

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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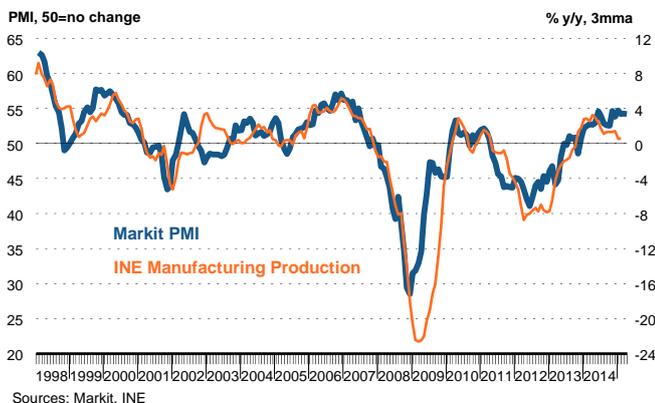
Markit Spain Manufacturing PMI®

Manufacturing new order growth accelerates

Key points:

- Sharp rise in new orders supports production growth
- Rate of job creation remains solid
- Cost inflation picks up amid euro weakness

Historical overview:



Summary:

Growth of the Spanish manufacturing sector was maintained in April as improving client demand led to sharp expansions in output and new orders. Signs of capacity pressures led firms to increase employment again during the month. Meanwhile, the recent weakness of the euro against the US dollar led to an accelerated rate of cost inflation.

The seasonally adjusted Markit Spain Purchasing Managers' Index® (PMI®) – a composite indicator designed to measure the performance of the manufacturing economy – posted 54.2 in April, down fractionally from the reading of 54.3 in the previous month but signalling a further solid strengthening of business conditions in the Spanish manufacturing sector. Operating conditions have now improved in each of the past 17 months.

The latest improvement in business conditions was centred on stronger client demand, which led to an accelerated rate of new order growth. Total new business has increased continuously since December 2013. The rate of expansion in new export orders also quickened in April and was the fastest in five months.

Higher new orders led manufacturers to increase production. The latest sharp rise in output extended the current sequence of growth to 17 months. However, the rate of expansion eased slightly over the month, and was not sufficient to prevent a further accumulation of outstanding business.

In response to rising output requirements, firms took on extra staff and increased their buying activity during April. The rate of job creation remained solid and dipped only slightly from March's recent high, while purchasing rose at a faster pace than in the previous month. The sixteenth successive monthly rise in input buying contributed to the first increase in stocks of purchases seen since July last year.

Higher prices for imported items as a result of the recent weakness of the euro contributed to an increase in input costs. Moreover, the rate of inflation quickened sharply to the strongest since December 2012.

Despite rising input costs, firms continued to reduce their output prices slightly amid reports of competitive pressures. Charges have decreased in four successive months.

Latest data signalled a further lengthening of suppliers' delivery times, linked by panellists to shortages of raw materials. Although solid, the extent to which lead times lengthened was the weakest since January.

Finally, stocks of finished goods were broadly

unchanged in April, following four consecutive months of depletion.

Comment:

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

“Momentum was maintained in the Spanish manufacturing sector in April, according to the latest PMI figures. Strong rises in workloads continued to impart capacity pressure on firms, resulting in further solid job creation. The cost inflationary impacts of the weakness of the euro - and by extension the QE programme - are starting to be felt, with manufacturers highlighting rising prices for imports as the main factor driving cost inflation. Firms have largely been unable to pass on these increases to clients, however, amid competitive pressures.”

-Ends-

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Notes to Editors:

The Spain Manufacturing PMI[®] (*Purchasing Managers' Index*[®]) is produced by Markit Economics. The report features original survey data collected from a representative panel of around 400 companies based in the Spanish manufacturing sector. The panel is stratified by Standard Industrial Classification (SIC) group, based on the industry contribution to GDP.

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 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.

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About PMI

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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