

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

Slower rise in activity, but new order growth remains strong

Key findings:

- Weakest increase in activity in 2018 so far
- Sharp rise in new orders amid stable output prices
- Business confidence at ten-month high

Data collected April 12-25

Spanish services activity continued to rise markedly during April, despite the rate of growth easing to the slowest in 2018 so far. The latest expansion was supported by a further strong rise in new business, but there were some signs of companies offering discounts in order to secure new work.

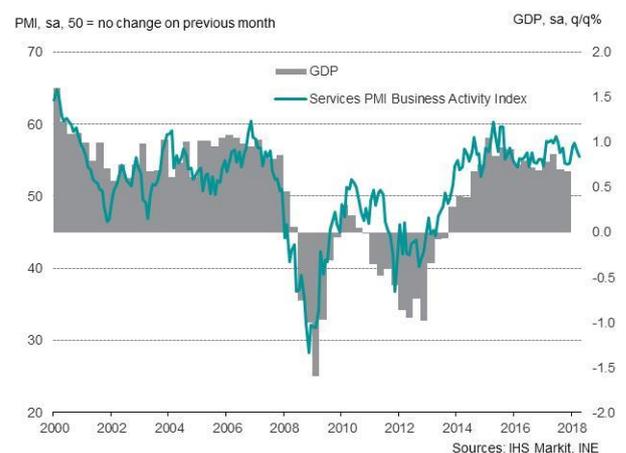
The most positive aspect of the latest survey was a pick-up in business confidence, with firms strongly optimistic that activity will rise over the coming 12 months.

The headline seasonally adjusted Business Activity Index dropped to 55.6 in April from 56.2 in March, with growth slowing for the second month running from February's seven-month high. That said, activity continued to rise markedly over the month amid reports of improving customer demand. Business activity has increased on a monthly basis throughout the past four-and-a-half years.

Companies remain confident that activity will increase over the coming year. Moreover, sentiment picked up to a ten-month high in April amid expectations of favourable economic conditions, higher new orders and new product launches.

Transport & Storage companies were the most optimistic of the broad sectors covered by the survey. The category also posted the fastest increases in business activity and new orders.

IHS Markit Spain Services PMI v Official data



New business continued to rise sharply during April, with the rate of growth little-changed from that seen in March. Panellists reported a general improvement in economic conditions. New orders have now risen in 57 successive months.

There were some signs, however, that companies used discounts to help secure new business amid competitive pressures. Output prices were broadly unchanged, thereby ending a 17-month sequence of inflation.

Stable output prices were recorded in spite of further input cost inflation. Respondents indicated that higher costs for staff and fuel were behind the rise in input prices. The rate of inflation remained sharp, despite slowing to the weakest in 2018 so far. The strongest increase in input prices was registered at Financial Intermediation companies.

Spanish service providers raised employment again in April, responding to higher new orders and the prospect of further growth in coming months.

Staffing levels increased for the forty-third month running, albeit at the slowest pace since February 2017. Job creation was recorded across each of the broad sectors covered.

Higher staffing levels enabled companies to work through outstanding business during the month. As a result, backlogs of work decreased for the first time in 15 months, albeit at a marginal pace.

Comment

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

“Further strong rises in new orders drove increases in business activity during April, although there was some evidence that discounting was required to

maintain the pace of new order growth amid some cooling of demand since the rapid improvements seen in the first quarter of the year. Nonetheless, companies’ expectations around activity over the next 12 months were at a ten-month high, suggesting a lack of concern around the recent easing in growth and confidence in the sustainability of the upturn.”

-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.

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 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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