

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

### Downturn in Greek manufacturing sector continues

#### Key findings:

- Output and new orders each fall for the seventh successive month...
- ...and at quicker rates than seen in February
- Staffing numbers continue to decrease

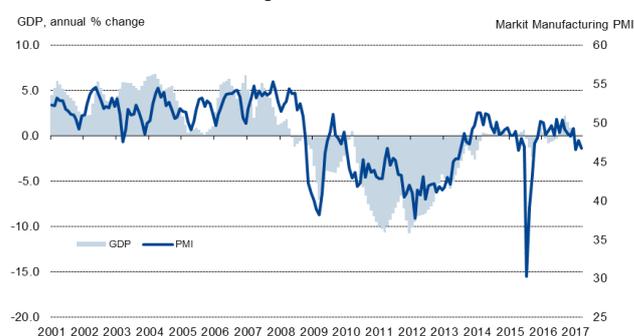
Data collected March 13-24

Operating conditions in the Greek manufacturing sector deteriorated further during March. The downturn was driven by another sharp decrease in new orders, which in turn contributed to a further drop in output. As a result of lower production requirements, firms reduced their staffing numbers and input buying. Concurrently, margins continued to be squeezed amid further strong input cost inflation and a fall in average selling prices. Nevertheless, firms maintained a positive outlook with regard to output growth over the coming 12 months.

March's contraction was highlighted by the seasonally adjusted Markit Greece Manufacturing *Purchasing Managers' Index® (PMI®)* – a composite indicator designed to measure the performance of the manufacturing economy – posting below the 50.0 no-change threshold. At 46.7 in March, down from 47.7 in February, the latest figure signalled a seventh successive deterioration in Greek manufacturing sector conditions. The rate of decline accelerated from the previous month, and was marked overall.

Underlying the latest contraction was a sharp fall in new order intakes. Moreover, the rate of decline accelerated from February and was sharp as political and financial uncertainty continued to depress client demand. New export orders followed a similar trend, and decreased for the seventh successive month.

**Markit Greece Manufacturing PMI**



Sources: IHS Markit, National Statistical Service of Greece.

Faced with fewer new orders, Greek manufacturers decreased their output in March. This, in turn, contributed to another drop in post-production inventories, albeit at the weakest rate since August last year.

In response to lower production requirements, firms curtailed their staffing numbers for the fourth consecutive month during March. However, this didn't prevent another round of backlog depletion, signalling further lack of pressure on operating capacity.

Companies also looked to reduce their purchasing activity in March, the third time in as many months this has been the case. Anecdotal evidence suggested that a combination of lower output requirements and financial uncertainty contributed to the reduction. This led to a further fall in pre-production inventories.

Meanwhile, goods producing firms in Greece were faced with another rise in average cost burdens in March. Furthermore, the rate of inflation was only marginally weaker than January's 70-month high. In spite of this, average selling prices fell for the third time in as many months as some firms dropped prices to attract more clients.

On a more positive note, firms anticipate a rise in output over the next 12 months. Respondents cited hopes of an improvement in client demand and reduced financial uncertainty.

Finally, average supplier delivery times lengthened further. Moreover, the rate of deterioration in vendor performance accelerated.

### Comment:

Alex Gill, Economist at IHS Markit which compiles the *Greece Manufacturing PMI*® survey, said:

*“March data signalled an ongoing downturn in the Greek manufacturing sector, as output and new orders continued to fall and at sharper rates. In turn, this led to a further drop in staffing numbers, thereby compounding the country’s stubbornly high level of unemployment.”*

*“On a more positive note, firms remained confident that output would expand over the coming 12 months. A number of panellists predicted an improvement in economic conditions. Key to this would be a positive conclusion to the current bailout negotiations which could help to firm up client demand.”*

-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](mailto: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](http://www.markit.com/product/pmi).

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