

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

### Activity rises sharply and confidence picks up to 15-month high

#### Key findings:

- Further marked increases in activity and new business
- Optimism at highest since end of 2015
- Output price inflation fastest since July 2007

Data collected March 13-28

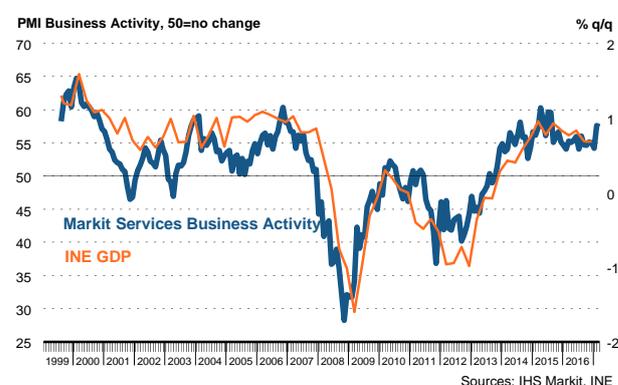
Spanish service providers recorded a further sharp increase in business activity during March as improvements in market conditions helped them to secure greater volumes of new orders. Expectations of further improvements in the wider economy over the coming year led to stronger confidence around future growth of business activity. However, there were signs of building inflationary pressures, with output prices increasing at the fastest pace since prior to the economic crisis.

The headline seasonally adjusted Business Activity Index posted 57.4 in March, down only marginally from February's 18-month high of 57.7 and signalling a further sharp monthly increase in service sector activity. The latest reading extended the current sequence of expansion to 41 months, with panellists reporting improved market conditions and higher new orders from both new and existing clients.

The latest upturn in the sector was widespread, with all six monitored categories recording growth of activity, new business and employment. All displayed strong optimism with regards to future growth of activity.

New business rose sharply again during March, with the rate of growth only just below that seen in February. Panellists again mentioned a positive economic environment.

#### Markit Spain Services PMI v Official data



The increase in new orders resulted in a second successive monthly increase in backlogs of work, with the rate of accumulation little-changed from February.

Companies took on extra staff in line with efforts to expand activity in response to rising workloads. Employment increased at a solid pace, with the rate of job creation quickening to an eight-month high. Transport & Storage posted the strongest pace of job creation.

The rate of input cost inflation quickened to a six-year high during March, with higher input prices primarily a reflection of increased staff costs. Post & Telecommunications registered the fastest rise in input prices, followed by Hotels & Restaurants.

In response to rising input costs, companies increased their output prices. Moreover, the rate of charge inflation accelerated to the fastest since July 2007. Four of the six monitored sectors saw output prices rise, led by Post & Telecommunications. The Financial Services and Hotels & Restaurants categories were the only two to post declines.

Service providers expect further gradual improvements in economic conditions and growth

of new business to support an increase in activity over the next 12 months. Moreover, business confidence strengthened to a 15-month high in March as more than half of all respondents predicted growth.

### Comment

Commenting on the PMI data, Andrew Harker, Senior Economist at IHS Markit said:

*“Service providers solidified the gains made in February during March, seeing sharp increases in activity and new business that were little-changed from those seen in the previous month. Given the historical relationship between the PMI data and GDP, we are likely to see a pick-up in the rate of*

*growth in Q1 2017 from the 0.7% increase recorded at the end of 2016. IHS Markit are currently forecasting a rise of 2.4% in GDP for 2017 as a whole.*

*“A key aspect from the latest services survey is that Spanish companies finally gave way to pressure on their margins and increased their selling prices to the greatest extent since prior to the economic crisis. The coming months will show how client demand holds up in the face of sharper price rises.”*

-Ends-

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### Note to Editors:

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

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](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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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](http://www.markit.com/product/pmi).

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

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