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## IHS MARKIT GREECE MANUFACTURING PMI®

### Output expansion remains solid despite new order growth softening

#### KEY FINDINGS

Production and new business upturns ease

Employment growth accelerates to eight-month high

Rate of input price inflation the fastest since April

December PMI® survey data signalled a further improvement in operating conditions across the Greek manufacturing sector. Overall growth was supported by sustained expansions in output and new orders. Subsequently, firms increased their workforce numbers at the fastest rate since April in response to greater client demand, and business confidence remained strongly optimistic.

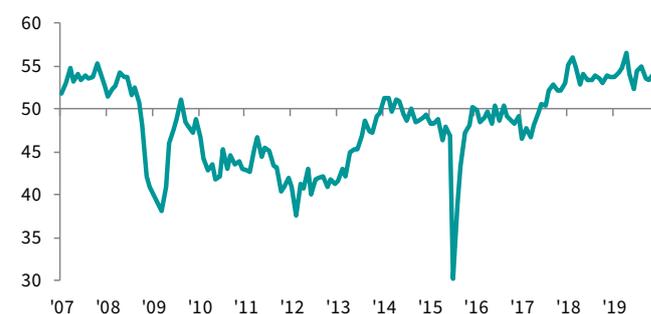
Meanwhile, input price inflation quickened amid greater hikes in raw material costs, whilst factory-gate charges rose only marginally.

The seasonally adjusted IHS Markit Greece Manufacturing Purchasing Managers' Index® (PMI®) – a composite indicator designed to measure the performance of the manufacturing economy – posted 53.9 at the end of the final quarter of 2019, down slightly from 54.1 in November. The latest figure indicated a solid improvement in the health of the goods-producing sector that was above the average for the current sequence of expansion which spans over two-and-a-half years.

Production growth remained solid in December, despite the rate of expansion easing to one of the slowest in 2019. Nonetheless, the upturn was attributed to a further rise in new orders.

Stronger client demand reportedly drove the increase in new business at the end of the fourth quarter. The increase in new order volumes was solid but softened to a six-month low. New export orders, however, rose at the sharpest pace since April as demand picked up among key export partners.

Manufacturing PMI  
sa, >50 = improvement since previous month



Source: IHS Markit

Consequently, the rate of employment growth quickened to an eight-month high in December, with Greek manufacturers recording a sharp increase in workforce numbers. The upturn in staffing numbers was attributed to a further expansion in new order volumes and a subsequent increase in production requirements. Capacity remained sufficient to complete new orders in a timely manner, however, with backlogs of work continuing to decrease.

Output expectations also remained strongly optimistic in December, with manufacturers suggesting that new client acquisitions and strong customer demand are set to drive production growth over the coming year.

Meanwhile, the rate of input price inflation quickened at the end of 2019 to the fastest since April. Greater cost burdens were linked to higher raw material prices, especially for wood and paper products.

Subsequently, firms raised their output charges in December for the second successive month, as companies partially passed higher costs on to clients. That said, the rate of charge inflation was only marginal and eased from that seen in November.

Finally, the pace of purchasing activity growth softened to the slowest since April 2018, with firms stating that new orders were fulfilled from stocks. Both pre- and post-production inventories were reduced during the month.

## COMMENT

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

*"2019 ended on a positive note for Greek manufacturers, according to the latest PMI data, with operating conditions continuing to improve solidly. Expansions in output and new orders remained historically strong despite softening and further resilience against global headwinds was reflected in a faster upturn in new export business.*

*"Meanwhile, pressure was placed on margins as input prices rose at the fastest rate since April, but the rate of output charge inflation could not hold pace and eased to only a marginal rate.*

*"Nevertheless, output expectations remained robust as positive sentiment across the sector was led by new investment projects and a greater global presence. Downside risks for 2020 from ongoing global economic uncertainty are still apparent, however, with our latest forecast pointing to a rise in industrial production of 1.1% for the year as a whole in Greece."*

## CONTACT

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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.

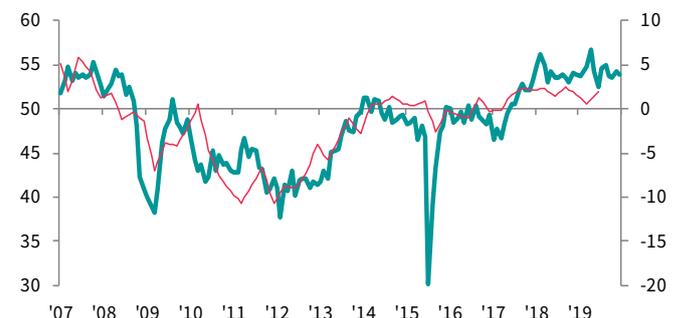
December 2019 data were collected 5-16 December 2019.

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### PMI

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Source: IHS Markit, National Statistical Service of Greece.

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