

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

IHS Markit Spain Manufacturing PMI[®]

Output growth eases, but new orders continue to rise sharply

Key findings:

- Further strong increase in new business
- Output growth at seven-month low, leading to near-record rise in backlogs
- Slower inflation of both input costs and output prices

Data collected March 12-22

Spanish manufacturers recorded a further marked improvement in business conditions at the end of the first quarter of the year. Although the rate of output growth slowed from February, it remained marked amid another sharp increase in new orders. The easing in the rate of expansion of output contributed to one of the strongest rises in backlogs of work since the series began, while supply issues were again highlighted by a marked lengthening of suppliers' delivery times.

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 was at 54.8 in March, down from 56.0 in February, but still pointing to a marked improvement in business conditions.

Manufacturing firms registered a sharp rise in new business in March, extending the current sequence of expansion to 20 months. New export business also increased, albeit at the weakest pace in seven months.

The rate of growth in output also eased in March and was the slowest since August last year. The rise was still marked, however, and extended the current sequence of expansion to 52 months.

IHS Markit Spain Manufacturing PMI v Official data



The slowdown in the pace of output growth was central to a sharp accumulation of outstanding business. In fact, the rate at which backlogs increased was the second-fastest since the series began in August 2002. Capacity pressures were also evident in supply chains amid reports of a shortage of raw materials. Suppliers' delivery times lengthened substantially.

Rising output requirements led firms to increase their employment and purchasing activity during March. In both cases rates of expansion eased from those seen in February, but remained solid nonetheless.

Higher purchasing activity resulted in a solid increase in pre-production inventories. In fact, the latest rise was the strongest since July 2000. Stocks of finished goods also rose at a faster pace in March.

Although input prices continued to rise sharply over the month, the rate of inflation eased markedly and was the slowest since July 2017. Panellists

reported higher costs for raw materials such as food, fuel and metals.

Spanish manufacturers responded to higher input costs by raising their selling prices. The rate of charge inflation was solid, but eased for the second month running to the weakest in six months.

Business confidence remained strongly positive in March, and was little-changed from that seen in February. Predictions of increases in output reflected optimism around economic conditions and new order growth.

Comment

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

“While growth of the Spanish manufacturing sector eased in March, the first quarter as a whole was still a successful start to the year. The slowdown in the rate of output growth led to one of the strongest increases in outstanding business ever recorded, suggesting that firms will have to expand production to work through this backlog in coming months.”

-Ends-

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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 <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).

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