

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit Spain Manufacturing PMI<sup>®</sup>

### PMI at joint-highest in over a decade

#### Key findings:

- Sharper increases in output and new orders
- Rate of job creation accelerates
- Stocks of purchases rise at fastest pace since July 2000

Data collected October 11-24

The Spanish manufacturing sector gained further growth momentum during October, with sharp and accelerated rises in output, new orders and employment recorded. Firms responded to higher workloads by increasing purchasing activity, in turn leading to one of the fastest rises in input stocks in the survey's history.

Meanwhile, inflationary pressures gathered pace amid reports of raw material shortages. This also contributed to longer suppliers' delivery times.

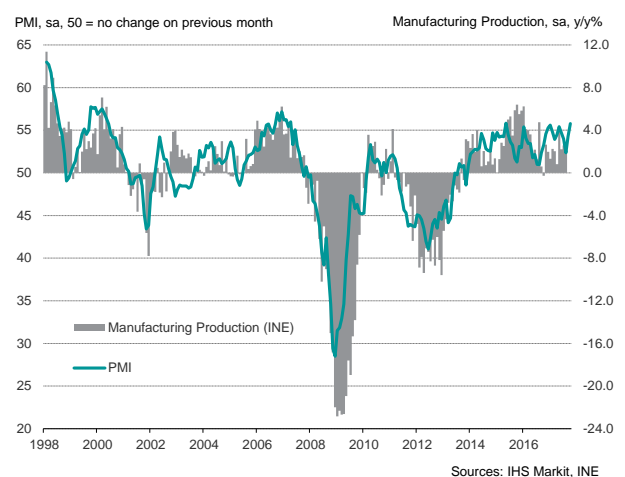
The headline IHS Markit Spain Manufacturing PMI<sup>®</sup> is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement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

The PMI increased to 55.8 in October, up from 54.3 in September and the highest reading since May 2015. In fact, the rate of improvement in the health of the sector was the joint-fastest since the financial crisis.

The rate of new order growth quickened for the second month running in October and was the fastest since January. New export orders also rose at a sharper pace, with growth often reflecting new work from other European countries.

Higher new orders fed through to another monthly increase in production, with the rate of expansion

#### IHS Markit Spain Manufacturing PMI v Official data



the steepest in five months. The rise in output helped firms to accumulate stocks of finished goods, with the second successive rise the most marked since November 2015.

The strength of new order growth, however, meant that backlogs of work continued to rise in spite of increased production. The rate of accumulation was solid and the sharpest in three months.

Higher workloads encouraged firms to take on extra staff and expand their purchasing activity. Employment rose sharply, while the rise in input buying was the strongest in almost two-and-a-half years. This fed through to a solid accumulation in stocks of purchases that was the fastest since July 2000.

There was further evidence of raw material shortages impacting the sector in October. Input costs increased at a sharp and accelerated pace amid reports of higher prices for items including cereals, metals and plastics. Suppliers' delivery times also lengthened as a result of raw material shortages.

Higher costs for raw materials fed through to increases in output prices. Charges rose solidly, and at the fastest pace in three months.

Business sentiment remained strongly positive, with optimism linked to predictions of higher new orders, the securing of new clients and launch of new products. That said, sentiment dipped to a two-year low amid concerns around the political situation in Catalonia.

### Comment

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

*“The Spanish manufacturing sector started Q4 on a positive note, seeing growth accelerate from September and overall conditions improve at the joint-fastest pace since the financial crisis. The strength of expansion in new order inflows and*

*production requirements provided encouragement to firms to invest in higher staffing levels and inventory accumulation. In fact, the rate at which stocks of inputs were raised was among the fastest since the survey began in 1998.*

*“There was no discernible impact from the political situation in Catalonia on manufacturers’ operations in October, but a drop off in sentiment regarding the 12-month outlook was partly attributed to uncertainty surrounding the current political environment.”*

-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](mailto: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](http://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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