

# News Release

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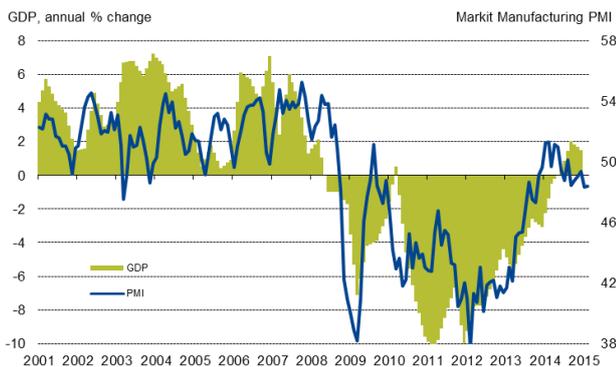
## Markit Greece Manufacturing PMI®

### Output falls at fastest rate for 16 months

#### Key points:

- February sees faster decreases in output and new orders
- Output prices cut at sharpest rate since last August
- Employment rises further, defying broader downturn

#### Historical overview:



Sources: Markit, National Statistical Service of Greece.

#### Summary:

February saw a further contraction in Greece's manufacturing sector, with the rate of decline in production the fastest seen since October 2013. New order intakes also fell at a faster rate, partly reflective of a solid drop in incoming new work from abroad. Output prices were reduced sharply amid weakening demand, though input prices rose slightly on the back of a depreciated euro.

The headline seasonally adjusted Markit Greece Manufacturing Purchasing Managers' Index® (PMI®) – a single-figure measure of overall business conditions – held broadly steady in February at 48.4, from 48.3 in January. That was despite faster decreases in both output and new orders, with stronger growth in employment, a slower fall in stocks of purchases and a more marked deterioration in supplier delivery times all acting to support the headline PMI.

Production at Greek factories fell for the second month in a row in February, weighed on by a further loss of new orders. The latest decrease in the level of incoming new work – the sixth in consecutive months – was in fact the sharpest since July 2013. Anecdotal evidence showed that political uncertainty had a disruptive impact on demand, even with regards to export sales which fell at a solid and accelerated rate amid client hesitancy.

Manufacturers' purchasing of inputs fell accordingly, with the pace of decline in buying levels the quickest since September of last year. Stocks of purchases decreased sharply. There was also a marked fall in inventories of finished goods as manufacturers adjusted to a lower level of demand.

The time taken for purchased items to be delivered to manufacturers generally increased in February, in line with the trend of deteriorating supplier performance seen since December. Panel member reports suggested that unusually bad weather was behind slower lead times in a number of cases.

The cost of inputs meanwhile returned to growth in February, rising modestly to partly offset the fall recorded during the opening month of the year. Panellists reported that a reduction in the value of the euro, particularly against the US dollar, had pushed up average purchase prices.

Manufacturers nevertheless continued to drop their selling prices in order to boost faltering sales. February's decrease in output charges was actually the most marked since last August. The current sequence of falling output prices stretches back four years.

Despite increasing signs of weakness in the sector, February's survey showed a further rise in employment at Greek factories. Although remaining modest, the rate of job creation was a multi-year high.

There remained a lack of pressure on resources in the sector, as highlighted a further sharp reduction in backlogs of work.

### Comment:

Phil Smith, Economist at Markit which compiles the Greece Manufacturing PMI<sup>®</sup> survey, said:

*“The headline manufacturing PMI remained in contraction territory in February in a further sign that Greece’s economy continues to struggle under the weight of uncertainty. Factories reported hesitancy among clients at home and abroad to commit to new orders, leading new business inflows to fall at an accelerated rate. This in turn placed greater downward pressure on producer prices which fell to the greatest extent for six months, adding to the squeeze on profitability. It was therefore somewhat surprising to see manufacturers report a net rise in employment, albeit only modest overall.”*

-Ends-

### For further information, please contact:

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### Notes to Editors:

The Greece Manufacturing PMI<sup>®</sup> (*Purchasing Managers’ Index*<sup>®</sup>) is produced by Markit Economics. 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 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](mailto: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<sup>®</sup> (PMI<sup>®</sup>) 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](http://www.markit.com/economics).

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