PMI® By IHS Markit

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 09:15 (Madrid) / 07:15 (UTC) August 3rd 2017

IHS Markit Spain Services PMI®

Growth of activity remains elevated in July

Key findings:

- Further sharp rises in activity and new business
- New order growth results in strongest increase in backlogs for two years
- Employment rises solidly again

Data collected July 12-26

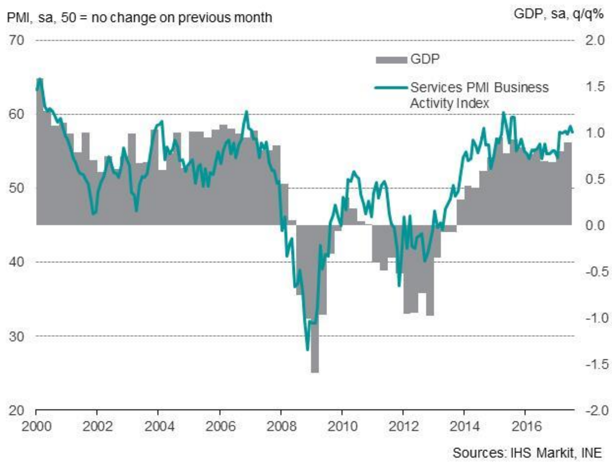
The strong growth seen in the Spanish service sector over the first half of the year was maintained in July, with rates of expansion in output and new orders only slightly weaker than in June. Ongoing rises in new business led to pressure on operating capacity and the strongest accumulation of backlogs for two years. As a result, companies continued to increase their staffing levels.

The headline seasonally adjusted Business Activity Index dipped to 57.6 in July from 58.3 in June. The reading signalled a further sharp monthly increase in activity across the sector. Output has now risen in 45 successive months, with the current spell of elevated growth having been evident since February.

The Financial Intermediation sector was a strong performer in the latest survey period, seeing the fastest rises in activity and employment and one of the sharpest expansions in new business. Growth of activity was recorded across all monitored sectors.

Reports from panellists suggested that strengthening demand was behind the increase in business activity, with firms linking this to improving economic conditions and noting a greater willingness among clients to commit to new projects.

IHS Markit Spain Services PMI v Official data



New orders rose substantially during July, with the rate of growth only slightly weaker than June's 22-month high.

Marked rises in new business imparted pressure on capacity at services companies, thereby resulting in a sixth consecutive monthly accumulation of backlogs of work. Moreover, the latest rise was the fastest since July 2015.

Companies reacted to increases in workloads by taking on extra staff, the thirty-fourth successive month in which this has been the case. The rate of job creation remained solid, despite easing from the previous month. The only sector to record a reduction in employment was Post & Telecommunications.

Higher staff costs contributed to a further increase in input prices. There were also reports that stronger demand led suppliers to raise their charges. The rate of cost inflation eased from June, but was broadly in line with the series average.

Output prices increased for the ninth month running in July, albeit modestly. According to respondents, improving client demand supported an increase in pricing power.

Service providers remained confident regarding the prospects for growth of activity over the coming year, despite sentiment dipping to the lowest in 2017 so far. Improving economic conditions and investment in commercial teams were the main sources of optimism, with 46% of panellists forecasting an expansion in activity.

Comment

Commenting on the PMI data, Andrew Harker, Associate Director at IHS Markit said:

"The Spanish service sector began the second half of 2017 as it ended the first, seeing strong rises in activity, new orders and employment. The rate of expansion in output has been at a similarly elevated level since February, with little sign of an imminent slowdown at present.

"Last week's Q2 GDP data showed a quarterly rise of 0.9%, in line with the PMI figures. The Spanish economy, therefore, remains one of the better performers in the eurozone, something that looks set to continue based on these PMI readings."

-Ends-

For further information, please contact:

IHS Markit
Andrew Harker, Associate Director
Telephone +44-1491-461-016
Email andrew.harker@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44-207-260-2234
E-mail joanna.vickers@ihsmarkit.com

Note to Editors:

The Spain Services *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 Spanish service sector.

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 *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 IHS Markit (www.ihsmarkit.com)
IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

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.

About AERCE
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).

AERCE
BARCELONA
Rambla Cataluña 120, 1º 1ª
08008 Barcelona - Spain
MADRID
Paseo de la Castellana 121, 7º D
28046 Madrid - Spain
Tel: +34 934 510 960

e-mail: info@aerce.org
website: www.aerce.org

In conjunction with

aerce