

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

Contraction in Greek manufacturing sector continues

Key findings:

- Further drop in total new orders amid waning client demand
- Output declines for eighth successive month
- Staffing numbers fall again, but at a weaker rate

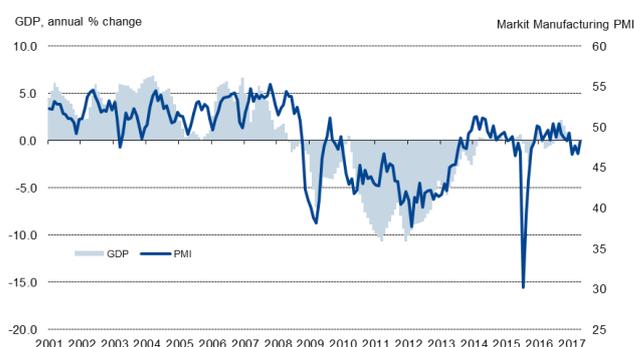
Data collected April 11-24

Business conditions at Greek manufacturers continued to worsen during April. Behind the latest downturn was another marked drop in new orders, which led to another fall in output. Faced with less work, firms further reduced their staffing numbers and purchasing activity. Meanwhile, another round of marked input price inflation, combined with stagnant output prices continued to squeeze margins. In spite of this, companies maintained an optimistic outlook towards output growth over the coming year.

April's contraction was signalled 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 48.2 in April, up from 46.7 in March, the latest figure signalled an eighth consecutive deterioration in Greek manufacturing sector conditions. That said, the rate of decline was the weakest since December last year.

Greek goods producers experienced an eighth successive decrease in new order intakes during April amid reports of a deterioration in client demand. The rate of contraction weakened from the prior month, but remained solid overall. Likewise, foreign demand for Greek goods also fell at a marked, yet slightly softer pace than in March.

Markit Greece Manufacturing PMI



Sources: IHS Markit, National Statistical Service of Greece.

Faced with a drop in new work, firms reduced their production for an eighth successive month. In line with the trend for new orders, the rate of decline softened from March, but was marked nonetheless. However, the drop in output didn't prevent a further fall in post-production inventories.

Greek manufacturers further reduced their staffing numbers in April. That said, the rate of decline eased from the prior month and was only fractional. In spite of declining employment, companies continued to work through their backlogs, albeit at a fractionally weaker rate.

Latest survey data highlighted another decline in stocks of purchases at Greek manufacturing companies. Meanwhile, buying activity fell for the fourth month in succession, albeit to the least extent in this sequence.

Greek manufacturers continued to be faced with higher input costs in April. The rate of inflation remained marked, albeit softer than in March. Anecdotal evidence suggested that higher raw material prices and the relatively weak euro were the principal underlying causes of higher costs. In contrast, average selling prices were unchanged from the previous month.

Average lead times lengthened in April, thereby continuing a trend that has been observed since October 2016.

Finally, firms remained optimistic with regard to their prospects for growth over the coming 12 months.

Comment:

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

“The latest data highlighted a further deterioration in the health of the Greek manufacturing sector, with further sharp drops evident in output and new orders. Panellists frequently alluded to a fall in underlying demand as the driving force behind the latest contraction, which, in turn, contributed to a further reduction in employment.

“In spite of this, optimism towards future growth hit a 35-month high in April, perhaps buoyed by the release of above target government budget statistics.”

-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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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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