

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit Spain Services PMI®

### New order growth quickens to 25-month high

#### Key findings:

- Faster rise in new orders supports stronger increase in activity
- Job creation remains solid
- Second-fastest rise in output prices since financial crisis

Data collected September 12-26

Strong growth of new business fed through to another sharp monthly rise in activity in the Spanish service sector, with rates of expansion in both quickening from August. Rising workloads encouraged companies to increase staffing levels again. Stronger client demand enabled another rise in output prices, with the rate of inflation among the fastest in the past decade. Meanwhile, input costs increased at a weaker pace.

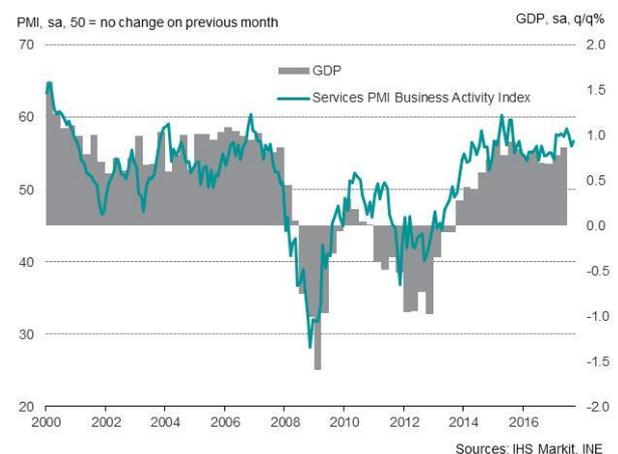
The headline seasonally adjusted Business Activity Index rose to 56.7 in September from 56.0 in August, thereby signalling a sharp and accelerated increase in business activity at Spanish services companies. Activity has now risen in each of the past 47 months, with the latest expansion linked by panellists to improving market conditions and rising customer numbers.

Growth of activity was widespread across the monitored sectors, with Post & Telecommunications seeing the fastest rise. The sector also recorded the sharpest increase in new business.

New orders rose across the service sector for the fiftieth month running, with the latest expansion the strongest since August 2015. Where an increase in new business was recorded, this was attributed by panellists to improving economic conditions.

Companies generally expect business conditions to strengthen further over the coming year, supporting

#### IHS Markit Spain Services PMI v Official data



growth of activity. Predictions of ongoing increases in new orders also contributed to confidence among firms regarding the 12-month outlook. Around 45% of panellists forecast growth of activity.

Strong growth of new orders fed through to an eighth consecutive monthly rise in outstanding business. Furthermore, the rate of accumulation was the strongest since July 2015.

Responding to higher workloads, service providers increased their staffing levels solidly in September. Some panellists reportedly expanded their commercial operations. Financial Intermediation posted the sharpest rise in employment.

Input prices rose at a solid pace, albeit one that was the weakest for a year. Panellists often mentioned higher staff costs, while rising fuel prices were reported in the Transport & Storage sector. In fact, the sector signalled the strongest rise in input costs in the latest survey period.

While input cost inflation eased in September, the

pace at which service providers increased their output prices quickened. Moreover, the rate of inflation was the second-fastest over the past ten years. Panellists reported that stronger client demand helped them to pass on higher input costs to clients. Selling price rises were seen across all monitored sectors, and led by Hotels & Restaurants.

## Comment

Commenting on the PMI data, Andrew Harker, Associate Director at IHS Markit said:

*“The strength of client demand shone through in the latest Spain Services PMI, with new business increasing to the greatest extent in more than two*

*years. Improving demand is helping to strengthen pricing power among service providers, as illustrated by them raising charges at one of the fastest rates in the past decade.*

*“Taken alongside faster growth in the manufacturing sector, these figures point to a positive end to the third quarter of the year. Over the quarter as a whole, we look to have seen only a slight slowdown from Q2, suggesting a further robust GDP reading is likely. IHS Markit currently forecasts growth of 0.7% for Q3.”*

-Ends-

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## Note to Editors:

The Spain Services *PMI*® (*Purchasing Managers' Index*®) is produced by IHS Markit. 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.

IHS 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 IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.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 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 [www.markit.com/product/pmi](http://www.markit.com/product/pmi).

## About AERCE

AERCE is the Spanish Association of Purchasing and Supply Management. Founded in 1981 has 1,000 members, representing more than 10,000 related professionals, which include the most important companies in the country, institutions and professionals belonging to various industrial sectors, services and the public sector.

AERCE is a member of the International Federation of Purchasing and Supply Management (IFPSM).

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