

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

### Business activity grows at fastest pace for 18 months

#### Key findings:

- Both activity and new orders rise at much faster rates
- Sharpest increase in outstanding work since July 2015
- Charges up only marginally despite further strong rise in input costs

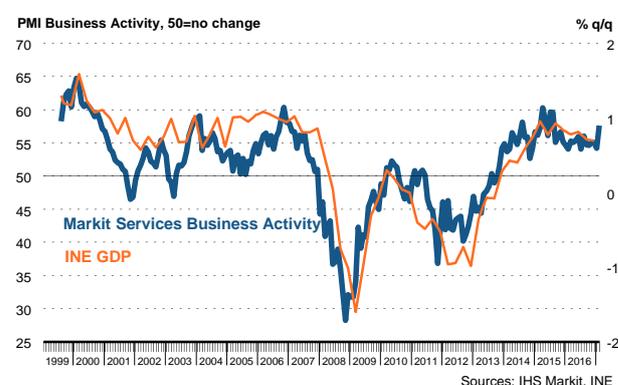
Data collected February 10-23

Spanish service providers saw a much faster rise in business activity in February, supported by accelerated growth of new orders. Higher workloads and business optimism contributed to continued job creation. On the price front, the rate of input cost inflation remained elevated but companies continued to raise their output prices only marginally.

The headline seasonally adjusted Business Activity Index rose markedly to 57.7 in February from 54.2 in January, thereby signalling a much faster rate of growth in services activity than was seen at the start of the year. Moreover, the rate of expansion was the strongest since August 2015. Rising client demand and greater commercial activity were mentioned as factors driving the expansion of output.

Five of the six broad sectors covered by the survey posted increases in activity, with the sharpest rise at Transport & Storage companies. The only sector to record a drop in activity was Hotels & Restaurants. As well as posting the fastest increase in activity, Transport & Storage registered the strongest growth of new business and the joint-sharpest rise in employment, alongside Post & Telecommunications.

#### Markit Spain Services PMI v Official data



The rate of expansion in new business was also substantial in February, and the fastest for a year-and-a-half. There were some reports of a more favourable economic environment.

Growth of new orders led to a solid rise in backlogs of work in February, following a marginal fall in the previous month. Furthermore, the rate of accumulation of outstanding business was the strongest in 19 months.

With business activity increasing, service providers took on extra staff, the twenty-ninth consecutive month in which this has been the case. The rate of job creation was solid and little-changed from that seen in January.

February data pointed to a further sharp monthly rise in input prices, with higher costs for energy, fuel and staff all highlighted by respondents. The latest increase in input costs was only marginally slower than January's 70-month record. The fastest rate of cost inflation was at Hotels & Restaurants, closely followed by Transport & Storage.

While input costs continued to rise sharply, the rate of output price inflation remained marginal, with the increase in February broadly in line with that

registered at the start of the year. Some panellists reported pressure from customers to limit price increases.

Service providers remained strongly confident in the one-year outlook for business activity as roughly half of all respondents predicted growth. Further improvements in economic conditions and business investment were among the factors linked to optimism.

### Comment

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

*“The Spanish service sector moved into a higher gear during February, seeing the fastest rises in new orders and business activity for a year-and-a-*

*half. Moreover, a solid increase in backlogs of work suggests that companies will need to step up activity again in coming months to deal with expanding workloads.*

*“One lingering concern surrounds the ability of service providers to raise their selling prices in an environment where their own input costs are increasing sharply. Charges were up only marginally again in February, suggesting that firms remain to be convinced that client demand is sufficiently robust to accept stronger 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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