

# News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 09:00 (UK Time), 02 June 2015**

## Markit Greece Manufacturing PMI<sup>®</sup>

### PMI signals further contraction in manufacturing

#### Key points:

- Goods production falls again, albeit at a slower rate
- Job losses recorded for second straight month
- Cost pressures build as input price inflation hits four-year high

#### Historical overview:



Sources: Markit, National Statistical Service of Greece.

#### Summary:

Business conditions in Greece's manufacturing sector continued to deteriorate during May. Latest data showed a further, albeit slower, decrease in output as new orders fell for a ninth straight month. Data meanwhile highlighted a number of challenges faced by manufacturers on the supply side, with average purchase prices rising at the fastest rate in four years and supplier delivery times posting the greatest deterioration for 16 months.

The headline seasonally adjusted Markit Greece Manufacturing *Purchasing Managers' Index<sup>®</sup>* (PMI<sup>®</sup>) – a single-figure measure of overall business conditions – registered 48.0 in May, pointing to overall deterioration of the health of the goods-producing sector for the ninth month running. That said, the latest reading was higher than April's 22-month low of 46.5.

Production at factories was scaled back for the fifth consecutive month in May. However, the rate of

decline eased from that recorded in April and was moderate. The worst-performing broad industry group was investment goods which, together with the intermediate goods sector, posted a further drop in output.

Lower new orders was the principal reason given by firms for the reduction in output, and May saw the level of incoming new work fall again as uncertainty and adverse financial conditions continued to weigh on demand. Furthermore, new orders from abroad decreased at a sharp pace that was broadly unchanged from that recorded one month before.

The loss of new work meant businesses were generally able to make progress on outstanding orders. The extent of the backlog reduction was marked.

With a lack of pressure on resources, manufacturers shed staff for a second month in a row during May. The rate at which employment decreased was slightly faster than in April, although still only modest in the context of historical survey data.

Retrenchment was also seen with regards to purchasing activity, which fell solidly, contributing to a further reduction in pre-production inventory levels on the month. Stocks of finished goods also decreased, although at the slowest rate for 17 months as a number of firms cited lower demand for their products.

Despite buying levels among manufacturers having fallen, suppliers' delivery times nevertheless lengthened on average. Moreover, the degree to which lead times deteriorated in May was the most marked since January 2014.

May's survey meanwhile showed a sharp rise in average purchase prices faced by manufacturers, with the rate of inflation having accelerated to a four-year high amid a weak euro and higher prices for a range of materials. Output charges nonetheless fell at a solid rate, albeit less markedly than in the month before.

**Comment:**

Phil Smith, Economist at Markit which compiles the Greece Manufacturing PMI<sup>®</sup> survey, said:

*“The manufacturing PMI continues to point to a downturn in the Greek economy. May’s was the ninth successive sub-50 reading for the headline PMI, albeit the rate of decline as signalled by the index was slower than in April.*

*“The weaker euro is driving up costs but businesses aren’t seeing the benefit of an increase in competitiveness, with the uncertainty that hangs over the country stifling demand.*

*“All in all, Greek manufacturers are feeling the pressure on all fronts, and have reverted back to retrenchment mode as a result, cutting jobs for the second month running in May.”*

-Ends-

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**Notes to Editors:**

The Greece 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 over 300 companies based in the Greek 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 (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<sup>®</sup> (PMI<sup>®</sup>) surveys are now available 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).

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