

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

Rate of job creation fastest in over 11 years

Key findings:

- Sharpest rise in employment since January 2007 amid faster new order growth
- Business activity rises at weaker pace
- Input prices increase sharply again

Data collected March 12-26

Spanish service providers recorded the fastest rise in employment in over 11 years at the end of the first quarter of 2018 as companies responded to accelerated growth of new business and invested in new product development. Business activity also continued to increase sharply, albeit at a weaker pace than in February.

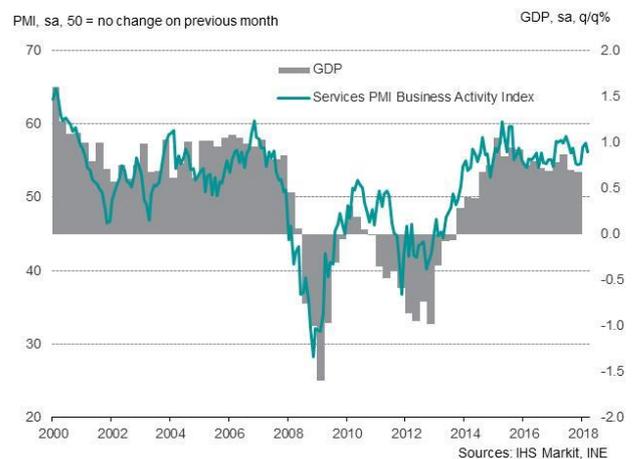
Meanwhile, the rate of input cost inflation remained elevated and companies continued to raise their selling charges in line with higher cost burdens and improved pricing power.

The headline seasonally adjusted Business Activity Index posted 56.2 in March, down slightly from 57.3 in February but still signalling a sharp monthly increase in activity across the service sector. Growth has now been recorded in each of the past 53 months, with panellists linking the latest rise to higher new orders amid strengthening customer demand.

The Transport & Storage sector registered the fastest rise in activity, as was the case with new business.

While business activity increased at a slower pace in March, the opposite was true of new orders which expanded more quickly than seen in February. Stronger client demand and new commercial strategies were reportedly behind the latest increase, which was the fifty-sixth in as many months.

IHS Markit Spain Services PMI v Official data



The rise in new business fed through to another accumulation of backlogs of work, which rose at a solid pace in March.

Sharp growth of new orders and subsequent pressure on capacity encouraged companies to increase staffing levels. Moreover, the rate of job creation accelerated to the fastest since January 2007. Some panellists mentioned hiring extra staff to work on new product lines. The Financial Intermediation sector posted the fastest increase in employment.

Higher staff costs was a key factor behind rises in input prices in March. Input costs increased sharply, with the rate of inflation unchanged from that seen in February. Rising charges by suppliers and higher energy costs were also mentioned.

Service providers continued to increase their output prices, extending the current sequence of inflation to 17 months. Respondents indicated that stronger client demand had led to improved pricing power.

The rate of inflation was solid, but eased to a three-month low. Rises in charges were widespread across the broad sectors covered by the survey.

Business sentiment remained strongly positive in March, with companies expecting new product lines and higher new orders to result in growth of activity over the coming year. Exactly 46% of respondents were optimistic regarding the 12-month outlook, with just 3% expecting activity to decline.

Comment

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

“March saw the Spanish service sector complete an impressive start to the year, seeing a further sharp

rise in activity in response to accelerated new order growth. The PMI data across Q1 suggest that GDP growth could pick-up from the 0.7% rise seen at the end of 2017. IHS Markit currently forecasts a 2.5% increase in GDP for 2018 as a whole.

“The main highlight from the latest survey concerns employment, which increased to the greatest extent in over 11 years. Particularly encouraging were reports from panellists of the development of new products being a factor in hiring decisions, implying that companies are more willing to invest in their businesses given confidence in the economic outlook.”

-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.

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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>.

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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, 1º 1ª

08008 Barcelona - Spain

MADRID

Paseo de la Castellana 121, 7º D

28046 Madrid - Spain

Tel: +34 934 510 960

e-mail: info@aerce.org

website: www.aerce.org

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