

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 11:00 (Athens) / 09:00 (UTC) March 1st 2017

Markit Greece Manufacturing PMI®

Sixth successive decline in Greek manufacturing sector conditions

Key findings:

- New orders continue to fall
- Output cut for sixth consecutive month
- Staffing numbers reduced again, but at softer pace

Data collected February 10-21

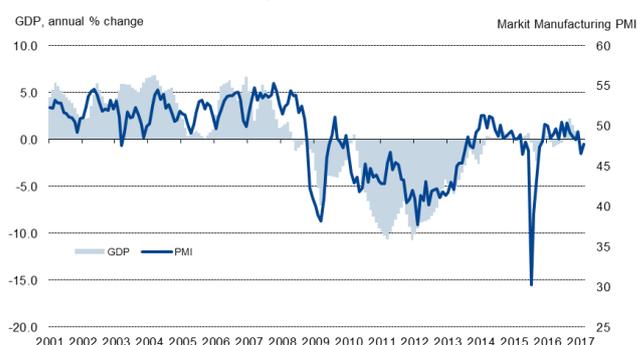
The health of the Greek manufacturing sector continued to deteriorate during February. Underlying the downturn was a further fall in new business, subsequently leading to another reduction in output. As a result of lower production requirements, firms decreased their staffing levels and scaled back on input buying. Meanwhile, manufacturers' margins were squeezed by a further round of sharp cost inflation, combined with a fall in average selling prices. In spite of this, expectations for future growth were the most optimistic in eight months.

February's contraction was highlighted by the seasonally adjusted Markit Greece Manufacturing *Purchasing Managers' Index® (PMI®)* – a composite indicator designed to measure the performance of the manufacturing economy – posting below the 50.0 no-change threshold. At 47.7 in February, up from 46.6 in January, the latest figure signalled a sixth consecutive deterioration in the Greek manufacturing sector. The rate of decline remained solid, albeit weaker than in the prior month.

At the heart of the overall downturn was a sixth successive fall in total new business. Likewise, new business from abroad was also down on a monthly basis. That said, the rates of contraction eased slightly from January in both cases.

In response to waning client demand, Greek manufacturers reduced their output in February, thereby continuing a trend that has been evident since September last year. This, in turn, contributed to a hundredth consecutive decline in post-production inventories.

Markit Greece Manufacturing PMI



Sources: IHS Markit, National Statistical Service of Greece.

As a result of a fall in production requirements, firms looked to cut back on operating capacity in February and decreased their staffing numbers for the third month in succession. However, the rate of decline eased from January and was marginal overall. In spite of the fall in employment, backlogs of unfinished work continued to decrease.

Following a similar trend to employment, weaker client demand encouraged Greek manufacturers to curtail their purchasing activity in February. The rate of decline remained solid, albeit softer than seen in the previous month. The reduction contributed to another drop in pre-production inventories.

Meanwhile, Greek manufacturers were faced with an increase in average input prices in February amid frequent reports of higher raw material costs. The rate of inflation eased fractionally from January but remained marked overall. In contrast, average selling prices decreased for the second successive month, reflecting firms' inability to pass on higher cost burdens to their clients due to strong competitive pressures.

Finally, average lead times for inputs lengthened for a fifth month in a row. That said, the rate of

deterioration in vendor performance was the weakest since October last year and slight overall.

Comment:

Alex Gill, Economist at IHS Markit which compiles the *Greece Manufacturing PMI*® survey, said:

“Conditions in the Greek manufacturing sector continued to deteriorate in February. The underlying causes behind the latest downturn follow an all too familiar narrative, as waning domestic and foreign demand continued to weigh on output, leading to further job losses.

“Meanwhile, raw material prices and a weaker euro continued to inflate input costs. However, unlike other eurozone countries, strong competitive pressures prevented Greek manufacturers from raising their selling prices, resulting in another squeeze on profit margins. This discouraged firms from hiring new workers and provided a further headwind to demand.”

-Ends-

For further information, please contact:

IHS Markit

Alex Gill, Economist

Page 2 of 3

Joanna Vickers, Corporate Communications

© IHS Markit 2017

compiled by markit

Telephone +44-1491-461-015
Email alex.gill@ihsmarkit.com

Telephone +44-207-260-2234
E-mail joanna.vickers@ihsmarkit.com

Note to Editors:

The Greece Manufacturing 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 Greek manufacturing sector. The panel is stratified by GDP and company workforce size.

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@ihsmarkit.com.

The Manufacturing Purchasing Managers' Index (PMI) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

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 © 2017 IHS Markit Ltd. All rights reserved.

About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 30 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.

The intellectual property rights to the Greece Manufacturing 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](#).