

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
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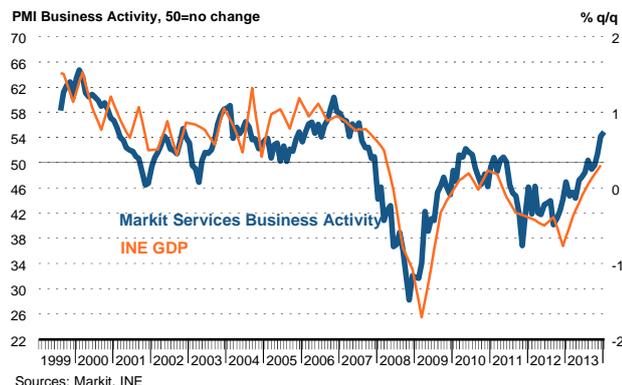
Markit Spain Services PMI[®]

Services activity increases at fastest pace in six-and-a-half years

Key points:

- Solid growth in activity and new orders
- First rise in employment since February 2008
- Business sentiment strongest since July 2007

Historical overview:



Summary:

The Spanish service sector made a positive start to 2014 as both activity and new orders continued to expand solidly. Moreover, employment stabilised, ending a sequence of job shedding which stretched back to March 2008. However, companies still discounted output prices sharply, while input costs rose following no change in December.

The headline seasonally adjusted Business Activity Index rose to 54.9 in January from 54.2 in December, signalling a third successive monthly increase in activity in the sector. Furthermore, the solid expansion was the sharpest since July 2007. A number of respondents indicated that improving economic conditions had supported rises in business activity.

Each of the six monitored sectors posted increases in activity, led by Transport & Storage. The weakest rise was at Renting & Business Activities

companies.

Transport & Storage also registered the fastest rise in new business. Overall, new orders increased at a solid pace, albeit one that was slower than seen at the end of 2013. Signs of strengthening economic conditions had reportedly been behind the rise in new orders, which was the sixth in as many months.

Services companies increased their staffing levels fractionally in January, thereby ending a run of 70 consecutive monthly reductions in employment. Anecdotal evidence suggested that staffing levels were reflective of current workloads, with some panellists taking on extra staff in response to rising activity, while others reduced their workforces in line with the completion of projects.

Outstanding business continued to decrease in January. Although only modest, the pace of depletion quickened for the third month running.

Service providers recorded an increase in input prices for the third time in the past four months, following no change in costs in December. Respondents indicated that higher salary payments had been the principal reason for rising input prices. Hotels & Restaurants posted the strongest increase in input costs.

Companies continued to lower their output prices, as has been the case in each month since August 2008. Where selling prices were lowered, this was largely a result of competitive pressures.

The prospect of further improvements in economic conditions during 2014 led business sentiment to strengthen in January. Optimism regarding the year-ahead outlook for activity was at the highest since July 2007.

Comment:

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

“The Spanish service sector backed up the solid performance seen in December with accelerated growth of activity in January, while we even saw an end to job shedding in the sector for the first time since the economic crisis began. Companies are still having to offer discounts in order to secure sales, but they are increasingly optimistic that 2014 can see a recovery get properly underway.”

-Ends-

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Notes to Editors:

The Spain Services PMI[®] (*Purchasing Managers' Index*[®]) is produced by Markit Economics. The report features original survey data collected from a representative panel of over 300 companies based in the Spanish service sector.

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 *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 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.

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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