

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

Rate of job creation remains elevated amid solid growth of new business

Key findings:

- Rise in employment among the best in the past 11 years
- Marked increases in business activity and new orders
- Input cost inflation sharpest since September 2008

Data collected June 12-26

The Spanish service sector remained well inside growth territory during June, despite rates of expansion in activity and new business easing slightly from May. Employment continued to rise at one of the fastest rates in the past 11 years.

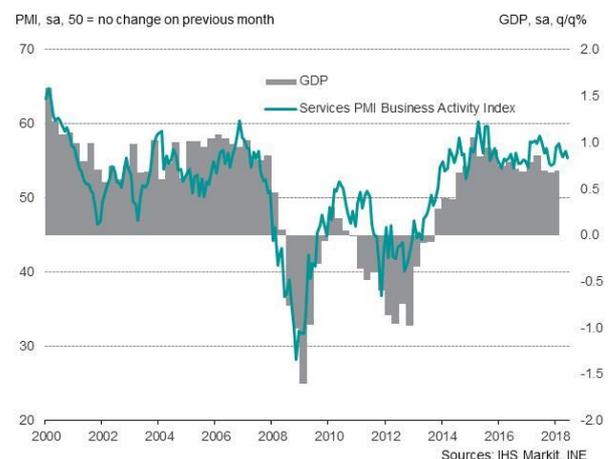
Meanwhile, the rate of input cost inflation accelerated to the steepest in almost a decade on the back of higher costs for fuel and staff. Output prices also increased, albeit modestly.

The headline seasonally adjusted Business Activity Index posted 55.4 in June, down slightly from 56.4 in May but still pointing to a marked monthly increase in service sector business activity. Growth has now been recorded in each of the past 56 months. Panellists suggested that the latest rise in activity reflected an improving economic climate.

On a sectoral basis, growth of activity was led by the Transport & Storage and Financial Intermediation sectors. This was also the case with new business, where only Post & Telecommunications recorded a decline.

In line with the picture for activity, new orders rose sharply but at a weaker pace in June. New orders have increased continuously for almost five years.

IHS Markit Spain Services PMI v Official data



With new orders rising markedly again in June, services companies noted another accumulation of outstanding business. Backlogs have now increased in 16 of the past 17 months.

The rate of job creation remained elevated in June, posting broadly in line with that seen in May and one of the fastest since early-2007. As well as higher new business inflows, panellists also indicated that company development and restructuring plans had led to increased staffing levels. Transport & Storage posted the fastest rise in employment of the broad sectors covered.

The rate of input cost inflation quickened for the second successive month in June and was the fastest since September 2008. According to respondents, increases in costs for fuel and staff were the main factors leading input prices to rise. The strongest pace of cost inflation was in the Renting & Business Activities sector, closely followed by Transport & Storage.

Companies responded to higher input costs by raising their selling prices, the nineteenth time in the past 20 months in which this has been the case. The rate of inflation quickened from that seen in May, but was still modest and much weaker than seen for input costs.

Business confidence dipped for the second month running in June and was the lowest since last November. That said, services firms remained strongly optimistic that activity will rise over the coming 12 months, with confidence linked to predictions of rising new orders and new commercial strategies. Sentiment was strongest at Transport & Storage companies.

Comment

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

“The Spanish service sector looks to be in fine fettle midway through 2018, with companies able to

secure new business at a marked rate again in June. This resulted in a further sharp rise in activity, and another month of job creation that was among the strongest in 11 years.

“While the sister manufacturing PMI survey has shown growth moderating since the start of the year, the service sector has been able to largely maintain growth momentum. This should help lead to another solid rise in GDP during the second quarter of 2018.”

-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 around 350 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.

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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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