

# News Release

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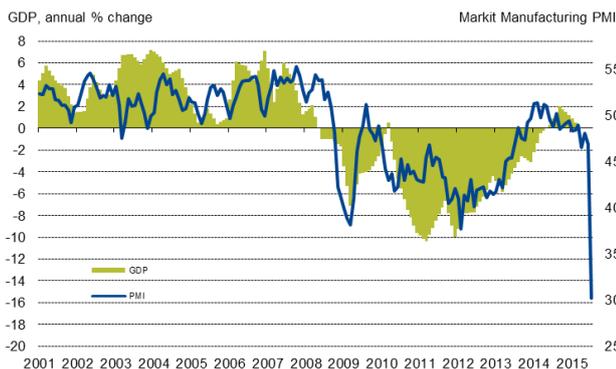
## Markit Greece Manufacturing PMI<sup>®</sup>

### July sees record contraction in manufacturing

#### Key points:

- Goods production posts record decrease in July
- New orders and purchasing activity dive sharply
- Factory jobs slashed amid turmoil

#### Historical overview:



Sources: Markit, National Statistical Service of Greece.

#### Summary:

July saw factory production in Greece contract sharply amid an unprecedented drop in new orders and difficulties in purchasing raw materials. The headline seasonally adjusted Markit Greece Manufacturing *Purchasing Managers' Index<sup>®</sup>* (PMI<sup>®</sup>) – a single-figure measure of overall business conditions – registered 30.2, well below the neutral 50.0 mark and its lowest ever reading.

Record contractions were registered for almost all variables monitored by the survey, including output, new orders, employment and stocks. There was also a record lengthening in suppliers' delivery times.

The drop in output in July was led by the capital goods sector, while there were also sharp contractions in the production of intermediate and consumer goods. The latest decrease in output was the seventh in successive months.

The main causes of the contraction in output were twofold: production requirements diminished as new orders plummeted while manufacturers had

difficulty in sourcing materials and semi-completed goods for use in the production process.

July's sharp decrease in the level of new business at manufacturers surpassed the previous record set in February 2012. Panel members commented on the impact of capital controls on demand, and also cited a generally uncertain operating environment which further weighed on sales. A sharp and accelerated decrease in new export orders (also a series record) added to the overall reduction in new work.

Manufacturers' buying levels decreased to the greatest extent in the survey's history in July. Panel member reports indicated that companies commonly faced difficulties sourcing inputs due to capital restrictions and the limited availability of some items. Accordingly, stocks of purchases contracted sharply on the month, as did post-production inventories.

The troubles goods producers had in obtaining inputs was further highlighted by a marked increase in average supplier delivery times. The degree of deterioration in vendor performance was by far the most pronounced in the series history. Panellists mentioned in particular the difficulty in receiving items from abroad.

July's survey signalled the steepest drop in factory employment ever recorded during the 16-plus years of data collection. The decrease was the fourth in successive months, following marginal job losses throughout the second quarter of the year.

A lack of availability of supplies meanwhile contributed to a rise in average purchase prices, with the rate of cost inflation accelerating from the previous month to the second-fastest since September 2012.

In contrast, prices charged by manufacturers for goods decreased to the greatest extent for over two years, the rate of decline notably more marked than the moderate pace of deflation recorded during the month before.

**Comment:**

Phil Smith, Economist at Markit which compiles the Greece Manufacturing PMI<sup>®</sup> survey, said:

*“Manufacturing output collapsed in July as the debt crisis came to a head. Factories faced a record drop in new orders and were often unable to acquire the inputs they needed, particularly from abroad, as bank closures and capital restrictions badly hampered normal business activity.*

*“Demand was hit amid the heightened uncertainty surrounding Greece’s future, leading both total new business and exports to contract sharply, and it remains to be seen how long it takes these to recover.”*

*“Although manufacturing represents only a small proportion of Greece’s total productive output, the sheer magnitude of the downturn sends a worrying signal for the health of the economy as a whole.”*

-Ends-

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**Notes to Editors:**

The Greece 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 over 300 companies based in the Greek 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 (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<sup>®</sup> (PMI<sup>®</sup>) surveys are now available over 30 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).

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