

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

PMI signals further solid expansion at end of Q2

Key findings:

- Further sharp rises in output and new orders
- Rate of job creation remains at near-record high
- Purchasing activity increases at fastest pace so far this year

Data collected June 12-23

The Spanish manufacturing sector completed a strong second quarter of the year in June, with growth of output, new orders and employment remaining elevated. Higher output requirements led firms to increase their purchasing activity at the strongest pace so far this year.

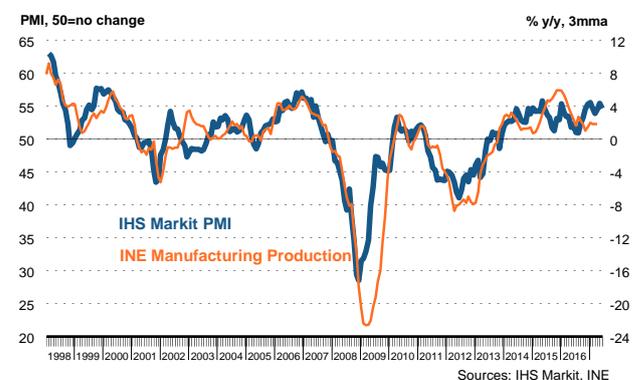
The headline IHS Markit Spain Manufacturing PMI[®] is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the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

At 54.7, the headline PMI signalled a marked monthly improvement in business conditions in the Spanish manufacturing sector. The reading was only slightly below that of May (55.4), while the average for the second quarter of the year was broadly in line with the first quarter.

Growth across a number of variables eased slightly from the previous month, but rates of expansion remained sharp. This was the case with output, new orders and employment.

Manufacturing production increased for the forty-third consecutive month. Rises in output were recorded across each of the three broad sectors covered, led by consumer goods.

IHS Markit Spain Manufacturing PMI v Official data



Total new orders expanded on the back of improving market conditions. New export orders also rose at a substantial pace, with panellists reporting success in other European markets such as France, Germany and the UK.

The rate of job creation was only fractionally weaker than the previous month's 19-year high. However, the rise in operating capacity was not enough to prevent a further build-up of backlogs of work, the twenty-first in as many months.

One variable that saw a faster rate of expansion in June was purchasing activity. The latest rise in input buying was the fastest in 2017 so far and contributed to a first increase in stocks of purchases for three months. That said, the rate of accumulation in pre-production inventories was only marginal as inputs were used to support growth of output.

Stocks of finished goods also increased for the first time in three months amid rising production volumes.

Rates of inflation eased in June, with both input costs and output prices seeing weaker rises for the third month running. Input prices increased to the

least extent since last October, with higher costs for food products the main source of rising prices in June. Meanwhile, raw material shortages led to another lengthening of suppliers' delivery times.

Business confidence ticked up in June, with panellists predicting that higher new orders from both domestic and export clients would help support output growth over the coming year. Close to 40% of respondents forecast activity to increase.

Comment

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

“June saw a continuation of the recent strong performance of the Spanish manufacturing sector, with growth remaining elevated. The first half of the

year has been impressive, with no real sign among the latest data that rates of expansion are running out of steam heading into the second half.

“One thing that is on the wane is inflation, with both input costs and output prices rising at the weakest rates since late-2016. This should help firms maintain competitive pricing, enabling them to take advantage of improving customer demand.”

-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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