

News Release

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

Sharpest rise in new orders since July 2000

Key points:

- Faster increases in activity and new business
- Employment rises at steepest pace since November 2007
- First increase in input prices in three months

Historical overview:



Summary:

The end of the first quarter of 2015 saw a further sharp expansion in business activity at Spanish service providers, linked to the strongest rise in new business since July 2000. Greater workloads supported a further increase in employment as outstanding business built up. Rises in staff costs and energy prices brought a two-month sequence of falling input costs to an end, and firms reduced their charges only marginally.

The headline seasonally adjusted Business Activity Index rose to 57.3 in March from 56.2 in the previous month to signal a sharp increase in service sector output, and one that was the strongest since last August. Activity has now increased in each of the past 17 months.

The sharpest expansions in activity were again seen in the Financial Intermediation and Transport

& Storage sectors, while Post & Telecommunications also posted a marked rate of growth.

Alongside improving economic conditions, panellists linked higher activity to growth of new business. Moreover, the rate of expansion in new orders quickened to the fastest since July 2000, and was among the strongest in the series history. New business has risen continuously on a monthly basis since August 2013.

The rise in new business led to pressure on capacity and resulted in a fourth successive accumulation of backlogs of work. The pace at which outstanding business increased was solid, and the fastest in ten months.

With activity requirements rising, companies increased their staffing levels again in March. The rate of job creation quickened for the fourth successive month and was the sharpest since November 2007. All monitored sectors posted rising employment, led by the Transport & Storage sector.

Input costs increased for the first time in three months, and at a solid pace that was the fastest since September 2012. Panellists mainly linked rising input prices to higher costs for staff and energy. Transport & Storage was the only sector to see a fall in input prices.

Although competitive pressures remained evident, leading output prices to fall, a number of companies were able to increase tariffs. As a result, charges decreased at the slowest pace since the current period of decline began in August 2008.

Service providers are generally confident that activity will continue to rise over the coming year. Sentiment in March was broadly unchanged from the previous month.

Comment:

Commenting on the Spanish Services PMI[®] survey data, Andrew Harker, senior economist at Markit and author of the report said:

“The highlight from the latest Spanish Services PMI is the sharpest monthly expansion in new business for almost 15 years as improving economic conditions encourage customers to commit to spending. The labour market continues to benefit from higher workloads, with staff taken on at a pace not seen since prior to the economic crisis.

“Meanwhile, cost pressures picked up after two months of falling input prices and the sector moved closer to an outright increase in selling prices for the first time since mid-2008.”

-Ends-

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Notes to Editors:

The Spain Services 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 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.

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@markit.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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About PMI

Purchasing Managers' Index[®] (PMI[®]) surveys are now available for 32 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/economics.

About AERCE

The Spanish Association of Purchasing Managers and Supply. Established in 1981, it encompasses approximately 1600 members, distributed across ten sections. AERCE represents Spain in the International Federation of Purchasing and Supply Management (I.F.P.S.M).

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