

## News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 08:15 (UK Time), 01 August 2013**

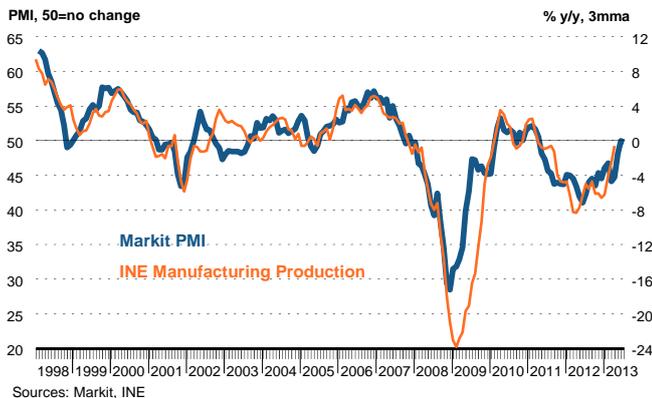
# Markit Spain Manufacturing PMI<sup>®</sup>

## Production falls further despite new order growth

### Key points:

- Slight decline in manufacturing output
- Second successive rise in new orders
- Input costs decline for fifth month running

### Historical overview:



### Summary:

Business conditions in the Spanish manufacturing sector remained broadly stable in July, as had been the case in June. Output fell slightly over the month, while a marginal rise in new orders was recorded. Meanwhile, lower metals prices led to a further decline in input costs.

The seasonally adjusted Markit *Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) – a composite indicator designed to measure the performance of the manufacturing economy – dipped back below the 50.0 no-change mark in July, posting 49.8 from 50.0 in June. That said, the index reading still signalled a general stabilisation of business conditions in the sector.

Manufacturing output decreased for the twenty-seventh successive month in July, and the rate of contraction quickened slightly over the month. The

decline was recorded despite new order growth and partly reflected a preference to meet sales from existing stocks rather than raise production. Post-production inventories were depleted at a solid pace.

The rise in new orders was the second in as many months, although the rate of growth slowed from that seen in June. Respondents mentioned contrasting trends between the domestic market (which remained weak), and improvements in export orders. New business from abroad rose for the third month running and at a faster pace than overall new orders.

Growth of new business contributed to an accumulation of backlogs of work in July, albeit at only a marginal pace. Despite this, firms continued to lower employment and the rate of job cuts accelerated over the month.

Input costs at Spanish manufacturers decreased for the fifth successive month, although the pace of reduction remained modest. Manufacturers reported lower metals prices, with steel mentioned in particular as costing less.

A further reduction in output prices was recorded, linked to pressure from both clients and competitors. Moreover, the rate of decline quickened slightly and was solid.

Meanwhile, a lack of stocks at suppliers led to a substantial lengthening of delivery times in July. The latest deterioration was the strongest since March 2011.

Firms lowered their purchasing activity for the twenty-seventh month in a row during July, and at a solid pace that was slightly faster than June. Stocks of purchases also fell at a sharper pace during July, with panellists reporting active attempts to reduce inventories.

## Comment:

Commenting on the Spanish Manufacturing PMI<sup>®</sup> survey data, Andrew Harker, senior economist at Markit and author of the report, said:

*“While new orders increased for the second month running, this wasn’t yet enough to encourage firms to raise their output or employment in July. This seemingly reflected a lack of confidence among firms that the recent improvement in demand will be sustained, as well as the reliance on export markets for growth. Manufacturers therefore showed a preference for allowing backlogs of work to build up, or used inventory draw-down to meet orders for the time being.”*

-Ends-

## For further information, please contact:

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## Notes to Editors:

The Spain 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 around 400 companies based in the Spanish 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*<sup>®</sup> (PMI<sup>®</sup>) 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*<sup>®</sup> (PMI<sup>®</sup>) 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 Markit

Markit is a leading, global financial information services company with over 3,000 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial marketplace. For more information please see [www.markit.com](http://www.markit.com)

## About PMIs

*Purchasing Managers' Index*® (*PMI*®) 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).

## About AERCE

The Spanish Association of Purchasing Managers and Supply. Established in 1981, it encompasses approximately 1600 members, distributed across ten sections. AERCE represents Spain in the International Federation of Purchasing and Supply Management (I.F.P.S.M).

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