

News Release

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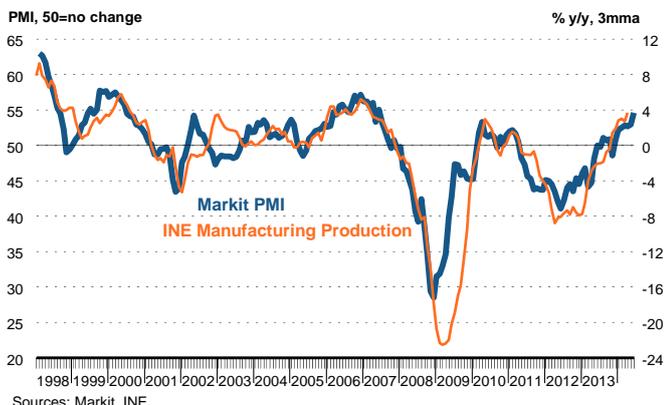
Markit Spain Manufacturing PMI®

Spanish manufacturing PMI hits seven-year high

Key points:

- Strongest growth of output since April 2010
- Sharper increases in new orders and employment
- Output prices rise for second successive month

Historical overview:



Summary:

Growth momentum in the Spanish manufacturing sector picked up in June, with output, new orders and employment all rising at sharper rates than in May. Improving demand enabled firms to increase their output prices for the second month running in response to a pick-up in cost inflation.

The seasonally adjusted Markit *Purchasing Managers' Index*® (*PMI*®) – a composite indicator designed to measure the performance of the manufacturing economy – rose to 54.6 in June from 52.9 in the previous month. Business conditions have now strengthened for seven successive months, with the latest improvement the greatest since before the economic crisis began in mid-2007.

New orders increased sharply in June, with the rate

of expansion the strongest since April 2007. Total new business has now risen in each of the past seven months. The rate of growth in new export orders also quickened, reaching the fastest since September last year.

Higher new orders led to a seventh consecutive monthly increase in manufacturing production in Spain. Furthermore, the rate of expansion quickened to the fastest in more than four years. Strong growth was recorded across all three monitored market groups, led by investment goods firms.

Increased new business also contributed to a further rise in backlogs of work, which accumulated for the sixth consecutive month.

Manufacturers took on extra staff at a faster pace during June, with the rate of job creation sharper than at any point since the global financial crisis began. Panellists mainly linked higher employment to increased production requirements.

The rate of input cost inflation picked up in the latest survey period and was the fastest since January 2013. However, the increase in input prices was still modest relative to the series average. Firms were able to raise their output prices for a second month running in June, the first time this has been the case since mid-2011. Moreover, the rate of inflation picked up during the month.

Spanish manufacturers raised their purchasing activity at a sharp pace that was the strongest in seven years. However, low stock levels at suppliers meant that they were often unable to keep up with this increased demand for inputs, leading to a further lengthening of delivery times.

Stocks of purchases fell modestly, with panellists reporting a reluctance to hold inventories. Stocks of

finished goods also decreased, as has been the case in each month since October 2011. Respondents linked the reduction in inventories to the use of stocks to help fulfil orders.

Comment:

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

"In contrast to the disappointing results for 'La Roja' in Brazil, the performance of the Spanish manufacturing sector provided plenty of encouragement in June. Sharp rises in output and new orders were recorded, while the rate of job creation picked up to its strongest since mid-2007. This all added up to the strongest monthly improvement in the health of the sector for seven years. Adding to positive signs was a second successive monthly rise in output prices as client demand strengthens."

-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.

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 11 countries. For more information, please see 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.

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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