

News Release

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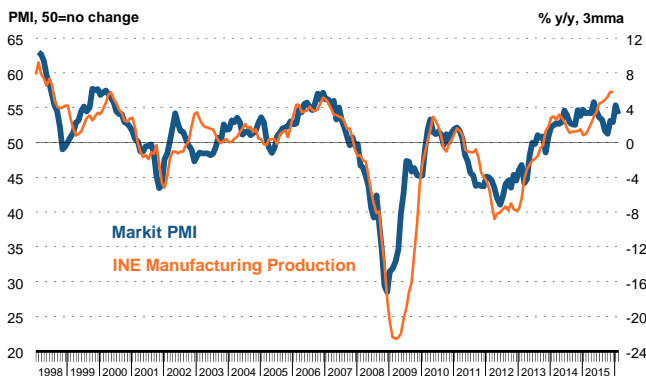
Markit Spain Manufacturing PMI®

Manufacturing output continues to rise sharply in February

Key points:

- Output growth slows slightly, but remains marked
- Rate of job creation quickens to seven-month high
- Fastest reduction in input costs since July 2009

Historical overview:



Summary:

Despite a slight slowdown in growth in February, the Spanish manufacturing sector continued to record a marked improvement in business conditions in the latest survey period. Moreover, the rate of job creation quickened to a seven-month high. Lower prices for oil and steel were the main factors behind an accelerated pace of decline in input costs, in turn leading firms to lower their output prices.

The seasonally adjusted Markit Spain *Purchasing Managers' Index*® (PMI®) – a composite indicator designed to measure the performance of the manufacturing economy – posted 54.1 in February, slightly below January's reading of 55.4 but still signalling a solid improvement in the health of the sector. Business conditions have now strengthened

in each of the past 27 months.

Manufacturing new orders rose solidly during February amid reports of new business from regular customers and from export markets. New business from abroad also increased, albeit at a weaker pace than in January.

Higher new orders contributed to another sharp increase in production at Spanish manufacturers. Although slowing from the previous month, the rate of expansion was the second-fastest in nine months. The investment goods sector posted the sharpest increase in production of the three monitored market groups.

Growth of new business also supported an accumulation of backlogs of work, and one of the strongest in the history of the series. Outstanding business has increased continuously since October last year.

The rate of job creation quickened for the second consecutive month in February and was the sharpest since July 2015. Firms reported that higher production requirements had encouraged them to take on extra staff.

Input costs decreased at a sharper pace, with the latest fall largely reflective of lower oil and steel prices. The rate of deflation was the fastest since July 2009. As a result, output prices also fell more quickly than at the start of the year, and to the greatest extent in 34 months.

A marked expansion in purchasing activity was recorded during February, although the rate of growth slowed slightly from the previous month. This helped lead to an increase in stocks of purchases as firms looked to boost inventories in line with higher new orders and positive expectations. Stocks of finished goods also rose, the second successive month in which that has been the case.

Finally, suppliers' delivery times lengthened modestly again over the month.

Comment:

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

“Spanish manufacturers continued to rise above economic and political uncertainty in February, once again increasing output at a rapid rate and taking on extra staff at the fastest pace since the summer of 2015. There were positive signs on the investment front, with firms increasing inventories and capital goods manufacturers posting a particularly sharp rise in production.

“Falling commodity prices were again a feature of the latest survey, with lower oil and steel prices once more mentioned as particularly impacting on cost burdens at Spanish firms.”

-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 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@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.

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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/economics.

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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