

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 11:00 (Athens) / 09:00 (UTC) November 1st 2017

IHS Markit Greece Manufacturing PMI®

Manufacturing growth maintained but slows in October

Key findings:

- Headline PMI remains above 50.0, but softens to three-month low
- Growth underpinned by strong client demand
- Rate of job creation among sharpest on record

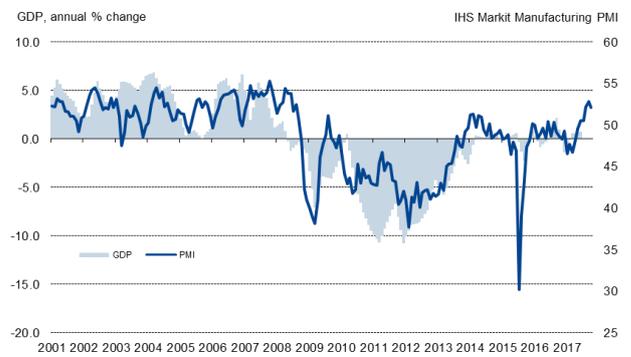
Data collected October 12-24

The Greek manufacturing sector continued to grow at the start of the fourth quarter despite losing some momentum from the previous month. The expansion was underpinned by strong demand in both domestic and export markets, which led to rises in purchasing activity, employment and output. Concurrently, higher raw material costs contributed to an acceleration in input price inflation, while robust demand conditions enabled some firms to raise their charges.

The seasonally adjusted IHS Markit Greece Manufacturing Purchasing Managers' Index® (PMI®) – a composite indicator designed to measure the performance of the manufacturing economy – posted above the 50.0 no-change threshold in October to signal a fifth consecutive improvement in Greek manufacturing sector conditions. Although down slightly from 52.8 in September, the latest reading of 52.1 remained indicative of a solid overall rate of growth.

Another rise in **new orders** remained the driving force behind overall growth. Although modest and slowing from the previous month, the rate of growth remained among the sharpest recorded over the past nine-and-a-half years. Moreover, the expansion was broad-based across both foreign and domestic markets, as **export orders** rebounded from last month's contraction to increase to the greatest extent since August 2016.

IHS Markit Greece Manufacturing PMI



Sources: IHS Markit, National Statistical Service of Greece.

Buoyed by robust demand conditions, firms took on additional **workers** in October, thereby extending the current period of job creation to six months. Moreover, the rate of expansion quickened and was among the sharpest recorded since data collection began in May 1999. Concurrently, **backlogs of unfinished work** continued to decline, albeit to the weakest extent in 16 months.

Purchasing activity increased as firms looked to meet higher production requirements. The rate of expansion was unchanged from the previous month as input buying rose for the fourth month in a row. Nevertheless, **pre-production inventories** continued to fall as items were used in the production process.

Strong demand and enhanced operating capacity resulted in a fifth consecutive rise in **output**. The rate of expansion eased from September's multi-year high but remained solid given the series history. Nevertheless, **stocks of finished goods** continued to fall as orders were fulfilled using inventories. Meanwhile, **business confidence** improved to a three-and-a-half year high.

On the price front, **input cost** inflation intensified amid reports of higher raw material prices. Meanwhile, strong client demand allowed some firms to offset these increases by raising their **charges**.

Finally, average **lead times** on inputs continued to lengthen.

Comment:

Alex Gill, Economist at IHS Markit which compiles the *Greece Manufacturing PMI*® survey, said:

“The latest PMI data continue to paint a positive picture of the Greek manufacturing sector, with the headline PMI signalling an improvement in business conditions for the fifth month in succession.

“Employment growth rebounded from last month’s slowdown to one of the fastest in the survey’s 18-and-a-half year history, buoyed by a robust degree of business confidence, itself likely to play a key role in any future sustained recovery. Optimism was indicative of strong demand conditions both at home and abroad, with new export orders rebounding from September’s contraction to increase at the sharpest pace in 14 months.

“There was, however, a notable slowdown in output growth, which poses a slight cause for concern going forward. That said, given the positive trends evident elsewhere in the survey data, the sector looks well-placed to close out 2017 on a positive note.”

-Ends-

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Note to Editors:

The Greece Manufacturing PMI[®] (*Purchasing Managers' Index*[®]) is produced by IHS Markit. 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 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.

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.

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