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IHS MARKIT GREECE MANUFACTURING PMI®

Output continues to rise solidly in September

KEY FINDINGS

Production and new order growth sustained

Input price inflation softens to five-month low

Business confidence one of highest since July 2012

September survey data signalled a solid performance across the Greek manufacturing sector. The headline PMI was broadly in line with those seen in recent months and overall growth was supported by sustained rises in output and new orders. Greater production requirements drove employment and purchasing upturns, but a faster increase in production compared to that of new business led to a further fall in backlogs. Meanwhile, the rate of input price inflation softened for the third successive month. Charge inflation, however, accelerated to a moderate pace.

The seasonally adjusted IHS Markit Greece Manufacturing Purchasing Managers' Index® (PMI®) – a composite indicator designed to measure the performance of the manufacturing economy – registered 53.6 in September, down slightly from 53.9 in August. The latest data indicated a solid improvement in the health of the Greek goods-producing sector. Although the rate of growth was down on those seen earlier in the year, it was well above the average for 2017.

The expansion in output levels remained solid in September, with manufacturing firms in Greece stating the increase was driven by stronger client demand. Although broadly in line with rates of growth seen in recent months, the pace of the upturn eased to a five-month low.

New business growth also remained solid, and September data indicated an extension to the current sequence of expansion that began in August 2017. Anecdotal evidence commonly linked the rise to robust foreign and domestic client demand. Moreover, the rate of new export order

Manufacturing PMI
sa, >50 = improvement since previous month



growth was strong and well above the series trend.

On the price front, the rate of input cost inflation softened further from June's recent peak and dipped to a five-month low. The pace of increase was sharp nonetheless, with panellists linking the rise to higher raw material costs. Notable increases were among prices for metals and wood products.

Output charges increased for the ninth consecutive month, with the rate of inflation accelerating to a moderate pace. Anecdotal evidence stated that greater cost burdens were partly passed on to clients.

A sustained rise in new orders was reflected in a strong upturn in purchasing and a solid rate of job creation among manufacturers. Meanwhile, a further deterioration in supplier delivery times was reported.

In line with a faster upturn in output compared to that of new orders, the level of outstanding business declined at a solid rate in September. Furthermore, the rate of decrease was the fastest in 2018 so far.

Finally, the outlook for output over the coming 12 months was strongly optimistic in September. Manufacturing firms were buoyed by robust client demand, and the level of positive sentiment was one of the highest since the series began in July 2012.

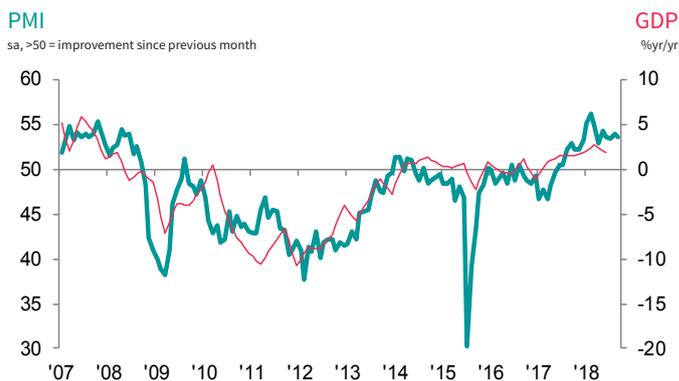
COMMENT

Siân Jones at IHS Markit, which compiles the Greece Manufacturing PMI survey, commented:

“September survey data indicated a further solid manufacturing performance in Greece, with overall growth becoming more consistent. The upturn in new orders was driven by stronger foreign and domestic demand, each of which buoyed business confidence.

"Pressure on profit margins was partially alleviated as input cost inflation softened and the rate of output change increases accelerated. Panellists commonly stated concerns surrounding higher metals and wood product prices.

"Although rates of expansion have eased from the start of 2018, upturns in production, employment and purchasing have become more stable and remain well above their series trends."



Source: IHS Markit, National Statistical Service of Greece.

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Methodology

The IHS Markit Greece Manufacturing PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 300 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index® (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

September 2018 data were collected 12-21 September 2018.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

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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 [ihsmarkit.com/products/pmi.html](https://www.ihsmarkit.com/products/pmi.html).