

News Release

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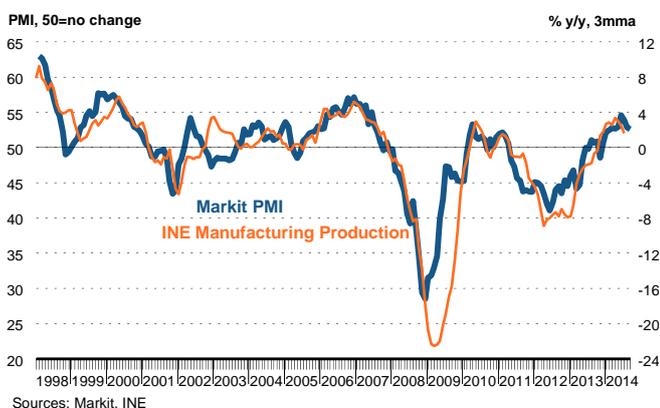
Markit Spain Manufacturing PMI®

Tenth successive monthly rise in output

Key points:

- Further growth of new business supports increase in production
- Input prices fall for first time in five months
- Employment increases modestly

Historical overview:



Summary:

Solid improvements in the Spanish manufacturing sector were recorded again at the end of the third quarter of 2014, although rates of growth have eased from earlier in the year. Higher new orders led to another expansion of output and further job creation. Input prices decreased for the first time in five months, with manufacturers reducing their charges accordingly.

The seasonally adjusted Markit *Purchasing Managers' Index*® (PMI®) – a composite indicator designed to measure the performance of the manufacturing economy – posted 52.6 in September, down marginally from 52.8 in August but still signalling a solid improvement in operating conditions in the sector. Strengthening business conditions have now been recorded in each of the

past ten months.

Manufacturing output increased for the tenth successive month in September, and at a solid pace that was slightly quicker than that seen in August. Panellists linked growth of production to the start of new projects and an increase in new orders.

New business rose markedly again, extending the current sequence of growth to ten months. That said, the rate of expansion eased from the previous month. Firms reported increased new orders from both domestic and export clients, with new export business rising solidly again in September.

Higher new work intakes led to another build up of backlogs of work, the ninth in as many months. Firms also responded to increased new business by taking on extra staff, with the rate of job creation the fastest in three months. Some panellists mentioned positive expectations regarding future new business as having motivated them to increase employment.

Input prices decreased for the first time since April amid reports of falling raw material costs. With input prices decreasing, manufacturers lowered their output charges for the second month running, albeit at only a modest pace.

A further slight lengthening of suppliers' delivery times was recorded in September. Vendor lead times have now deteriorated in each month throughout the past five years.

Manufacturers increased their purchasing activity at a solid pace, largely in response to higher output requirements. Input buying has now increased in each of the past nine months. Despite a further rise in purchasing, input stocks fell again in September. Anecdotal evidence suggested that this was due to inputs being used in the production process.

Stocks of finished goods also decreased, linked by

firms to new order growth outpacing that of production. That said, the latest reduction was only slight and weaker than in August.

Comment:

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

“The Spanish manufacturing sector continued to tick along nicely in September, completing another solid quarter. Growth continues to be driven by inflows of new business, which supported a further expansion of workforce numbers.

“A first reduction in input prices for five months was matched by a drop in prices charged by manufacturers, signalling a lack of inflationary pressure emanating from the manufacturing sector at present.”

-Ends-

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Notes to Editors:

The Spain Manufacturing PMI® (*Purchasing Managers' Index*®) 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.

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.

About Markit

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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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