

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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IHS Markit Greece Manufacturing PMI®

Greek manufacturing sector growth climbs to nine-year peak

Key findings:

- Headline PMI highest since August 2008...
- ...bolstered by resurgent domestic and foreign demand
- Rate of jobs growth sharpest in over 17-and-a-half years

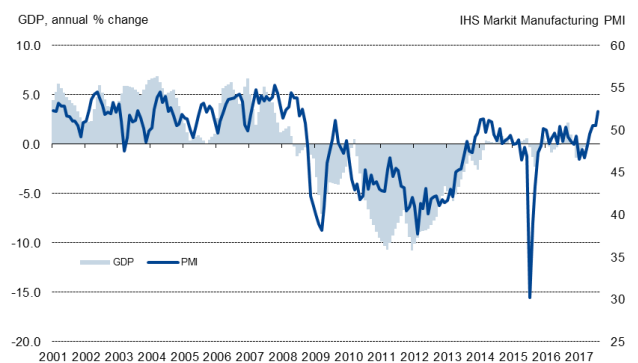
Data collected August 11-23

Building on marginal improvements in the previous two months, overall growth in the Greek manufacturing sector accelerated to a nine-year peak in August. Underpinning the latest improvement were increases in new orders from both domestic and foreign clients. Buoyed by rising demand, firms took on additional workers to the greatest extent since January 2000, while purchasing activity growth quickened to a nine-year high. In turn, enhanced operating capacity contributed to the joint-sharpest expansion in output in 40 months. Meanwhile, business confidence dipped, but remained among the most positive in the series history.

August's expansion was signalled by the seasonally adjusted IHS Markit Greece Manufacturing Purchasing Managers' Index® (PMI®) – a composite indicator designed to measure the performance of the manufacturing economy – posting above the 50.0 no-change threshold. At 52.2 in August, up from 50.5 in July, the latest figure signalled the third successive improvement in Greek manufacturing sector conditions, and the sharpest since August 2008.

The latest round of manufacturing sector growth was underpinned by a solid rise in **new business**, the sharpest since May 2014. Furthermore, the rise in client demand was broad-based, with **new export orders** also increasing in August for the first time in 12 months.

IHS Markit Greece Manufacturing PMI



Sources: IHS Markit, National Statistical Service of Greece.

To keep pace with rising client demand, firms took on additional **staff members** in August, thereby extending the current period of rising employment to four months. Moreover, the latest round of job creation was the most marked in over 17-and-a-half years. Enhanced operating capacity contributed to a further fall in **outstanding business**, albeit to a weaker extent than the series average.

A stronger demand environment also led to a second successive pick-up in **purchasing activity**. Moreover, the rate of expansion accelerated to a nine-year high. This was insufficient, however, to prevent a further fall in **pre-production inventories**.

Greater client demand, combined with increased staffing numbers and input buying contributed to a third successive rise in **output**, and the joint-sharpest since April 2014. In spite of this, **post-production inventories** fell as goods were sent out to clients.

Suppliers' delivery times lengthened for the eleventh successive month, albeit only slightly.

Meanwhile, **input price** inflation remained solid, despite softening from July. In contrast, average

selling prices rose as higher client demand increased manufacturers' pricing power. Nonetheless, the rate of charge inflation was only slight.

Finally, **business confidence** fell from July, but remained among the most positive since the series began in July 2012.

Comment:

Alex Gill, Economist at IHS Markit which compiles the *Greece Manufacturing PMI*® survey, said:

"Having endured years of economic malaise, the latest data will be music to the ears of many concerned with the Greek manufacturing sector, with the headline PMI hitting a nine-year high.

"Underlying the expansion were robust increases in new business from both domestic and foreign clients. In turn, this contributed to the sharpest round of job creation since January 2000, which will further buoy hopes of a reduction in the country's well documented high unemployment rate.

"Business confidence remained marked, despite dipping slightly from last month's record high. The strong degree of optimism can at least partially account for the rise in demand, and is perhaps indicative of a more positive narrative surrounding the Greek economy, spurred on by the country's return to bond markets in July. While this is good news, issues pertaining to the country's debt-burden remain unchanged and continue to present a potential roadblock to a sustainable, long-term recovery."

-Ends-

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Note to Editors:

The Greece Manufacturing *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by IHS Markit. The report features original survey data collected from a representative panel of over 300 companies based in the Greek 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.

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 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

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