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IHS MARKIT GREECE MANUFACTURING PMI®

Production growth quickens to strong rate in November

KEY FINDINGS

Solid and faster improvement in manufacturing operating conditions

Accelerated rates of expansion in output and new orders

Renewed rise in output charges

November PMI® survey data signalled a quicker improvement in operating conditions across the Greek manufacturing sector. Overall growth was supported by sharper expansions in output and new orders. Stronger domestic and foreign client demand led to a faster rise in workforce numbers and a greater degree of business confidence. Meanwhile, firms registered a renewed increase in output prices, with the rate of charge inflation the fastest since September 2018.

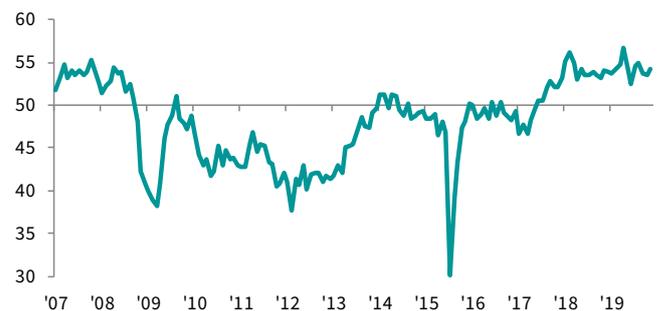
The seasonally adjusted IHS Markit Greece Manufacturing Purchasing Managers' Index® (PMI®) – a composite indicator designed to measure the performance of the manufacturing economy – posted 54.1 in November, up from 53.5 in October and indicated the fastest improvement in the health of the Greek manufacturing sector for three months. The rate of overall growth was solid and among the sharpest seen over the last decade.

A key factor behind the improvement in operating conditions was a quicker upturn in production during November. The expansion in output was strong and the sharpest since August. Anecdotal evidence suggested growth was due to greater domestic and foreign client demand.

At the same time, manufacturing firms in Greece noted a faster rise in new business midway through the final quarter of 2019. The upturn was strong overall and commonly linked to new client acquisitions and the launch of new product lines. Foreign client demand also improved, with the rate of new export order growth accelerating to a six-month high.

In line with stronger new order growth, manufacturers

Manufacturing PMI
sa, >50 = improvement since previous month



Source: IHS Markit

signalled a renewed rise in factory gate charges in November. Although only marginal, the rate of inflation was the fastest for over a year and was attributed to the partial pass-through of higher cost burdens. Input prices, meanwhile, rose at a sharper pace, with the rate of increase quickening to the fastest since April amid greater raw material and supplier costs.

In response to greater new order volumes, Greek manufacturers expanded their workforce numbers at a steep pace that was the quickest for seven months. Increased staffing levels helped ease pressure on capacity, with backlogs of work falling at the fastest rate since February.

Meanwhile, the degree of business confidence improved during November, with firms continuing to expect output to rise over the coming year. Optimism was commonly linked to more favourable domestic economic conditions and new export opportunities.

Finally, firms increased their input buying at a strong rate in November, in line with greater client demand. The upturn in purchasing was the steepest since May, with pre-production inventories declining as some manufacturers reportedly fulfilled new orders from stocks. Greater demand for raw materials also led to pressure on suppliers' capacity, with vendor performance deteriorating.

COMMENT

Siân Jones, Economist at IHS Markit, which compiles the Greece Manufacturing PMI survey, commented:

"Stronger domestic and foreign client demand supported a quicker improvement in the health of the Greek manufacturing sector in November. Production growth was reportedly driven by the acquisition of new clients and greater new order volumes as Greece remained a bright-spot in the Eurozone manufacturing economy.

"As a result, firms expanded their workforce numbers at the sharpest pace for seven months as confidence towards the outlook for output also improved following more favourable domestic economic conditions. Our current forecasts point towards a faster expansion in industrial production in 2020, with the rate of growth expected to pick-up to 1.1% year-on-year.

"Meanwhile, price pressures intensified, with cost burdens rising at a sharper pace. Nevertheless, firms signalled a renewed increase in factory gate charges as they felt better able to protect margins amid stronger client demand."

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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.

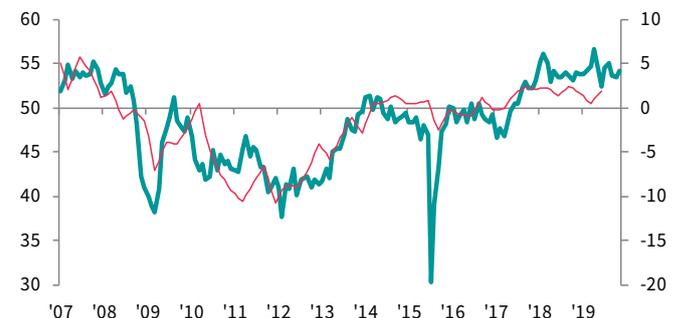
November 2019 data were collected 12-22 November 2019.

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PMI

sa, >50 = improvement since previous month



Source: IHS Markit, National Statistical Service of Greece.

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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. To learn more go to [ihsmarkit.com/products/pmi.html](https://www.ihsmarkit.com/products/pmi.html).