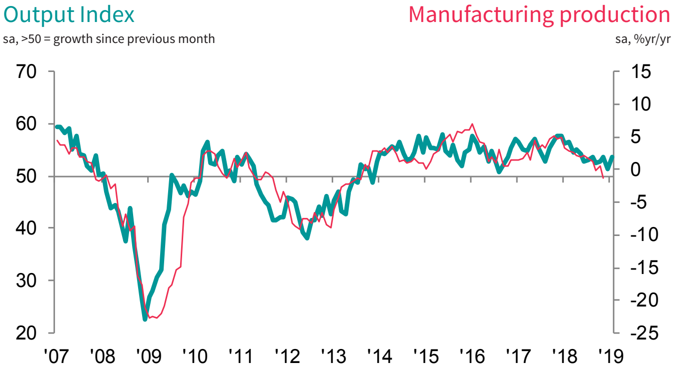
Finally, confidence strengthened to its highest level since last July. The introduction of fresh products, the planned expansion of commercial operations in new markets and hopes of generally firmer demand should all support activity in the coming 12 months.

COMMENT

Commenting on the PMI data, Paul Smith, Economics Director at IHS Markit said:

"Spain's manufacturing economy enjoyed a relatively positive start to 2019, somewhat bouncing back from a disappointing December by registering firmer gains in both output and new orders.

"Whilst the latest data point to a stabilisation of the sector following a protracted period of slowdown, the unbalanced nature of expansion in January, plus ongoing headwinds related to global trade and growth, suggest downside risks to sector performance will persist in the near-term."



Source: IHS Markit, INE.

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Methodology

The IHS Markit Spain Manufacturing PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 400 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.

January 2019 data were collected 11-24 January 2019.

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.

About IHS Markit

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

About AERCE

AERCE is the Spanish Association of Purchasing and Supply Management. Founded in 1981 has 1,000 members, representing more than 10,000 related professionals, which include the most important companies in the country, institutions and professionals belonging to various industrial sectors, services and the public sector.

AERCE is a member of the International Federation of Purchasing and Supply Management (IFPSM).

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