

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

Business activity continues to rise sharply, albeit at reduced pace

Key findings:

- Weaker increases in activity and new orders
- Fastest rise in employment in more than a decade
- Rate of cost inflation quickens

Data collected August 11-25

Growth remained marked in the Spanish service sector during August. Although rates of expansion in business activity and new orders both eased, the rate of job creation was the strongest since prior to the global financial crisis. Higher staff costs led to a faster pace of input price inflation, while companies continued to raise their output prices modestly. Service providers remained confident that activity will rise over the coming year, despite sentiment easing.

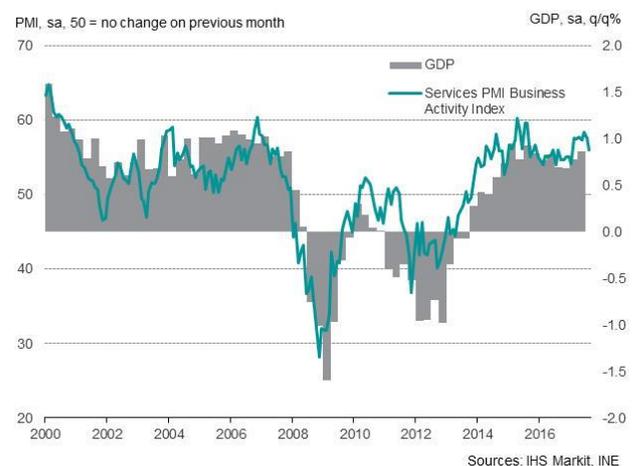
The headline seasonally adjusted Business Activity Index posted 56.0 in August, down from 57.6 in July and signalling the weakest rise in service sector output since January. That said, activity continued to increase at a sharp pace, with growth recorded for the forty-sixth successive month. Respondents indicated that higher new orders was the main factor leading activity to rise.

Sector data indicated a broad-based expansion of activity, with the fastest increases seen in Financial Intermediation and Post & Telecommunications.

New business has increased continuously for more than four years, with August seeing a substantial monthly expansion that was little-changed from July.

Data suggested that rising new business added to capacity pressures in the sector, with backlogs of work increasing for the seventh successive month. The rate of accumulation eased, however, from

IHS Markit Spain Services PMI v Official data



July's two-year high, and was the weakest since May.

Companies took on extra staff in order to deal with additional workloads. The rate of job creation quickened to the fastest in more than a decade as one-in-five panellists raised employment. The Financial Intermediation sector signalled the fastest increase in staffing levels, with only Post & Telecommunications recording a drop in employment.

Panellists reported that higher staff costs was the main factor behind rising input prices in August. Cost burdens increased to the greatest extent in four months, with inflation slightly faster than the series average.

Meanwhile, companies raised their output prices modestly. Anecdotal evidence suggested that charges were increased partly in response to higher input costs, but also due to strengthening client demand. Rises in charges were widespread across

the sectors covered by the survey, with the most marked increases in Post & Telecommunications and Hotels & Restaurants.

Planned product launches and predictions of improvements in economic conditions supported optimism that activity will increase over the coming year. That said, sentiment eased for the third month running and was the lowest since September last year.

Comment

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

“The key highlight from the latest Spanish services PMI survey was the fastest increase in employment

since prior to the global financial crisis. Companies seem increasingly willing to invest in new staff as a result of sustained growth of new business and a build-up of outstanding work.

“There was some loss of momentum in terms of activity growth, but the latest rise was still sharp, and increasing staffing levels should help to keep business activity rising in coming months.”

-Ends-

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Note to Editors:

The Spain Services *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by IHS Markit. The report features original survey data collected from a representative panel of over 300 companies based in the Spanish service sector.

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 *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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AERCE is a member of the International Federation of Purchasing and Supply Management (IFPSM).

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