

## News Release

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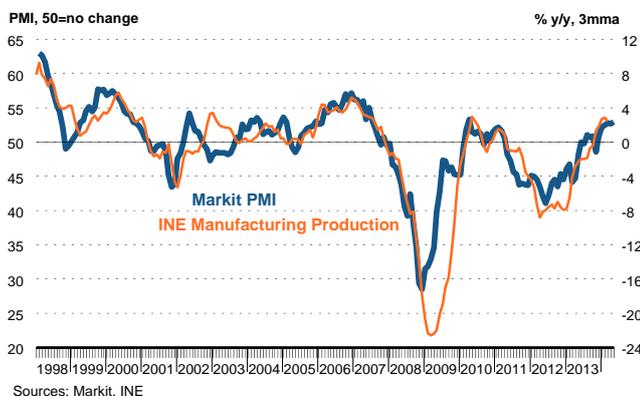
# Markit Spain Manufacturing PMI®

## Growth of Spanish manufacturing sector continues in May

### Key points:

- Further solid rises in output and new orders
- Sharpest increase in purchasing activity since April 2010
- Input prices rise for first time in three months, albeit slightly

### Historical overview:



### Summary:

The recovery in the Spanish manufacturing sector continued in May as output and new orders continued to increase at solid rates. Meanwhile, firms upped the pace at which they purchased new inputs and stocks of purchases subsequently declined at the weakest pace since they started to fall in late-2007. Input costs rose for the first time in three months, but the rate of inflation was only marginal.

The seasonally adjusted Markit *Purchasing Managers' Index*® (PMI®) – a composite indicator designed to measure the performance of the manufacturing economy – ticked up slightly in May, posting 52.9 from 52.7 in the previous month. Operating conditions have now improved in each of

the past six months.

Manufacturing production in Spain increased for the sixth month in a row. The rate of expansion remained marked, and was only slightly slower than seen in the previous month. Higher new orders had reportedly led to the latest increase in output.

New business also expanded for the sixth month running in May. Meanwhile, new export orders continued to rise but the rate of growth eased to the slowest in 2014 so far.

Further rises in new orders led to an accumulation of backlogs of work, which increased for the fifth month running in May. Meanwhile, the rate of job creation at Spanish manufacturing firms slowed and was only marginal.

The rate of growth in purchasing activity quickened to the sharpest in more than four years in line with greater production requirements. This contributed to a slower reduction in stocks of purchases, with the latest reduction the weakest since inventories started to fall in October 2007.

Latest data suggested that suppliers struggled to deal with increased purchasing demand. Delivery times lengthened markedly, and at the sharpest pace since December.

After having fallen in each of the previous two months, input costs rose in May. However, the rate of inflation was only slight. Where a rise in input prices was recorded, this was linked to higher costs for plastics and metals, while lower food prices had reportedly restricted overall inflationary pressures.

Output prices also rose marginally, ending a four-month sequence of falling charges. That said, competitive pressures continued to limit companies' pricing power.

Stocks of finished goods decreased in May as

products were delivered to clients. The modest rate of depletion was broadly in line with that recorded in April.

**Comment:**

Commenting on the Spanish Manufacturing PMI<sup>®</sup> survey data, Andrew Harker, senior economist at Markit and author of the report, said:

*“The recent growth in the Spanish manufacturing sector shows little sign of falling away at present, with further solid expansions in output and new orders recorded in May. One of the positives from the latest survey was that firms upped their rate of purchasing to the fastest in more than four years, suggesting less of a reluctance to hold inventories amid positive expectations for the future.”*

-Ends-

**For further information, please contact:**

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**Notes to Editors:**

The Spain Manufacturing PMI<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) is produced by Markit Economics. The report features original survey data collected from a representative panel of around 400 companies based in the Spanish manufacturing sector. The panel is stratified by Standard Industrial Classification (SIC) group, based on the industry contribution to GDP.

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](mailto:economics@markit.com).

The Manufacturing *Purchasing Managers' Index*<sup>®</sup> (PMI<sup>®</sup>) 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*<sup>®</sup> (PMI<sup>®</sup>) 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](http://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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*In conjunction with*

