

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

New order growth slips to three-month low

Key findings:

- Weaker rises in new orders, employment and purchasing...
- ...but output increases at faster pace
- Inflationary pressures soften

Data collected April 12-23

There were further signs of growth momentum easing in the Spanish manufacturing sector in April. Although the rate of expansion in output regained some ground, slower increases were seen in new orders and employment. That said, the sector continued to maintain solid growth during the month. There were also signs of softening inflationary pressures, with both input costs and output prices rising at weaker rates.

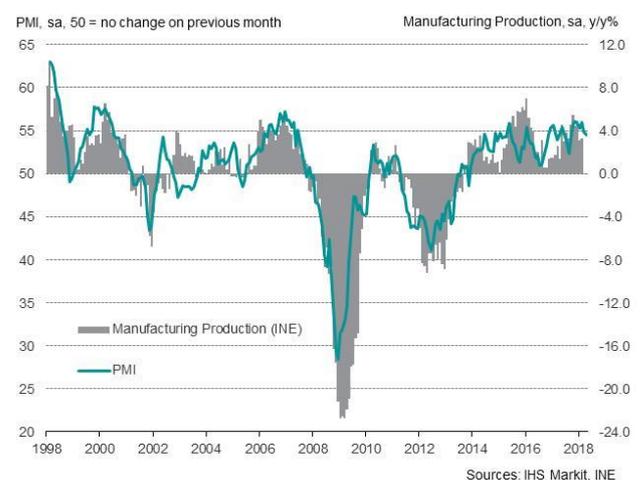
The headline IHS Markit Spain Manufacturing PMI® – a composite single-figure indicator of manufacturing performance – posted 54.4 in April, thereby signalling a solid improvement in the health of the sector. That said, down from 54.8 in March, the PMI signalled a weaker strengthening of business conditions, and one that was the slowest since September 2017.

In contrast to the wider trend of weakening growth, the rate of expansion in manufacturing output quickened in April. Production rose sharply, extending the current sequence of increasing output to 53 months.

Growth of new orders was central to the latest rise in production. Although increasing at a solid pace, the rate of expansion in new business was at a three-month low. Similarly, new export orders also rose at a weaker pace during the month.

The picture of solid, but slower, growth was replicated with regard to backlogs of work in April. Outstanding business rose in line with higher new

IHS Markit Spain Manufacturing PMI v Official data



orders, but to the least extent since September 2017.

Rising workloads encouraged manufacturers to take on extra staff, as has been the case in each of the past 52 months. That said, the rate of job creation eased for the fifth month in a row and was the slowest since August 2016.

Input costs continued to increase at a sharp pace in April, with higher steel prices widely reported. Panellists also signalled rising fuel costs. The latest rise in input prices was, however, the slowest in nine months. The rate of output price inflation also eased. Where charges were raised, panellists linked this to higher input costs.

Severe supply chain pressures were evident again in April. Suppliers' delivery times lengthened to the greatest extent in 56 months as demand for inputs outstripped supply.

Input buying continued to increase nonetheless, extending the current sequence of growth to 21 months. That said, the latest rise was the weakest

in a year-and-a-half.

Recent increases in purchasing helped lead to another solid rise in pre-production inventories, and one that was only slightly weaker than the multi-year high seen in March. Stocks of finished goods also rose amid increased output.

Expectations of further increases in new orders supported optimism among manufacturers that output will rise over the coming year. Sentiment remained strongly positive, with close to 37% of firms predicting output growth.

Comment

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

“While output growth picked up in April, other indices from the latest Spain Manufacturing PMI were less positive. New orders increased at the slowest pace in three months, while job creation was the weakest since August 2016, so there appears to have been a loss of momentum from the start of the year.”

“To put this in some perspective, however, business conditions continued to improve at a solid pace, and if the data were to settle at the current level there would be little cause for concern. There are also still signs that growth is being held back by capacity constraints – suppliers’ delivery times lengthened to the greatest extent in over four-and-a-half years. Data in coming months will be key in illustrating whether the sector maintains solid growth or enters a more protracted soft-patch.”

-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 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 a member of the International Federation of Purchasing and Supply Management (IFPSM).

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