

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 09:15 (Madrid) / 08:15 (UTC) March 5th 2018

IHS Markit Spain Services PMI[®]

Sharpest rise in activity in seven months

Key findings:

- Growth of activity picks up amid further marked rise in new orders
- Rate of job creation remains elevated
- Sharpest rise in charges in 11 years

Data collected February 12-23

Spanish service providers continued to benefit from strengthening underlying demand in February, seeing new orders rise sharply. This helped lead to accelerated growth of business activity and a further marked rise in employment. Moreover, companies remained confident that activity will rise again over the coming year.

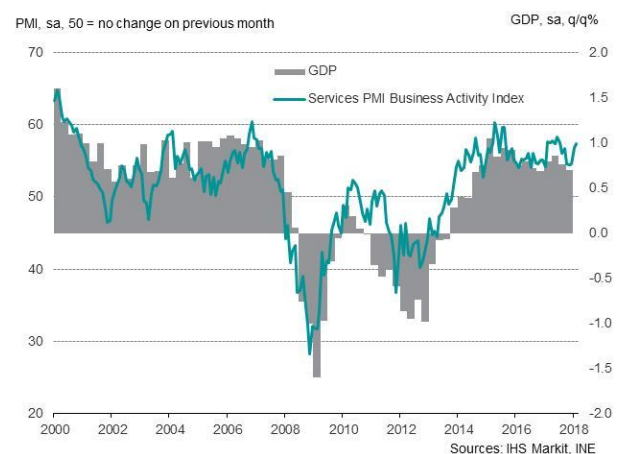
On the price front, both input costs and output prices rose at sharper rates amid higher staff costs and a greater ability to increase prices for good quality services.

The headline seasonally adjusted Business Activity Index improved to 57.3 in February from 56.9 in January. This signalled a sharp monthly increase in service sector output, and one that was the sharpest since July last year. Activity has now risen in each of the past 52 months.

Transport & Storage posted the fastest rise in activity in the latest survey period, with the sector also leading the way in terms of new order growth.

According to respondents, strengthening market conditions were central to the latest rise in activity, while also supporting new order growth. New business increased sharply, albeit at a weaker pace than in January. The latest rise in new orders extended the current sequence of growth to 55 months.

IHS Markit Spain Services PMI v Official data



Higher new orders resulted in another build up of backlogs of work, the thirteenth in as many months. That said, the rate of accumulation was modest.

Recent consistently strong employment growth continued in February as companies responded to greater workloads. There were also some reports of additional commercial staff being hired. Staffing levels have now increased in each of the past 41 months. Financial Intermediation companies recorded the fastest rise in employment.

Growth of business activity is expected to continue over the coming year. Sentiment dipped from January's seven-month high but was still above the series average. Respondents indicated that they expect improvements in wider economic conditions to support output growth.

Rates of both input cost and output price inflation quickened in February. Input prices rose sharply amid reports of higher staff costs, with the latest

increase the steepest since September 2008. Input prices rose most quickly at Hotels & Restaurants.

The passing on of higher input costs to customers resulted in a sixteenth successive monthly increase in output prices in the service sector. Moreover, the rate of inflation was the strongest in just over 11 years. According to panellists, improved pricing power meant that they were more able to raise charges in line with quality service provision.

Comment

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

“The growth rebound in the Spanish service sector

continued in February, with the rate of expansion in business activity quickening for the third month running. The concerns around the political situation in Catalonia in the final quarter of 2017 appear to have eased, with companies largely getting back on track. The first quarter of 2018 looks increasingly likely to have seen a strong start to the year.

“Highlighting the confidence service providers have in the durability of client demand, they raised their selling prices to the greatest extent in over 11 years in order to pass on higher costs and reflect the quality of services on offer to customers.”

-Ends-

For further information, please contact:

IHS Markit

Andrew Harker, Associate Director
Telephone +44-1491-461-016
Email andrew.harker@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44-207-260-2234
E-mail joanna.vickers@ihsmarkit.com

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 around 350 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.

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.

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2018 IHS Markit Ltd. All rights reserved.

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 <https://ihsmarkit.com/products/pmi.html>.

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).

AERCE

BARCELONA

Rambla Catalunya 120, 1^o 1^a

08008 Barcelona - Spain

MADRID

Paseo de la Castellana 121, 7^o D

28046 Madrid - Spain

Tel: +34 934 510 960

e-mail: info@aerce.org

website: www.aerce.org

The intellectual property rights to the Spain Services PMI[®] provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index[®] and PMI[®] are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).

In conjunction with

