

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
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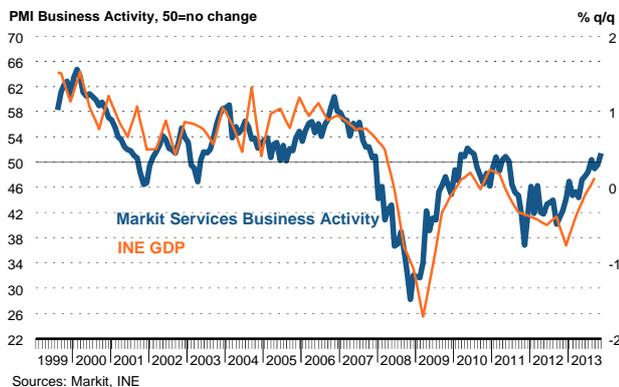
Markit Spain Services PMI[®]

First rise in activity for three months, led by fastest growth in new orders since July 2007

Key points:

- Activity increases amid sharpest rise in new orders for over six years
- Confidence in outlook at 76-month high
- Cost inflation quickens but remains muted

Historical overview:



Summary:

The Spanish service sector showed some signs of improvement during November, particularly with regards to new business which increased at the sharpest pace since mid-2007. This led to a return to growth of activity, but companies continued to lower staffing levels. Meanwhile, a further reduction in output prices was recorded in spite of a sharper rise in input costs.

The headline seasonally adjusted Business Activity Index – which is based on a single question asking respondents to report on the actual change in business activity at their companies compared to one month ago – registered above the 50.0 no-change mark for the first time in three months during November. At 51.5, up from 49.6 in October, the index signalled a modest expansion of activity

which was the fastest since June 2010.

Four of the six monitored service sectors posted higher activity, led by Post & Telecommunications and Financial Intermediation. The Hotels & Restaurants and 'Other Services' sectors saw activity fall.

Rising activity was mainly linked by respondents to increased new business. New orders grew at a solid pace during November, with the rate of expansion quickening to the sharpest since July 2007. A number of panellists reported tentative signs of improvements in customer demand. The overall expansion was led by Post & Telecommunications firms, with only Hotels & Restaurants recording a decrease in new orders.

Some companies indicated that new order growth had imparted pressure on capacity, but a greater proportion indicated that new business was insufficient to compensate for the completion of projects. As a result, overall backlogs of work fell marginally during the month.

Input prices increased for the third time in the past four months. The rate of inflation was solid and accelerated from the previous month, but was still slower than the series average. Input costs increased at Hotels & Restaurants and Renting & Business Activities companies.

Despite rising cost pressures, service providers lowered their output prices in November. The rate of decline eased slightly for the second month running, but was still marked. Panellists linked lower output prices to competition for new business and discounts required in order to secure contracts.

Sentiment regarding the 12-month outlook for activity improved for the third month in a row during November. Moreover, respondents were at their

most optimistic since July 2007. Approximately 47% of panellists forecast activity to rise over the next 12 months amid signs of improving client demand. A number of respondents expect the wider Spanish economy to expand during the coming year.

Comment:

Commenting on the Spanish Services PMI® survey data, Andrew Harker, senior economist at Markit and author of the report said:

“The Spanish service sector enters the Christmas period on a relatively positive note, especially given the strength of the rise in new business seen in November. However, we have seen before how quickly signs of optimism can be dashed and the possibility remains of a further downturn should the current tentative domestic economic recovery run out of steam.”

-Ends-

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Notes to Editors:

The Spain Services PMI® (*Purchasing Managers' Index*®) is produced by Markit Economics. The report features original survey data collected from a representative panel of over 300 companies based in the Spanish service sector.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from Markit. Please contact economics@markit.com.

The *Purchasing Managers' Index*® (PMI®) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. PMI surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

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About PMIs

Purchasing Managers' Index® (PMI®) surveys are now available for 32 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 www.markit.com/economics.

About AERCE

The Spanish Association of Purchasing Managers and Supply. Established in 1981, it encompasses approximately 1600 members, distributed across ten sections. AERCE represents Spain in the International Federation of Purchasing and Supply Management (I.F.P.S.M).

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