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## IHS Markit Greece Manufacturing PMI®

### Further deterioration in health of goods sector amid challenging demand conditions

#### Key findings

Output and new orders contract sharply

Severe supply chain disruptions lead to spike in input price inflation

Output expectations improve to strongest since February

Data were collected 04-16 December 2020.

The latest PMI® survey data signalled another monthly decline in the health of the Greek manufacturing sector in December, albeit less severe than that seen in November. The slower overall contraction was linked to softer, but still steep, declines in output and new orders, with substantial supply chain disruptions partially contributing to the higher headline figure. As a result of marked supplier shortages and delays, cost burdens rose at the sharpest rate since March 2011. Employment, meanwhile, decreased at a slower pace despite a further reduction in pressure on capacity.

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 46.9 in December, up from 42.3 in November to signal a solid but softer deterioration in operating conditions across the Greek manufacturing sector.

Production continued to decline sharply in December, as weak demand conditions and lockdown restrictions hampered operations at goods-producing firms. Although the rate of contraction eased from that seen in November, it was nonetheless the second-fastest since May.

At the same time, client demand fell further as the extended lockdown measures impacted new order inflows. The pace of decline was the second-steepest for seven months despite

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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:

"Although signalling slightly brighter news at the end of 2020, December data still painted the picture of a challenging landscape for Greek manufacturers as we head into 2021. Output and new orders fell further, albeit at slower paces, with lockdown measures hampering demand once again.

"The escalation and severity of supply chain disruptions did little to allay short-term concerns for the sector, as cost burdens surged higher. Supplier shortages and transportation issues pushed input prices up, with efforts to attract new clients leading to another fall in charges, placing further pressure on margins.

"Looking ahead, however, manufacturers expressed greater confidence in a rise in output over the coming year. Optimism was at its highest since February, before the pandemic struck the country, as hopes of a vaccine roll-out and the release of pent-up demand spurred goods producers on."

easing from that seen in November. Similarly, new export orders decreased markedly amid weak foreign client demand.

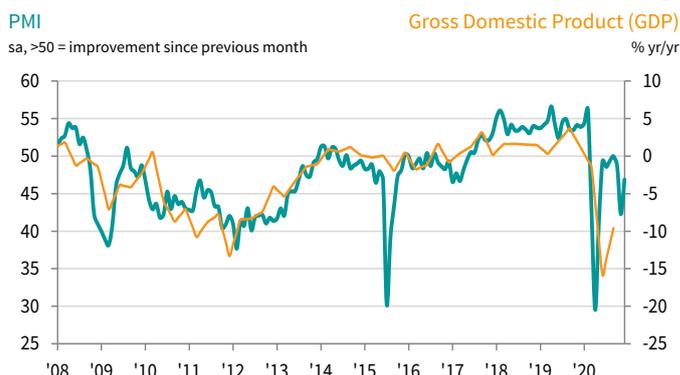
Supply chain disruption escalated in December, amid widespread lockdowns across Europe and challenging transportation conditions. Supplier shortages were also reportedly a factor behind the further deterioration in vendor performance across the Greek manufacturing sector. Lead times lengthened to the greatest extent since the depths of the pandemic in April.

As a result, cost burdens increased substantially and at the fastest pace since March 2011. Panellists commonly linked higher raw material costs, especially steel, and greater transportation fees to the spike in inflation. Firms continued to offer discounts, however, as efforts to drive sales remained significant. The decline in output charges was only fractional though, and the slowest for four months.

Meanwhile, the rate of job shedding eased in December despite an ongoing reduction in pressure on capacity. Workforce numbers fell only moderately, but job losses were still linked to lower production requirements and redundancies. Backlogs of work fell at a marked pace as new order inflows contracted.

Nevertheless, business optimism improved at the end of 2020. Hopes of an end to the pandemic and positive vaccine news buoyed manufacturing firms, as the degree of confidence rose to the strongest since February.

Lower production requirements also led to another monthly reduction in input buying and inventories. Weaker client demand drove sharp falls in stocks of both purchases and finished goods.



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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 04-16 December 2020.

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)