

News Release

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S&P Global Greece Manufacturing PMI[®]

Deterioration in Greek manufacturing conditions eases in January

Key findings

New orders decline softens to marginal pace

Slowest rise in cost burdens since October 2020

Renewed drop in employment

Greek manufacturing firms indicated only a marginal decline in the health of the sector at the start of the year, according to the latest PMI[®] data from S&P Global. The overall downturn reflected a further contraction in new orders, albeit one that was much softer than that seen in December, as production levels were broadly unchanged.

Domestic and external demand conditions remained weak, but there were signs of improvement in January. Nonetheless, a sharp contraction in backlogs of work partly led firms to reduce their workforce numbers for the fifth time in six months. Meanwhile, stocks of purchases and finished goods fell at steeper rates amid lower new order inflows and sparse input buying.

At the same time, cost inflation eased. The rate of increase in input prices was the slowest since October 2020. That said, the pace of output charge inflation matched that seen in December and was well above the series trend as firms sought to pass-through costs to customers.

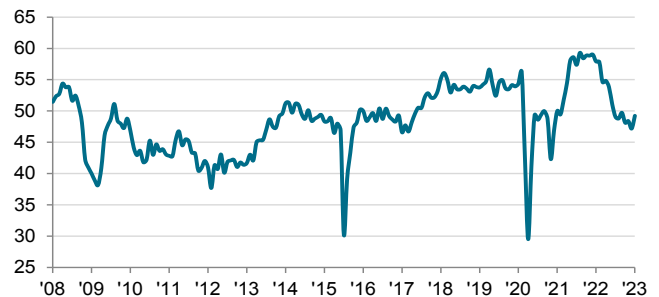
The seasonally adjusted S&P Global Greece Manufacturing Purchasing Managers' Index[®] (PMI[®]) posted 49.2 in January, up from 47.2 in December. The latest data signalled only a marginal deterioration in operating conditions across the Greek manufacturing sector, and the slowest decline since last September.

Output levels at Greek manufacturers were broadly unchanged in the opening month of 2023. The move towards stabilisation in production followed a seven-month sequence of decline. Some firms noted that weak demand conditions and lower customer spending continued to weigh on output. However, others mentioned some positive developments in client demand.

Nonetheless, new orders inflows fell further in January. New sales decreased for an eighth successive month amid pressure on customer purchasing power following hikes in prices. The rate of contraction eased notably, however, and

Greece Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global.

Data were collected 12-24 January 2023.

Comment

Siân Jones, Senior Economist at S&P Global Market Intelligence, said:

"Greek manufacturers started 2023 on a muted note. Although output was broadly unchanged, contractions in new orders and foreign client demand remained. Encouragingly, however, the rate of decline in new sales eased notably and was only marginal overall.

"More positive signs with relation to demand developments were not reflected in hiring, as firms signalled a renewed fall in employment. Reductions to workforce numbers were largely in response to subdued production requirements, as backlogs fell sharply once again.

"At the same time, cost pressures eased further, as weak input demand limited vendors' scope for price hikes. Despite a moderation in costs faced by firms, selling prices rose at another steep pace. Although the joint-slowest since February 2021, the rate of increase in charges was well above the series trend. S&P Global Market Intelligence currently expect Greek consumer price inflation (CPI) to soften to 4.0% in 2023."

was only marginal overall. Similarly, the decrease in new export orders also slowed markedly.

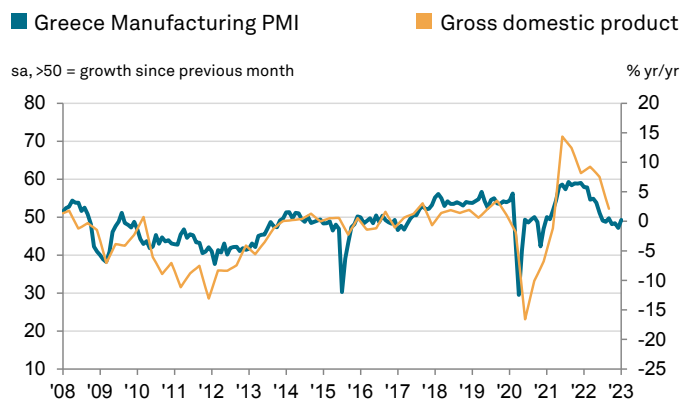
On the price front, cost burdens faced by Greek goods producers rose at a softer rate in January. The pace of cost inflation was the slowest since October 2020. Although firms continued to highlight hikes in material and energy prices, some mentioned that subdued demand for inputs weighed on vendor price increases.

The rate of charge inflation matched that seen in December, however, and was sharp overall. Higher selling prices were attributed to the pass-through of greater costs to clients. Despite being quicker than the series trend rate, the pace of increase was the joint-slowest since February 2021.

Amid lower new order inflows, Greek manufacturers recorded the fastest fall in backlogs of work since November 2020. In response to reduced production requirements, firms cut employment. The rate of job shedding was only fractional, however.

Bringing to an end an eight-month sequence of contraction, Greek manufacturing firms registered broadly unchanged input buying in January. Some companies mentioned efforts to replenish stocks of purchases, which fell at the quickest rate since last July. Meanwhile, post-production inventories dropped at a solid pace.

Finally, output expectations at Greek goods producers remained upbeat at the start of the year. Business confidence reportedly stemmed from hopes of stronger client demand.



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Survey methodology

The S&P Global Greece Manufacturing PMI® is compiled by S&P Global 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. Data collection began in May 1999.

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.

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

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