

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

Output growth quickens to three-month high

Key findings:

- Faster increases in output and new orders
- Marked job creation recorded
- Inflationary pressures intensify

Data collected September 12-22

Growth picked up in the Spanish manufacturing sector during September amid improvements in client demand. This reversed the recent trend of weaker improvements in business conditions. New orders, output and employment all rose at sharper rates during the month. Supply chains continued to be strained, with shortages of raw materials leading to longer delivery times and strengthening cost inflation.

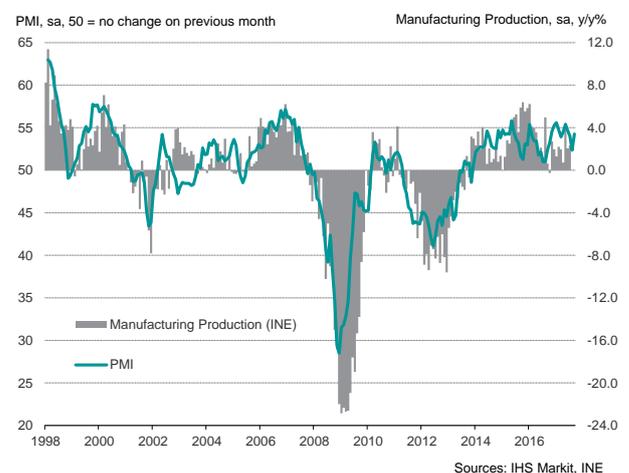
The headline IHS Markit Spain Manufacturing PMI® is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector. The PMI rose to 54.3 in September from 52.4 in August.

New orders rose at a solid pace in September, with the rate of growth quickening from August's 12-month low. Panellists reported stronger client demand, with some highlighting improving new export business. New orders from abroad increased sharply during the month.

The rate of expansion in output also quickened in September. Production increased for the forty-sixth successive month, with the intermediate goods sector posting the fastest rise.

Increases in demand resulted in a build-up of outstanding business, extending the current sequence of accumulation to two years.

IHS Markit Spain Manufacturing PMI v Official data



Manufacturers responded to pressure on capacity by taking on extra staff. Moreover, the rate of job creation quickened, and was sharp.

There was also evidence of pressures on supply chains during September. Shortages of materials at suppliers were reflected in a lengthening of delivery times, albeit to the least extent in eight months.

Meanwhile, supply shortages contributed to a rise in input costs. The rate of inflation quickened to the fastest since April, with panellists reporting higher costs for raw materials. Steel was mentioned in particular as costing more over the month. Rises in input prices led to a pick-up in the rate of inflation of output charges, which have now increased on a monthly basis throughout the past year.

Manufacturers increased their purchasing activity at a solid pace as firms responded to higher production requirements. Input buying has now risen in each of the past 14 months.

Higher purchasing activity resulted in a first rise in pre-production inventories for three months,

although the rate of accumulation was marginal. Stocks of finished goods also increased for the first time since June.

Entry into new markets and the securing of new customers supported optimism among manufacturers that output will increase over the next 12 months. Sentiment eased slightly from August, but remained strongly positive as close to 39% of panellists predicted an expansion of output.

slowdown in previous months, and offers some reassurance that the current period of expansion will continue in the near-term at least. Less positive are further signs of strain in supply chains as shortages of raw materials led to delivery delays and price rises. This could act as a constraint on growth going forward if firms aren't able to readily access the materials they need."

-Ends-

Comment

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

"There was some welcome news from the latest Spain Manufacturing PMI as September saw growth accelerate. This followed signs of a

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Note to Editors:

The Spain Manufacturing *PMI*® (*Purchasing Managers' Index*®) is produced by IHS Markit. 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.

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

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 www.markit.com/product/pmi.

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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