

# News Release

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## S&P Global Spain Services PMI®

### Spanish service sector gains considerable growth momentum in February

#### Key findings

Marked increases in activity and new business

Sustained and stronger employment growth

Rates of inflation strengthen on the month

The recovery of the Spanish service sector gained some considerable growth momentum in February as expansions in activity, new business and employment all picked up from January. Confidence for the future subsequently improved and was the joint-strongest in exactly a year amid hopes that the current upward trends in demand would continue. Rates of input price and output charge inflation, however, both strengthened on the month and remained historically sharp.

The headline seasonally adjusted Business Activity Index, which is based on a single question asking firms to comment on developments in their activity since the previous month registered in expansionary territory during February. The index posted at 56.7, up from 52.7 in January to signal a fourth consecutive improvement in Spanish service sector activity that was the best since last April.

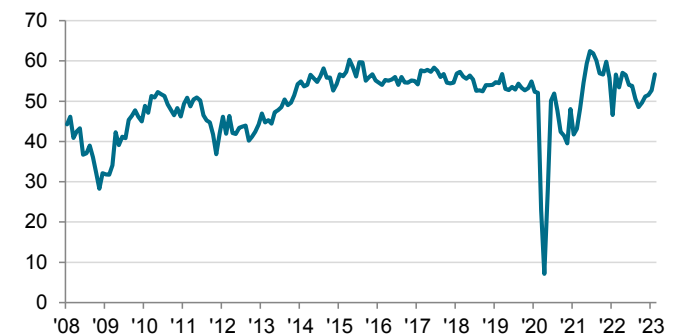
Panellists reported that firmer demand conditions underpinned the sharp uplift in business activity and February survey data also supported this notion. New business increased markedly midway through the first quarter of the year and at the strongest pace since November 2021. New export business, meanwhile, rose for the second month running amid reports of new clients being secured in foreign markets.

In response to improving demand and rising workloads, Spanish service providers added to their workforce numbers for the fifth consecutive month in February. Notably, the rate of job creation was solid and the most pronounced in seven months.

Despite recent employment growth, operating capacities were seemingly squeezed again in February. This was evidenced by a second consecutive monthly rise in backlogged work, and one that was the sharpest since last May. Anecdotal evidence suggested that greater inflows of new orders led to the most recent accumulation.

S&P Global Spain Services Business Activity Index

sa, >50 = growth since previous month



Source: S&P Global.

Data were collected 10-23 February 2023.

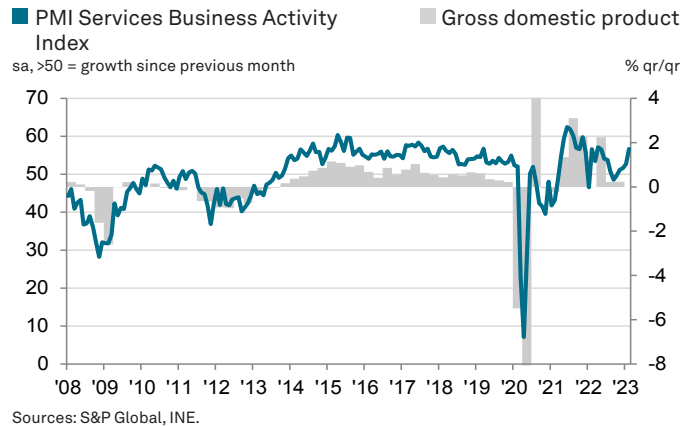
#### Comment

Laura Denman, Economist at S&P Global Market Intelligence, said:

*“The picture painted for Spain’s service sector improved markedly in February, according to latest PMI data. Expansions in activity and new business were sharp and the fastest in ten and 15 months, respectively, while employment growth was sustained for a fifth consecutive month. The central factor supporting the aforementioned survey developments was reportedly a sustained strengthening in demand conditions. However, it is difficult not to be wary about the longevity of the current sector trajectory as inflationary pressures remained elevated. Rates of input price and output charge inflation were again historically sharp in February and, although weaker than the survey highs recorded in March of last year, have shown only limited signs of easing. That said, firms maintained a strongly optimistic outlook for output over the coming 12 months, with the degree of confidence the joint-strongest in a year.”*

Spanish service providers remained upbeat about their forecasts for output over the coming year. In fact, the degree of confidence was the joint-strongest in a year and historically elevated. Optimism primarily stemmed from hopes for a continued improvement in client demand and generally better market conditions. Other factors contributing to positive sentiment included upcoming projects and plans for company expansions.

Rounding off the report on a more negative note, pricing pressures intensified midway through the first quarter of the year. Rates of both input price and output charge inflation strengthened on the month with the latter among the strongest on record. Rising energy and labour costs were reportedly principal drivers in higher operating expenses, which were subsequently passed through to customers.



## S&P Global Spain Composite PMI®

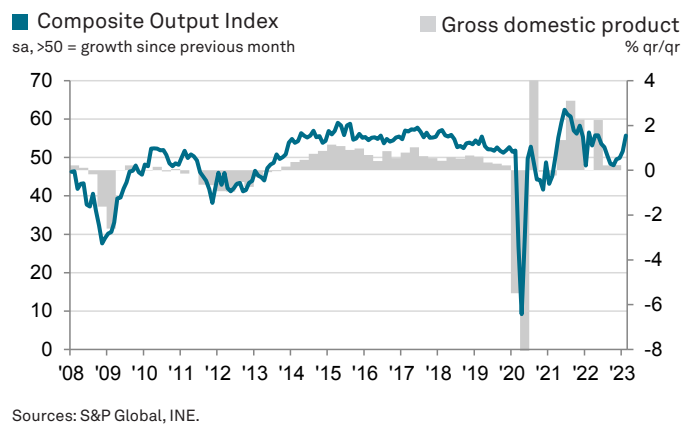
### Private sector growth joint-highest in a year

The Spain Composite PMI Output Index - which measures combined output in the manufacturing and services sectors - posted at 55.7 in February, up from 51.6 in January, the joint-strongest reading in a year. The upturn was supported by growth across both sectors. Manufacturing firms signalled a fresh and solid expansion in output volumes while service providers registered the quickest rise in activity since April last year.

In terms of demand, there was a noticeable uplift in total new business, underpinned by the sharpest increase in new orders in the service sector since November 2021. Meanwhile, order book volumes held by manufacturing firms fell for the ninth month in a row, albeit at a softer rate.

Private sector employment increased further in February and backlogs of work rose at the fastest pace since last May.

Cost pressures remained severe across Spain's private sector. Rates of both input price and output charge inflation both strengthened on the month with the latter climbing to a three-month high.



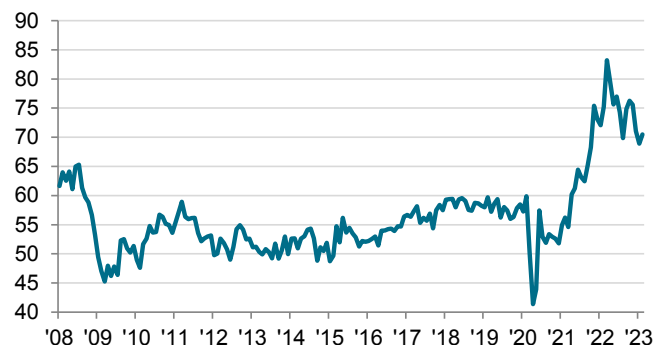
\*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

■ Manufacturing PMI Output Index  
■ Services PMI Business Activity Index  
 sa, >50 = growth since previous month



Source: S&P Global.

Spain Services PMI Input Prices Index  
 sa, >50 = inflation since previous month



Source: S&P Global.

### Survey methodology

The S&P Global 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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### About PMI

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### Contact

Laura Denman  
 Economist  
 S&P Global Market Intelligence  
 T: +44-134-432-7221  
[laura.denman@spglobal.com](mailto:laura.denman@spglobal.com)

Sabrina Mayeen  
 Corporate Communications  
 S&P Global  
 T: +44 (0) 7967 447030  
[sabrina.mayeen@spglobal.com](mailto:sabrina.mayeen@spglobal.com)

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### About AERCE

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AERCE is a member of the International Federation of Purchasing and Supply Management (IFPSM).

e-mail: [info@aerce.org](mailto:info@aerce.org)

website: [www.aerce.org](http://www.aerce.org)