News Release
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IHS Markit Greece Manufacturing PMI®

Manufacturing conditions improve sharply but material shortages weigh on production growth

Key findings

Output and new orders rise for the seventh month in a row...

...but material shortages and delivery delays hamper output growth

Record rates of output and input price inflation in October

Data were collected 12-22 October 2021.

October PMI® survey data signalled a robust expansion in the Greek manufacturing sector, with operating conditions improving at one of the strongest rates in the series history. Strong inflows of new orders supported the overall expansion, but output growth was somewhat stymied by material shortages and record rates of inflation. Lead times meanwhile lengthened at the second-most marked rate in the survey’s history, resulting in a record rate of backlog accumulation as firms found it difficult to source inputs.

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 58.9 in October, up from 58.4 in September, to indicate a robust improvement in operating conditions across the Greek manufacturing sector. The latest uptick extended the sequence of growth to eight months, with the latest expansion the third-strongest in over 22 years of data collection.

Central to the uptick was a marked increase in new order inflows. The upturn in sales was broadly in line with that seen in September and among the strongest in the series history. Firms registered stronger client demand in both domestic and international markets as looser travel restrictions prompted greater tourist activity.

Commenting on the latest survey results, Shreeya Patel, Economist at IHS Markit, said:

“Latest PMI data revealed another robust improvement in operating conditions at the start of the fourth quarter, with growth among the strongest in over 22 years of data collection. Favourable demand conditions were central to the uptick as COVID-19 restrictions eased in key regions and prompted greater tourist activity.

“While there are many positives, supply shortages and delivery delays were again a common theme. Material scarcity will almost certainly threaten manufacturing output growth in the months ahead.

“Inflationary pressures meanwhile continued to mount as a result of supplier surcharges and higher transportation and energy costs. A fresh new record rate of both output price and input price inflation was recorded, but, for now at least, clients are willing to pay the higher charges.”

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Output, however, saw growth hampered by severe supply constraints as reports of material shortages and delivery delays persisted into the fourth quarter. Nonetheless, the rate of expansion was still sharp and above the average for 2021 so far.

Staffing levels meanwhile rose at a marked and accelerated pace in October, extending the sequence of job creation to ten months. Despite this, backlogs of work rose at the quickest rate in the series history.

With exception to April 2020’s substantial deterioration, October data revealed the greatest extension in input delivery times on record. Companies largely attributed transportation bottlenecks and supplier shortages to longer lead times.

In line with greater client demand, firms raised their purchasing activity at the start of the fourth quarter to secure input stocks amid material shortages. Although, this was insufficient to stabilise inventories which fell at a solid – albeit slower – pace.

Input cost inflation accelerated to a fresh new series high, with reports suggesting material scarcity led to supplier surcharges. Rising costs for raw materials (particularly plastic, metal, oil and wood), energy and transportation were cited by respondents. Accommodative demand conditions allowed firms to partially pass on higher costs, which they did so at a survey-record pace.

Firms remained widely upbeat about their output prospects for the year ahead in October. Confidence was linked to hopes for greater tourist activity. Sentiment did however moderate to a seven-month low amid concerns of weak global supply and associated price hikes.