

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 09:15 (Madrid) / 07:15 (UTC) August 3rd 2018

IHS Markit Spain Services PMI[®]

Slowest rise in activity since November 2013

Key findings:

- Slowdown in output growth amid weaker increase in new business
- Rate of job creation remains elevated
- Business confidence drops to near five-year low

Data collected July 12-26

The Spanish service sector saw a marked slowdown in the rate of activity growth during July, with output up to the least extent since November 2013. The rate of expansion in new orders also eased, and signs that demand may be waning led to a drop in sentiment regarding the 12-month outlook for activity. That said, companies continued to increase their staffing levels at one of the sharpest rates in the past 11 years.

The headline seasonally adjusted Business Activity Index fell to 52.6 in July from 55.4 in June. Although pointing to a solid monthly increase in activity in the Spanish service sector, the rate of growth slowed to the weakest since November 2013.

While higher new orders reportedly supported growth of output, some firms mentioned that demand had softened. The Transport & Storage sector recorded the fastest rise in activity, while declines were signalled in the Hotels & Restaurants and Post & Telecommunications categories. Transport & Storage firms also saw the sharpest increases in both new business and employment.

As was the case with activity, new business growth slowed at the start of the third quarter. The latest increase in new orders was the weakest in 19 months.

IHS Markit Spain Services PMI v Official data



Despite easing, the rate of growth in new business remained solid, and contributed to a third successive monthly increase in backlogs of work.

Although the expansion in business activity moderated in July, service providers continued to raise their staffing levels at one of the strongest rates since the global financial crisis. Employment increased sharply, with panellists mentioning the hiring of additional commercial and technical staff. Each of the broad sectors covered by the survey registered job creation.

The rate of input cost inflation remained elevated in July, slowing only slightly from the near ten-year high seen in June. According to respondents, rising costs for fuel and staff were the main factors behind increasing input prices.

Efforts to improve profitability amid sharp cost inflation led companies to raise their output prices. Charges have now increased in each of the past three months, but the rate of inflation was relatively

modest in July. Output prices rose most quickly in the Renting & Business Activities and Transport & Storage sectors, but fell in Financial Intermediation and Post & Telecommunications.

Signs of softer market conditions led to a drop in sentiment among Spanish service providers. Confidence fell for the third month running to the weakest in almost five years. That said, on balance companies remained optimistic that activity will increase over the next 12 months.

Comment

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

“July PMI data provided the first real indication of a slowdown in the Spanish service sector, with activity increasing at the weakest pace in over four-

and-a-half years. This moves the service sector more into line with the trend evident in manufacturing in recent months.

“That said, service providers seem prepared to look through weaker growth in July and continued to take on extra staff at a rapid pace. Whether this continues in coming months will likely depend on whether growth of activity rebounds or remains muted.”

-Ends-

For further information, please contact:

IHS Markit

Andrew Harker, Associate Director
Telephone +44-1491-461-016
Email andrew.harker@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44-207-260-2234
E-mail joanna.vickers@ihsmarkit.com

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.

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2018 IHS Markit Ltd. All rights reserved.

About PMI

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>.

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).

AERCE

BARCELONA

Rambla Catalunya 120, 1^o 1^a

08008 Barcelona - Spain

MADRID

Paseo de la Castellana 121, 7^o D

28046 Madrid - Spain

Tel: +34 934 510 960

e-mail: info@aerce.org

website: www.aerce.org

The intellectual property rights to the Spain Services PMI[®] provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index[®] and PMI[®] are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).

In conjunction with

