

NEWS RELEASE
MARKET SENSITIVE INFORMATION
Embargoed until 0915 CET (0815 UTC) 5 March 2024

HCOB Spain Services PMI®

Strongest growth since May 2023

Key findings:

Activity and new work rise at stronger rates

Confidence in the future at two-year high

Jobs growth sustained, but costs rise at steeper pace

Data were collected 12-26 February 2024.

The Spanish service sector recorded a positive performance in February, with both activity and new business rising at their best rates since May 2023. With optimism about the future also improving noticeably to its highest level in two years, firms took on additional staff at a solid pace. However, this came at the cost of raising typical salary costs and therefore overall operating expenses. Latest data showed the strongest input price inflation for nine months. Firms responded by raising their own charges to the greatest degree in a year.

The headline **HCOB Spain Services PMI® Business Activity Index** remained above the crucial 50.0 no-change mark in February for a sixth month in a row. Moreover, by rising to 54.7, from 52.1 in January, the index signalled the strongest growth recorded by the survey since May 2023. It was also the third successive month that the index has signalled an improvement in the rate of expansion.

According to the latest anecdotal evidence, the upturn in activity was closely intertwined with a similar rise in new business. Firms commented on a notable improvement in demand for services during February. This resulted in a third successive monthly gain in new business that was the best for nine months. However, growth largely emanated from domestic sources: new export business declined in February for a seventh successive month, albeit at the weakest rate in this sequence. There were some reports of political and economic uncertainty weighing on foreign sales.

Firms are widely anticipating February's growth in new work and activity to be sustained. Overall confidence in the future strengthened sharply, picking up to a two-year high. There are hopes of an improvement in demand, and that the start-up of new projects will bolster sales. These positive forecasts fed through into hiring activity, with firms recording another monthly rise in employment. According to the latest data, growth was only a little lower than January's eight-month high. This helped firms to keep on top of workloads, with outstanding business up only slightly since last month.

Rising employment did however serve to push up average employment costs according to the latest data. Firms also in some cases noted difficulties in recruiting suitable personnel which added to upward pressure on wages. General supplier-price inflation was also noted, alongside increased energy and transportation costs. This meant that in February overall input costs rose to the greatest degree since May 2023.

Companies responded with their own price rises. Latest data showed that average output prices increased in February to thereby extend the current period of inflation to just under three years. Moreover, the degree to which charges rose was the steepest recorded by the survey for 12 months.

Comment

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

“Spain keeps building on the growth path. The HCOB PMI for the services sector has experienced an upward surge compared to the previous month. Analogous to the improvements in the manufacturing sector, the momentum in services also stems from increased domestic demand. It appears that Spain is currently undergoing a demand-driven upswing. Our HCOB Nowcast, which incorporates PMIs, anticipates robust first-quarter growth. This underscores Spain’s resilience, especially considering last year’s stable economic expansion. However, impulses from abroad remain restrained.

“Increased business activity bodes well for employees. In the current situation, companies are seeking to hire personnel to handle new orders and anticipate the upcoming increased activity. Certain companies are facing difficulties in locating appropriate staff, likely stemming from the restricted availability of skilled personnel.

“Unfortunately, the upswing also has its drawbacks, as seen in the price analysis. Input prices for companies are rising rapidly due to several factors. Employees are demanding higher wages due to increased inflation. Additionally, some companies report increased transportation and energy costs. The latter may be linked to the government ending the reduction of value-added tax on electricity bills in January. In this environment, companies are attempting to pass on the costs to customers. The associated prices charged index has once again grown at an accelerated pace, reaching a one-year high. We expect sticky inflation in Spain to persist in 2024.

“Spain’s service providers are optimistic for the future. Respondents expressed optimistic forecasts for demand, accompanied by expectations of reduced inflation and the realisation of new projects in 2024.”

-Ends-

HCOB Spain Services PMI Business Activity Index

sa, >50 = growth since previous month



Sources: HCOB, S&P Global PMI.

Services PMI Output Index

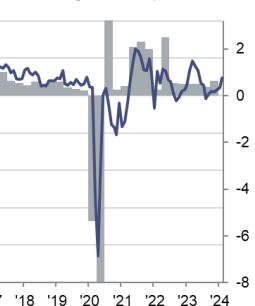
sa, >50 = growth since previous month



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

Composite PMI Output Index

sa, >50 = growth since previous month



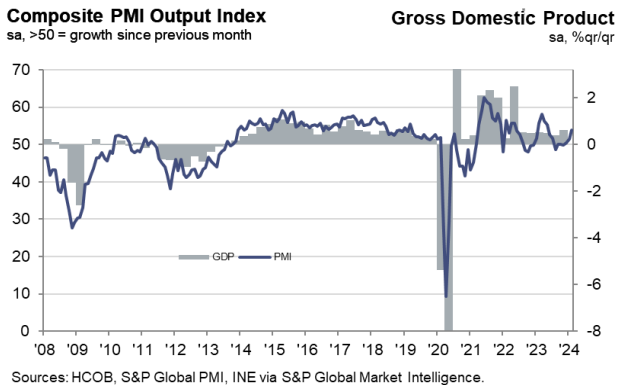
HCOB Spain Composite PMI[®]

Sharper growth of private sector signalled

Amid a return to growth of manufacturing output and an accelerated increase in services activity, the expansion of the Spanish private sector services economy improved in February. Overall, the HCOB Spain Composite PMI[®] Output Index posted 53.9, up from 51.5 in the previous month and its highest level since May 2023.

According to the latest data, similar trends were observed for new business volumes with the overall increase the best for nine months. Jobs growth was observed across the private sector economy, whilst capacity pressures were mildly apparent as backlogs rose slightly.

On the price front, operating costs increased at the fastest pace since April 2023, leading firms to increase their own charges to the steepest extent in a year. Confidence in the future jumped to its highest level for two years.



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.