

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

Output growth quickens to three-month high

Key findings:

- Faster rises in output and new orders
- Supply issues highlighted by most marked lengthening of delivery times in 44 months
- Noticeably slower increase in input costs

Data collected April 11-21

The Spanish manufacturing sector experienced a pick-up in growth momentum during April, with faster rises in output, new orders and employment recorded. There were signs of raw material shortages impacting the sector, leading to longer suppliers' delivery times, higher backlogs of work and a drop in stocks of purchases. The rate of input cost inflation eased markedly, but output prices rose at a broadly similar pace to March.

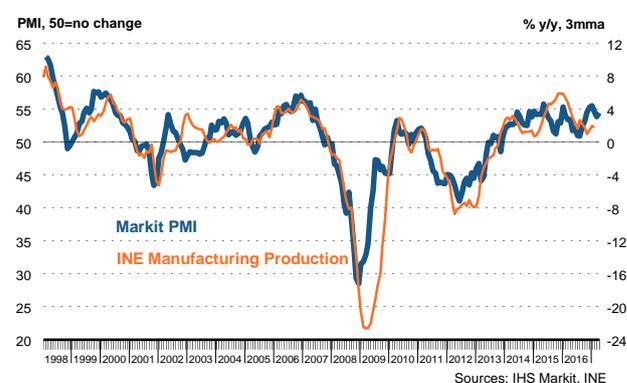
The headline Markit Spain Manufacturing PMI® is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

At 54.5 in April, up from 53.9 in March, the PMI signalled a solid monthly improvement in the health of the manufacturing sector. Business conditions have now strengthened in 41 consecutive months.

April data pointed to a sharp and accelerated rise in output at Spanish manufacturers, with the latest increase the fastest in three months. Panellists reported higher new orders linked to strengthening client demand.

New business also increased at a faster pace during the month, with new export orders rising particularly sharply.

Markit Spain Manufacturing PMI v Official data



Expectations of further increases in new business from abroad and greater operating capacity led to ongoing confidence regarding the year-ahead outlook for production.

Higher new orders imparted capacity pressures on manufacturers in April, which led to a rise in backlogs of work. Panellists also mentioned shortages of raw materials.

Difficulties in sourcing materials was also reportedly a factor behind longer suppliers' delivery times and a drop in stocks of purchases. In fact, the deterioration in vendor performance was the most marked since August 2013.

Some firms used stocks to help fulfil orders given difficulties in raising output sufficiently to meet demand. As a result, stocks of finished goods decreased for the first time in four months. Manufacturers also increased their employment in line with higher new orders, with the rate of job creation quickening to a three-month high.

April's fall in stocks of purchases was recorded in spite of an accelerated expansion of input buying, linked to higher new orders and the start of new projects.

Although remaining marked, the rate of input cost inflation eased from March's near six-year high. Where costs increased, panellists mentioned higher prices for raw materials including chemicals, plastics and steel.

While input prices rose at a weaker pace in April, the rate of output price inflation remained broadly in line with that seen in March as firms passed on higher input costs to clients.

Comment

Commenting on the PMI data, Andrew Harker, Senior Economist at IHS Markit said:

"There was a welcome tick-up in growth in the

Spanish manufacturing sector during April, after weaker rises in output and new orders had been seen throughout the first quarter of the year. This should help to support confidence that the current sequence of growth can be sustained as the year progresses.

"The current upturn has placed pressure on supply chains, with raw material shortages leading to delivery delays and difficulties in replenishing inventories in April. There was a welcome easing in the rate of cost inflation, however, with the latest rise the weakest in 2017 so far."

-Ends-

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Note to Editors:

The Spain Manufacturing *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by Markit. 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 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.

About AERCE

AERCE is the Spanish Association of Purchasing and Supply Management. Founded in 1981 has 1,000 members, representing more than 10,000 related professionals, which include the most important companies in the country, institutions and professionals belonging to various industrial sectors, services and the public sector.

AERCE is a member of the International Federation of Purchasing and Supply Management (IFPSM).

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