

## News Release

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
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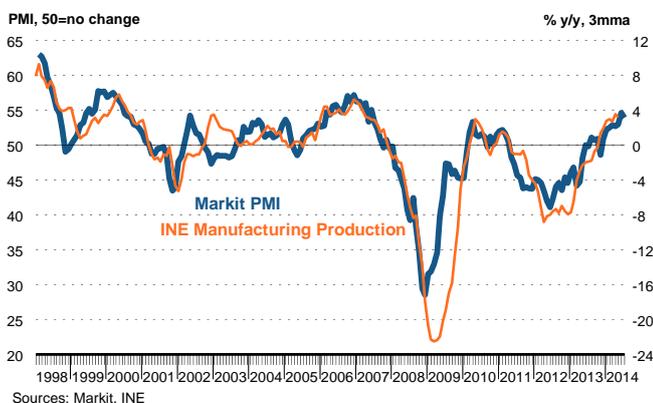
### Markit Spain Manufacturing PMI®

#### Output growth remains solid, despite easing from June's 50-month high

##### Key points:

- Slower rises in output and new orders
- Stocks of purchases increase for first time since September 2007
- Cost inflation picks up to strongest in a year-and-a-half

##### Historical overview:



##### Summary:

Spanish manufacturing business conditions improved again during July, although rates of expansion in output and new orders eased from the previous month. Firms continued to increase their staffing levels and raised their stocks of purchases for the first time since September 2007 amid positive expectations for coming months.

The seasonally adjusted Markit *Purchasing Managers' Index*® (PMI®) – a composite indicator designed to measure the performance of the manufacturing economy – posted 53.9 in July, signalling that operating conditions strengthened at a solid pace during the month. That said, the reading was down from 54.6 in June, pointing to a weaker improvement. Operating conditions have

now strengthened in each of the past eight months.

Spanish manufacturers recorded a solid increase in production in July, although the rate of growth eased from June's recent peak. Investment goods producers signalled the strongest increase in output during the month.

Higher output was largely reflective of increased new orders, according to panellists. While also slowing from June, the rate of expansion in new business remained sharp. A further marked increase in new export orders was also recorded.

Growth of new business contributed to a seventh successive monthly rise in backlogs of work, with the pace of accumulation broadly in line with those seen in recent months.

Greater production requirements encouraged firms to raise their purchasing activity during July. The solid increase in input buying led to an accumulation of stocks of purchases for the first time since September 2007, with some panellists reporting increasing inventories in response to forecasts of further rises in new orders in coming months.

Stocks of finished goods continued to fall as the increase in new orders was faster than that of production. That said, the rate of decline was only marginal and the weakest in the current 34-month sequence of depletion.

Job creation was recorded for the seventh month running, although the rate of employment growth eased from that seen in June.

Cost inflationary pressures showed signs of building in July as input prices rose at their fastest pace since January 2013. Panellists reported higher raw material costs. Output prices also increased, although at only a marginal pace amid competitive pressures.

Low stock levels at suppliers led to another lengthening of delivery times, the fifty-eighth in a row and the strongest in 2014 so far.

**Comment:**

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

*“Although growth of output and new orders eased from the sharp rates seen in June, the Spanish manufacturing sector’s recovery still progressed at a solid pace. Moreover, firms displayed a measure of confidence regarding the near-term outlook as they took on extra staff and increased stocks of purchases, ending a sequence of decline which lasted almost seven years. Meanwhile, there appears to be some cost inflationary pressure building within the sector for the first time since late 2012.”*

-Ends-

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**Notes to Editors:**

The Spain Manufacturing PMI® (*Purchasing Managers’ Index*®) 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*® (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.

## **About Markit**

Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ over 3,000 people in 10 countries. Markit shares are listed on NASDAQ under the symbol "MRKT". For more information, please see [www.markit.com](http://www.markit.com)

## **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](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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