

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

Rate of job creation at 19-year high

Key findings:

- Near-record rise in employment
- Faster expansions in output and new orders
- Inflationary pressures ease

Data collected May 12-22

The rate of job creation quickened to a near-record high in May as the Spanish manufacturing sector experienced further strong growth of output and new orders. Meanwhile, there were signs that inflationary pressures may have peaked as both input costs and output prices rose at slower rates during the month.

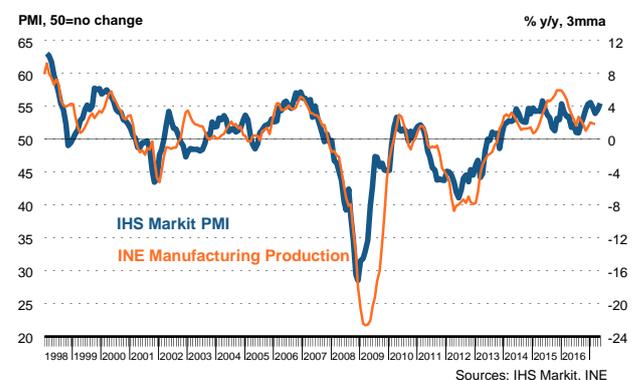
The headline IHS Markit Spain Manufacturing PMI[®] is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The headline PMI rose to a four-month high of 55.4 in May, up from 54.5 in April. The reading signalled a further marked monthly improvement in the health of the sector, and extended the current sequence of strengthening business conditions to 42 months.

The key highlight from the latest survey period was the strongest rise in manufacturing employment for 19 years. Firms took on extra staff both in line with higher new orders and the prospect of further increases in coming months.

New order growth quickened for the second month running and was the fastest since January. The rate of expansion in new export orders also accelerated, with new work reported from customers in Europe and South America.

IHS Markit Spain Manufacturing PMI v Official data



Manufacturers ramped up production in response to higher new orders, with the rate of output growth the joint-strongest since January 2016. This was insufficient to prevent a further build-up of outstanding business, however, which increased at the joint-fastest pace in over a decade.

With operating capacity under pressure, firms used inventories of finished goods to help fulfil new orders. This led to a second successive monthly fall in stocks, although the rate of depletion was only slight.

Pre-production inventories also decreased as items were used to support growth of output. The fall was recorded in spite of a sharp and accelerated rise in purchasing activity.

The rate of input cost inflation slowed sharply during the month, moving further away from the peak seen in March. Raw materials including food products, plastics and metals were all reportedly up in price. Shortages of some raw materials was mentioned as a factor behind a further lengthening of suppliers' delivery times.

Manufacturers increased their selling prices in line with higher raw material costs in May. Although still

solid, the rate of inflation eased for the second successive month.

Expectations of further growth of new orders supported optimism regarding the 12-month outlook for production. Around two-fifths of respondents forecast an expansion, although sentiment dipped to a five-month low.

Comment

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

“May was an excellent month for workers in the Spanish manufacturing sector as firms took on staff

at the strongest pace for 19 years. Moreover, with new work rising healthily again and further signs of capacity coming under pressure, the likelihood is that jobs will continue to be created at a decent clip over the near-term at least.

“Also of interest in the latest survey period was further evidence that inflationary pressures peaked around the end of the first quarter of the year. Although remaining solid, inflation of both input costs and output prices eased for the second month running in May.”

-Ends-

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Note to Editors:

The Spain Manufacturing *PMI*® (*Purchasing Managers' Index*®) is produced by IHS Markit. 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 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.

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 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 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.

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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).

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