

NEWS RELEASE
MARKET SENSITIVE INFORMATION
Embargoed until 0915 CEST (0715 UTC) 5 August 2024

HCOB Spain Services PMI®

Growth sustained, but at weaker pace in July

Key findings:

- Concurrent slowdowns in activity and new business growth
- Further rise in employment in response to higher workloads
- Confidence slips to six-month low

Data were collected 11-26 July 2024.

Spain's service sector continued to expand during July at a solid, but weaker pace. This was linked to a similar slowdown in new business gains. Nonetheless, firms continued to report a high level of market demand, and with backlogs of work rising again, they took on extra staff for a twenty-second successive month. This helped to drive typical salary costs higher, which was a key driver of another above trend rise in input prices. Confidence in the future was positive, despite easing to a six-month low.

The headline index from the survey, the **HCOB Spain Services PMI® Business Activity Index**, posted 53.9 in July. That was down from 56.8 in June, to signal the slowest rate of expansion since January. Nonetheless, activity has now risen consecutively in each month since last September and growth remained above its historical trend level in July.

Panellists continued to link higher activity to an increase in new order volumes. Like activity, growth was softer than in June, dropping to a six-month low. Panellists generally reported that market conditions nonetheless remained positive, both from domestic and international clients. Latest data showed that new export business again rose solidly, and at a rate of growth that was similar to June's 14-month high.

The rise in new business was sufficiently strong to test capacity, as evidenced by an increase in backlogs of work for a seventh successive month. Work outstanding overall rose at a solid and accelerated pace. And with workloads increasing, firms took on extra staff in line with a trend that stretches back to October 2022. Growth was solid, despite easing to its lowest since February.

Higher employment levels served to raise typical salary costs during July, which were the principal driver of an overall increase in operating expenses. Input price inflation picked up since June and remained above its historical average. There were some reports that transportation-related services had risen in price and added to firms' cost burdens.

In response, several firms sought to raise their own charges as they took advantage of positive market conditions. That said, the rate of inflation was down since June, dropping to its lowest level since last September.

Finally, service providers retain a high degree of confidence that activity will be higher in 12 months' time. Planned marketing campaigns and hopes of greater stability in the macroeconomic environment were seen as sources of growth. However, some firms are concerned that it will be hard to maintain activity at its present level. Confidence overall subsequently fell to its lowest level since January.

Comment

Commenting on the PMI data, Jonas Feldhusen, Junior Economist at Hamburg Commercial Bank, said:

"Spain's economy is continuing to outperform the eurozone. The good news first: Spain's economy once again exceeded expectations in the second quarter, with a growth rate of 0.8% QoQ. Currently, we in Germany can only dream of such a figure. While the European Championship match between Germany and Spain was very close, economically, the countries are currently playing in different leagues. Germany is simply unable to break out of stagnation, primarily due to the weak industrial sector, with private consumption also falling short of expectations. Spain, on the other hand, still continues to benefit from catch-up effects in the tourism sector. However, looking at the HCOB PMI, growth in Spain may slow somewhat in the third quarter. In line with developments in the manufacturing sector, sentiment among Spain's service providers is also slightly dampening. Although growth continued in July, it slowed significantly. The Business Activity HCOB PMI fell by almost 3 points to 53.9."

"Spain's service sector will grow slower in the third quarter. According to the latest PMI figures, the growth rate in Spain's service sector has decelerated in July. Despite persistently positive market conditions, activity and demand are showing a slight cooling. Anecdotal evidence indicates that revenue growth is primarily driven by still strong foreign demand. Due to the currently high workload resulting from demand and increasing backlogs, companies continue to seek to expand their workforce. This ongoing trend has direct impacts on inflation, as wages are cited by companies as one of the main factors for rising operating costs."

-Ends-

HCOB Spain Services PMI Business Activity Index

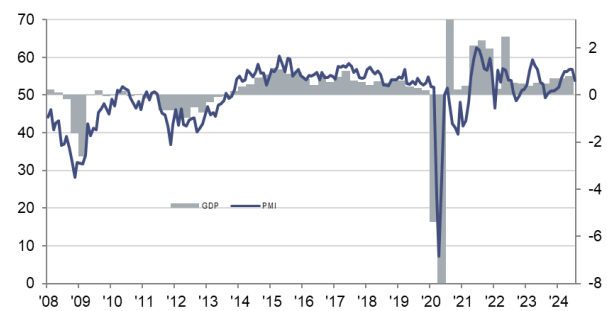
sa, >50 = growth since previous month



Sources: HCOB, S&P Global PMI.

Services PMI Output Index

sa, >50 = growth since previous month



Sources: HCOB, S&P Global PMI, INE via S&P Global Market Intelligence.

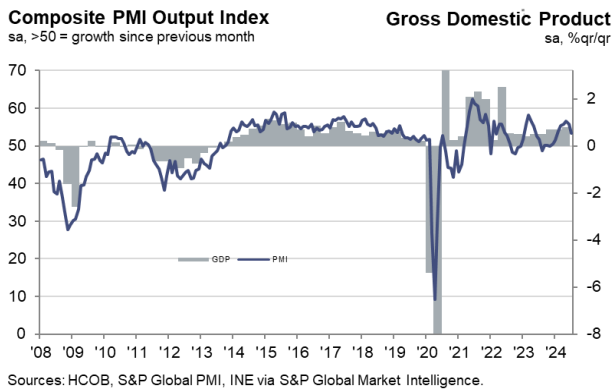
HCOB Spain Composite PMI[®]

Private sector growth softens to lowest level since January

July's survey data indicated the continuation of private sector growth. After accounting for seasonal factors, the **HCOB Spain Composite PMI[®] Output Index** posted 53.4, down from 55.8 in the previous month. Although extending the current period of expansion to eight months, it was the slowest increase in activity since the start of 2024. Slower expansions were seen across the manufacturing and service sectors.

A slight drop in new orders at manufacturers and slower sales growth in services meant overall new business rose to the weakest extent in six months in July. Similarly, employment growth softened despite a stronger rise in work outstanding. Confidence in the outlook hit its lowest level since the end of 2023.

Meanwhile, input price inflation remained elevated, driven by sharper cost rises in services. Output charge inflation however dropped to an eight-month low.



Contact

Hamburg Commercial Bank AG

Jonas Feldhusen
Junior Economist
T: +49-151-2294-2945
jonas.feldhusen@hcob-bank.com

Katrin Steinbacher
Head of Press Office
Senior Vice President
T: +49-40-3333-11130
katrin.steinbacher@hcob-bank.com

S&P Global Market Intelligence

Paul Smith
Economics Director
T: +44-1491-461-038
paul.smith2@spglobal.com

Sabrina Mayeen
Corporate Communications
T: +44-796-744-7030
sabrina.mayeen@spglobal.com

Note to Editors

The HCOB Spain Services PMI[®] is compiled by S&P Global from responses to questionnaires sent to a panel of around 350 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in August 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 Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

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@spglobal.com.

Hamburg Commercial Bank AG

Hamburg Commercial Bank (HCOB) is a private commercial bank and specialist financier headquartered in Hamburg, Germany. The bank offers its clients a high level of structuring expertise in the financing of commercial real estate projects with a focus on Germany as well as neighboring European countries. It also has a strong market position in international shipping. The bank is one of the pioneers in European-wide project financing for renewable energies and is also involved in the expansion of digital and other areas of important infrastructure. HCOB offers individual financing solutions for international corporate clients as well as a focused corporate client business in Germany. The bank's portfolio is completed by digital products and services facilitating reliable, timely domestic and international payment transactions as well as for trade finance.

Hamburg Commercial Bank aligns its activities with established ESG (Environment, Social, and Governance) criteria and has anchored sustainability aspects in its business model. It supports its clients in their transition to a more sustainable future.

The bank's specialists are as experienced as they are pragmatic. They act in a reliable manner and at eye level with their customers. They provide in-depth advice in order to jointly find efficient solutions that are a perfect fit – for complex projects in particular. Tailor-made financing, a high level of structuring and syndication expertise and many years of experience are just as much a hallmark of the bank as are our profound market and sector expertise.

S&P Global (NYSE: SPGI)

S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

S&P Global is a registered trademark of S&P Global Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2024 S&P Global Ltd. All rights reserved. www.spglobal.com

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).

Email: info@aerce.org. Website: www.aerce.org.

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. www.spglobal.com/marketintelligence/en/mi/products/pmi.html.

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, [click here](#).

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.