

# News Release

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

### PMI signals broad stagnation of Spanish manufacturing sector

#### Key findings

Output up slightly, but new orders down again

Job losses signalled

Inflation rates maintain downward trend

The latest survey of Spanish manufacturers signalled a broad stagnation of operating conditions during August. Production rose very slightly, but order books were again lower and job losses were registered for a second successive month. Confidence about the future remained subdued, despite improving somewhat since July.

On the price front, the high cost of energy continued to permeate the prices of a whole range of other inputs, although the recent downward trends in both input and output price inflation were sustained.

The headline S&P Global Spain Manufacturing PMI – a composite single-figure indicator of manufacturing performance – registered 49.9 in August, up from July's 48.7. The latest reading, being close to the 50.0 no-change mark, signalled little difference in operating conditions compared to the previous month.

Expanded production capabilities through the deployment of new capital equipment was reported as a factor enabling some firms to bolster output during August, with a return to slight production growth signalled. However, production was constrained by another fall in new orders, the fifth in the past six months. There were reports that high inflation was continuing to erode the pricing power of clients, and both domestic and international demand declined (the latter highlighted by another marked reduction in new export orders).

With output up slightly but new orders falling further, stocks of finished goods rose modestly for the first time in three months. Firms also reported a rise in inventories of inputs following a slight decline during July, despite cutting their purchasing activity at the fastest rate for over two years. Levels of outstanding work were reduced again, although firms also lowered their staffing numbers on average for the second month in succession. Companies reported that a weak trend in new work had reduced workforce requirements.

Spain Manufacturing PMI  
sa, >50 = growth since previous month



Source: S&P Global.  
Data were collected 12-23 August 2022

#### Comment

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

*“Although the broad stagnation of the Spanish manufacturing sector was a relative improvement on July’s contraction, the latest survey again pointed to a challenging month for firms during August.”*

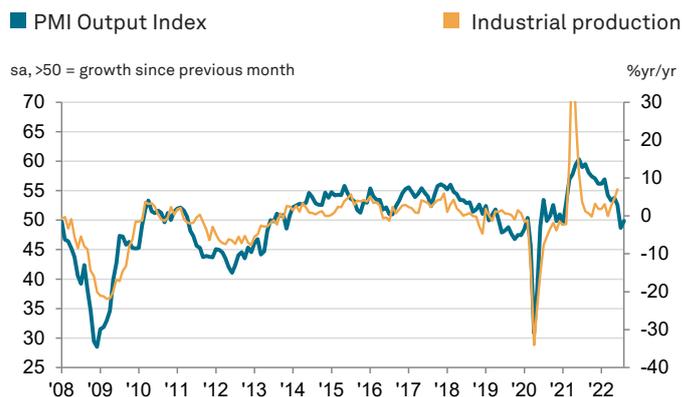
*“New orders were again noticeably down, and firms highlighted how high inflation is eroding client purchasing power and permeating a whole host of input costs. Although there will be some encouragement that cost and charge inflation remain on downward trajectories, the degree to which prices are rising remains extremely elevated.”*

*“Subsequently, inflation and the ongoing war in Ukraine are leading to market instabilities that are making for an extremely uncertain outlook. Confidence inevitably remains subdued and job losses were again recorded in August.”*

A relatively subdued sales outlook also weighed on employment during the month. Although bouncing quite noticeably since July, business confidence remained historically subdued amid ongoing worries over the adverse impact on economic activity of high inflation and the war in Ukraine.

Price pressures indeed remained elevated during August, with firms signalling that the high cost of energy was impacting them not only directly but also raising the price for a whole suite of inputs from suppliers. The rate of inflation did, however, maintain its recent downward trend, falling to the lowest since January 2021 and helping explain a similar slowdown in output price inflation (which was the softest in a year).

Lower price rises were in part linked to a reduced incidence of supply-side delays. Although lengthening further in August, the degree to which times deteriorated was the lowest recorded by the survey for two years.



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### Survey 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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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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).

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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. [ihsmarkit.com/products/pmi.html](http://ihsmarkit.com/products/pmi.html).