

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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Markit Greece Manufacturing PMI®

Manufacturing downturn loses momentum during December

Key findings:

- Output contracts at weakest rate for three months
- Job cuts evident amid falling backlogs
- Goods producers raise selling prices for first time in 70 months

Data collected December 6-15

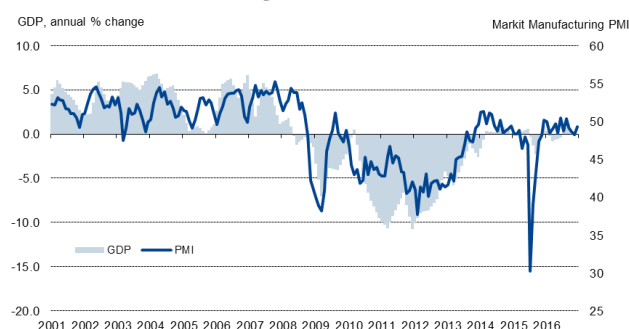
Greece's manufacturing downturn eased in December, as firms registered weaker declines in both output and new orders. Job shedding, although only slight, was also evident for the first time since May. Meanwhile, manufacturers worked through their outstanding business while also maintaining stock reducing policies. On the price front, businesses raised selling prices at the sharpest pace since September 2008 in the face of a substantial increase in input costs.

The seasonally adjusted Markit Greece Manufacturing Purchasing Managers' Index® (PMI®) - a composite indicator designed to measure the performance of the manufacturing economy - posted below the all-important 50.0 no-change mark for the fourth successive month in December, thereby signalling a further decline of Greece's goods producing sector. At 49.3, up from 48.3 in November, the latest figure rose to a four month-high and was broadly in-line with the historical trend (49.4).

Part of the increase in the headline PMI was due to a weaker contraction in Greek manufacturing output. Nevertheless, the latest decline was the fourth in succession. The lower volume of production was reflected in a further solid drop in post-production inventories.

Goods producers registered a further decline in their new order intakes in December, with panel

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Sources: IHS Markit, National Statistical Service of Greece.

members citing weaker demand and the instability of the Greek financial sector. That said, the fall was the weakest since September. Manufacturers also registered a reduction in new business from foreign clients.

Latest survey data signalled a further drop in levels of incomplete work in Greece's goods producing sector. In fact, backlogs of work have lowered in every month since July 2008. Faced with fewer workloads, firms lowered their headcounts for the first time in seven months. However, the rate of job shedding was only slight and weak in the context of historical data.

Manufacturers recorded a substantial increase in their average cost burdens in December, with firms primarily linking the rise to higher prices for steel, zinc and dairy products. Moreover, the rate of inflation outstripped the long-run series average.

Consequently, firms increased their output prices for the first time in 70 months. Although average charges rose at a slight pace, it was still the sharpest reported since September 2008.

Buying activity stabilised during December, ending a seven-month period of decline. However, companies continued to record a drop in their input

stocks, with panellists partly linking this to a lack of liquidity.

Finally, supplier delivery times increased at the sharpest pace since April, with firms reflecting on transportation strikes throughout Greece.

Comment:

Samuel Agass, Economist at IHS Markit which compiles the *Greece Manufacturing PMI*[®] survey, said:

“The familiar story of declining economic performance continued to dominate the Greek manufacturing sector during December, as the headline PMI remained below the crucial 50.0 no-change mark. Although the overall downturn eased to the weakest for four months, with output and new orders contracting at softer rates, the latest deterioration capped off the worst quarter of the year for Greek goods producers.

“Firms struggled with a lack of work during the month, a result of weaker demand for Greek manufactured goods, and as a consequence lowered their workforce numbers for the first time since May. Meanwhile, inventories held decreased and supplier delivery times lengthened with transportation strikes throughout the country impacting vendor performance.

“Overall, 2016 has been a challenging year for the sector, which continues to remain well short of a full economic recovery. Firms will be hopeful that the new year can bring renewed growth, but until consumption picks up and can be sustained, the likelihood remains slim.”

-Ends-

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Note to Editors:

The Greece Manufacturing *PMI*[®] (*Purchasing Managers' Index*[®]) 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 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.

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@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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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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