

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Spain Services PMI®

Spanish service sector expands at slower pace in April

Key findings:

Weaker gains in both activity and new work recorded
Confidence in outlook at lowest since last November
Employment growth sustained

Data were collected 09-25 April 2025.

Spain's services economy continued to expand during April. However, growth rates for both activity and new business softened amid reports of an increasingly challenging business environment. Associated worries over tariffs and broader market uncertainty weighed on expectations, which were their lowest since last November.

Nonetheless, new business growth remained sufficiently strong to encourage a further rise in employment amid evidence of ongoing capacity pressures. Staff costs and higher supplier prices were reported to have again pushed up operating expenses noticeably. Average charges were increased in response.

The headline index from the survey, the **HCOB Spain Services PMI® Business Activity Index**, recorded 53.4 in April, down from 54.7 in March. That was the lowest reading since last November, although the index remained comfortably above its historical trend level and has now signalled continuous growth for 20 months.

The slower expansion of activity was accompanied by a weakening of new business growth, also to its lowest since last November. Some panellists noted that the business environment was more challenging when compared to earlier in the year, and this served to limit new business gains. This was especially the case for foreign sales, which rose only fractionally and to the slowest degree in three months.

Nonetheless, overall new work has now risen for seventeen successive months and remained sufficiently strong to encourage further employment gains in April. This also partly reflected ongoing capacity pressures, as evidenced by another increase in backlogs of work at service providers. That said, the increase in backlogs was relatively modest, whilst employment growth was the weakest of the year so far.

Higher staffing levels occurred at the same time as a rise in typical salary payments. These contributed to another notable increase in overall operating expenses during April. Panellists also reported higher supplier charges, often linked by service providers to tariffs. The overall impact was another substantial and above average increase in input costs (albeit the slowest in five months).

In response, firms continued to increase their own selling prices. April's survey indicated that average charges rose markedly although, in line with slower input cost inflation, to the weakest degree since February. Charges have nonetheless now risen on a consecutive basis for just over four years.

Finally, looking ahead to the coming 12 months, Spanish service providers were confident overall that activity will rise from present levels. Confidence was linked to expectations that commercial activities and the start of new projects will both

contribute to growth in the year ahead. However, sentiment was at its lowest level since last November. This was linked to worries over the impact of US trade policy and tariffs on economic activity.

Comment

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

“In April, business activity growth in Spain's private sector slightly slowed according to the HCOB Composite PMI. While growth in the services sector weakened, production in the manufacturing sector declined. This trend is also reflected in the order situation: service providers recorded slower order growth, while orders in the manufacturing sector decreased.

“Service providers report a more challenging work environment. This is not surprising, given the increasing tensions in international markets – keywords: trade frictions – which led to postponed or cancelled consumption and investment decisions. Despite the slight slowdown, business activity and order levels remain in the growth zone.

“Operating costs for Spanish service providers remain high, despite the current slight slowdown. Anecdotal evidence suggests that trade tariffs have already had initial impacts on supply chains, leading to input price increases. Additionally, wage increases continue to be a significant driver of prices. As a result of rising input costs, companies are passing these costs on to their customers.

“Spanish service providers remain optimistic about the future, even though the corresponding index recorded a decline this month, falling to the lowest level of the year. This is mainly due to the uncertainty arising from US tariffs and their effects on the international trade network. However, this has no immediate impact on Spanish workers. Given the continued growth in orders and increasing backlogs, service providers added to their workforces.”

-Ends-

HCOB Spain Services PMI Business Activity Index

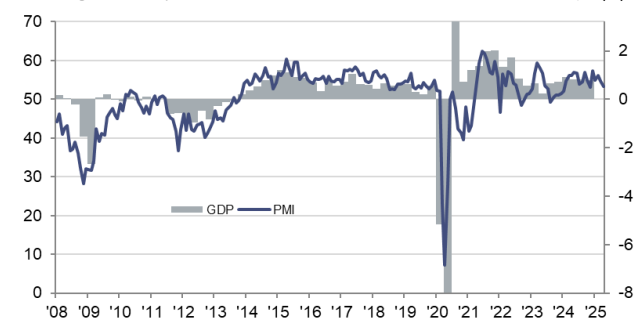
sa, >50 = growth since previous month



Sources: HCOB, S&P Global PMI.

Services PMI Business Activity Index

sa, >50 = growth since previous month



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

HCOB Spain Composite PMI[®]

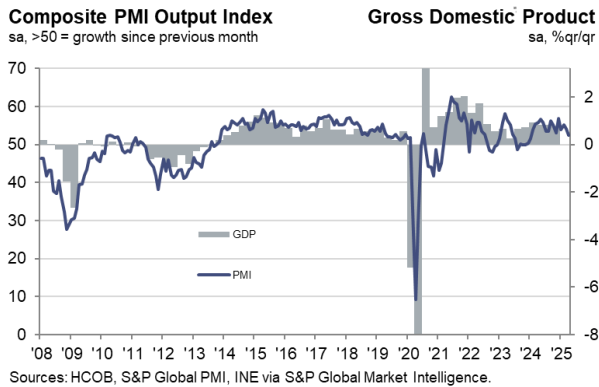
Private sector growth softens as manufacturing production contracts

Private sector economic activity in Spain continued to increase during April, although growth retained its recent downward trend, dropping to its lowest level since the start of 2024. This was signalled by the **HCOB Spain Composite PMI[®] Output Index** recording 52.5, compared to 54.0 in March. At the sub-sector level, slower service sector growth was registered, whilst manufacturing output fell for the first time since last August.

New orders for goods producers were notably lower in April, whilst service providers again recorded slower growth. Overall, private sector new work rose only modestly and to the weakest extent since January 2024.

Employment also increased at a slower, but still above average rate. Business expectations were at their weakest since last August.

On the price front, input costs rose sharply again, though to the weakest extent since last November. A similar trend was recorded for output charges.



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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

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

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