

# S&P Global Spain Manufacturing PMI<sup>®</sup>

## Middle East war leads to contraction of manufacturing sector in March

### March 2026

Heightened uncertainty results in decline of output, new orders and reduced confidence

Spike in inflation and supply chain disruption noted

Staffing levels and purchasing activity reduced

The conflict in the Middle East led to a downturn in Spain's manufacturing economy during March.

Against a backdrop of notable geopolitical uncertainty, supply-chain disruption, and rapidly rising prices for energy, fuel and inputs, manufacturers reported accelerated declines in output and new orders. Employment numbers dropped markedly, whilst uncertainty in the outlook resulted in a steep deterioration in manufacturing sector confidence.

Input price inflation meanwhile picked up to its highest level since late 2022, whilst delivery times for inputs deteriorated to the greatest degree in well over three years.

The seasonally adjusted S&P Spain Manufacturing Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>) – a composite index designed to provide a summary of operating conditions in the manufacturing economy – fell to 48.7 in March. That was down from 50.0 in February and marked the third time in the past four months that the PMI has posted below the crucial 50.0 no-change mark. It was also the weakest reading since April 2025.

A second successive monthly decline in manufacturing output was recorded in March. The fall in production was the fastest since December 2023, although with firms able to work on existing orders, the overall decline was relatively modest in nature and much weaker than the downturn seen for new work. Indeed, latest data showed a steep contraction in new orders and an even greater fall in international demand, with both measures recording their worst performance since last April.

Firms overwhelmingly linked the deterioration in overall and international sales to the conflict in the Middle East. Panellists commented on a heightened degree of uncertainty in product markets. This similarly led to a noticeable weakening in manufacturers' own assessment of the outlook, with sentiment about production in 12 months' time dropping substantially to hit its lowest level since October 2023.

Many firms signalled worries over a protracted global economic slowdown, in part triggered by a noticeable pick-up in inflationary pressures and supply-chain disruption. Latest

S&P Global Spain Manufacturing PMI  
Index, sa, >50 = improvement m/m



Data were collected 12-24 March 2026.  
Source: S&P Global PMI. ©2026 S&P Global.

### Comment

Paul Smith, Economics Director at S&P Global Market Intelligence:

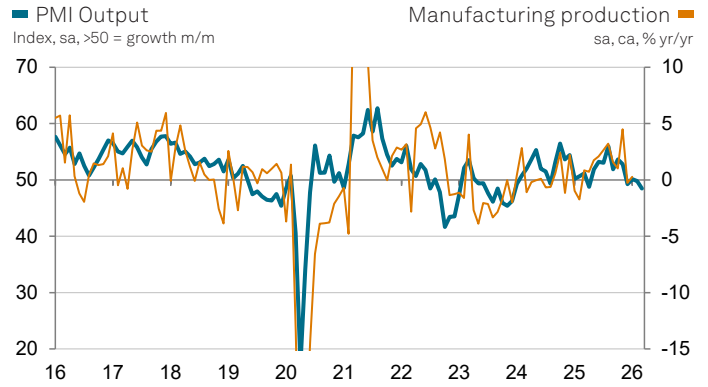
*"Spain's manufacturing economy returned to contraction territory during March as the Middle East war put pay to any hopes in February of a short-term improvement in performance. Output and new orders both fell, whilst confidence collapsed in the face of hostilities in the Middle East with firms extremely worried about the prospect of a prolonged global economic slump in the face of an energy-induced surge in inflation."*

*"Much of the outlook remains dependent on how the conflict now unfolds. A quick resolution would likely only mean a temporary setback for sector performance, but for the moment, business conditions have deteriorated noticeably. Alongside the slump in confidence, input cost inflation has accelerated rapidly and now stands at its highest level since late 2022. Not surprisingly, supply-chain disruption is also widespread, with input delivery times lengthening markedly. And firms are somewhat understandably responding to heightened uncertainty and falling order books by cutting jobs and lowering purchasing activity accordingly."*

data showed the immediate impact of the Middle East conflict on purchase prices, with energy, fuel and a wide range of goods reportedly rising in cost since February. Firms commented on volatility in global markets, and that suppliers were rapidly repricing their goods. Shortages at vendors, already present before the conflict began, noticeably increased. This was reflected by the steepest deterioration in vendor lead times since September 2022.

Input price inflation picked up to its highest level for nearly three-and-a-half years, and this prompted firms – where possible – to raise their own charges. Factory gate charge inflation subsequently picked up, rising to its highest level since February 2023.

With demand deteriorating and considerable volatility in input prices, firms chose to utilise existing inventories in production whilst also cutting their own purchasing activity. Staffing levels were also reduced as firms adapted their operations – generally through the non-replacement of leavers – to reduced production and sales requirements. The decline in employment was the steepest since October 2023.



Sources: S&P Global PMI, INE via S&P Global Market Intelligence. © 2026 S&P Global

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## Methodology

The S&P Global Spain Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in February 1998.

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@spglobal.com](mailto:economics@spglobal.com).

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