

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

New orders rise at fastest pace in five months

Key findings:

- Sharper growth of output, new orders and employment
- Firms reduce charges despite faster cost inflation
- Further falls in stocks of both purchases and finished goods

Data collected September 12-23

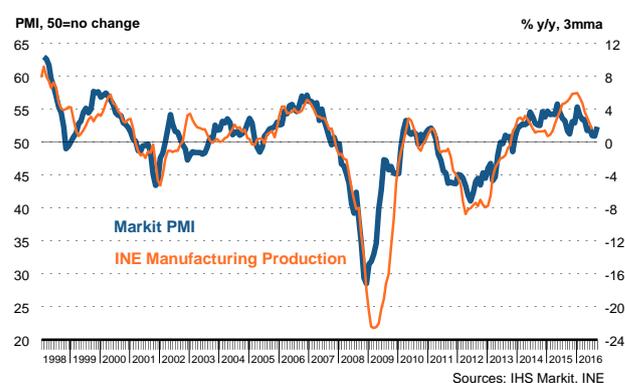
September saw growth momentum in the Spanish manufacturing sector recover somewhat as output, new orders and employment all rose at sharper rates than in August. Firms continued to display a preference for stock reduction, however. On the price front, the rate of cost inflation picked up but competitive pressures meant that output prices were reduced marginally.

The headline Markit Spain Manufacturing PMI® 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 rose to 52.3 in September, up from 51.0 in August and the highest since April. The reading signalled a solid monthly improvement in the health of the sector. Business conditions have now strengthened in each of the past 34 months.

New orders increased for the second successive month in September following a fall in July. Moreover, the rate of expansion was solid and the fastest since April. Panellists reported higher new orders from both domestic and export clients. New business from abroad also rose at a sharper pace during the month.

Markit Spain Manufacturing PMI v Official data



Growth of new work encouraged manufacturers to increase production, which they did for the thirty-fourth month running. After having slowed in each of the previous two months, the rate of expansion ticked up in September.

Higher new orders also contributed to a rise in outstanding business, while work on new products was also mentioned by those firms seeing a build-up of backlogs.

The rate of job creation rebounded in September after having eased to a 27-month low in August. Employment rose at intermediate and investment goods firms, but fell in the consumer goods sector.

On a less positive note, manufacturers reduced both their stocks of purchases and finished goods during the month. The fall in post-production inventories was the sharpest since last October.

Stocks of purchases decreased despite a second consecutive monthly rise in input buying, with firms linking this to higher production requirements. That said, the rate of expansion remained modest.

The rate of input cost inflation hit a 14-month high amid rising prices for items such as steel and food.

That said, the latest increase was still relatively modest. Competitive pressures and fragile demand led manufacturers to lower their output prices marginally, ending a two-month sequence of inflation.

Finally, suppliers' delivery times lengthened amid reports of stock shortages at vendors.

Comment

Commenting on the PMI data, Andrew Harker, Senior Economist at IHS Markit said:

"The nascent recovery in new orders in the Spanish manufacturing sector continued in September, breathing life back into the sector and hopefully

signalling an end to the recent soft patch. Firms responded by increasing both output and employment at faster rates than in August. Less positive were signs that manufacturers are reluctant to hold stocks at present, suggesting that they would like to see some more sustained new order growth before becoming more confident about the near-term outlook."

-Ends-

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Note to Editors:

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

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@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 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/product/pmi.

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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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