

## News Release

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 08:15 (UK Time), August 3rd 2015**

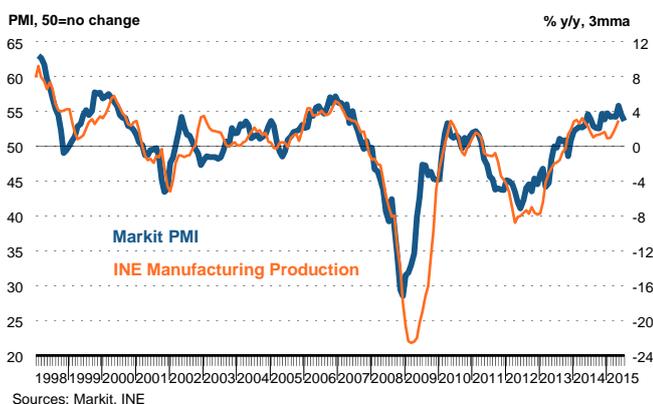
### Markit Spain Manufacturing PMI®

#### New order growth slows to 17-month low

##### Key points:

- Weaker growth of output and new orders
- Employment rises at fastest pace since January 2007
- Cost inflation slows sharply

##### Historical overview:



##### Summary:

Growth in the Spanish manufacturing sector eased further in July. However, firms continued to increase the rate at which they took on extra staff and built stocks of purchases in line with expectations of rising workloads in coming months.

The seasonally adjusted Markit Spain Purchasing Managers' Index® (PMI®) – a composite indicator designed to measure the performance of the manufacturing economy – posted 53.6 in July, down from 54.5 in June to signal the slowest improvement in operating conditions since last October. That said, the health of the sector has now strengthened in each of the past 20 months and the latest improvement was solid.

A further increase in manufacturing output was recorded in July, although the rate of expansion

slowed for the second successive month to the weakest since September 2014.

The rate of growth in new business also eased further during the month, amid some signs of falling demand. That said, the launch of new products helped firms to record a solid increase in new business. Meanwhile, new export orders expanded at the weakest pace since May 2013.

With new business continuing to rise, backlogs of work accumulated. The latest increase was the nineteenth in as many months.

The rate of job creation quickened for the third month running and was the sharpest since January 2007. Higher new orders and subsequent growth in production requirements reportedly led firms to take on extra staff.

July saw a marked slowdown in the rate of cost inflation, the weakest since March. Although higher plastics prices were mentioned by some respondents, others reported lower prices paid for metals. With cost inflation much slower than in the previous month, firms lowered their output prices. This was the first reduction in charges for three months.

Purchasing activity in the manufacturing sector rose for the nineteenth successive month, albeit at a reduced pace. The increase contributed to a fourth consecutive monthly accumulation of stocks of purchases, the strongest since September 2006. Panellists partly attributed higher pre-production inventories to positive expectations regarding future new business.

On the other hand, stocks of finished goods decreased for the second month running as firms used inventories to help meet new orders.

Suppliers' delivery times continued to lengthen in July, amid reports from panellists of stock

shortages at suppliers. Although solid, the latest deterioration in vendor performance was the weakest since January.

**Comment:**

Commenting on the Spanish Manufacturing PMI<sup>®</sup> survey data, Andrew Harker, senior economist at Markit and author of the report, said:

*“There were mixed signals from the latest manufacturing PMI survey for Spain. On the one hand, growth of output and new orders continued to slow from the sharp rates seen in May. On the other, firms raised employment and stocks of purchases at rates not seen since before the economic crisis, suggesting that manufacturers aren’t expecting a prolonged slowdown. Another development in July was that input cost inflation slowed sharply, leading firms to lower their charges for the first time in three months.”*

-Ends-

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**Notes to Editors:**

The Spain Manufacturing PMI<sup>®</sup> (*Purchasing Managers’ Index*<sup>®</sup>) 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](mailto:economics@markit.com).

The Manufacturing *Purchasing Managers’ Index*<sup>®</sup> (PMI<sup>®</sup>) 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*<sup>®</sup> (PMI<sup>®</sup>) 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.

## **About Markit**

Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ approximately 4,000 people in 11 countries. Markit shares are listed on Nasdaq under the symbol MRKT. For more information, please see [www.markit.com](http://www.markit.com)

## **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/economics](http://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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