

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Spain Manufacturing PMI[®]

Solid rise in production underpins accelerated expansion of manufacturing sector in July

Key findings:

Best increase in new orders of 2025 so far

Uncertain outlook however weighs on sentiment

Supply side shortages lead to further cuts in inventories

Data were collected 10-24 July 2025

Operating conditions in Spain's manufacturing economy continued to steadily improve in July. Output rose to a solid degree, whilst sales strengthened for a second month in a row and to the greatest degree of the year so far. Job creation was sustained, although confidence in the outlook sank to its lowest level since April.

Moreover, vendor performance deteriorated again and, combined with a keenness amongst firms to utilise existing inventory, resulted in falls in both input stocks and buying activity. Price data showed a modest uptick in input costs as tariffs pushed up supplier charges.

The **HCOB Spain Manufacturing Purchasing Managers' Index™ (PMI[®])** – a composite index designed to provide a summary of operating conditions in the manufacturing economy – recorded 51.9 in July, up from June's 51.4. The solid improvement in operating conditions was the best of the year so far and represented a third successive month of growth.

Underpinning the PMI was another monthly increase in production, which was linked by firms to the start of new projects plus a rise in demand. Overall new orders increased modestly, but growth was the best recorded since the end of 2024. Latest data implied that international demand continued to limit overall gains in new work. Despite rising slightly and snapping a five-month run of contraction, the rate of growth in export sales was only marginal.

Uncertainty in global markets and the hard to predict outlook for the world economy, especially in relation to trade, meant confidence amongst manufacturers declined to a three-month low (and to a below trend level). Whilst there is some optimism that planned new product releases will help to support sales, geopolitical and macroeconomic uncertainty undermined confidence in the latest survey period.

Tariffs were reported as an inflationary factor in July with some suppliers reported to be using these as a reason to raise input prices. Total input price inflation was recorded for the first time in three months, although the overall increase was relatively modest compared to the survey average. Firms sought to pass these higher costs on to clients wherever possible, with output charges increasing, albeit only marginally, in July.

Stock shortages at vendors were also reported to have raised input prices, whilst also leading to lengthening delivery times. July's survey data showed that vendor performance, as measured through the lens of lead times, worsened to the greatest degree since January. That was despite a drop in purchasing activity, which declined overall for a sixth successive month – albeit to the weakest degree since March. Firms signalled a continued preference to use their existing stocks in production wherever possible, with latest data showing a second successive monthly decline during July.

Finally, capacity remained under pressure, as evidenced by a solid and accelerated increase in volumes of work outstanding. Firms responded by expanding labour capacity at plants. Latest data showed that jobs in the sector were added for a fifth successive month, with growth improving to its strongest since December 2024.

Comment

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

“The latest HCOB PMI data once again underscores the resilience of Spain’s manufacturing sector. The headline index improved for the third consecutive month, with key sub-indices also posting solid readings. This development aligns with the cyclical upswing recently captured in the HCOB Flash PMI survey for the Eurozone.

“At the outset of the second half of the year, order volumes have picked up both domestically and abroad, albeit only moderately in each case. Industrial production has now been expanding for three consecutive months and is likely to receive further support in the coming months from this improved demand environment. The recent agreement in the US–EU tariff negotiations should also contribute to short-term planning certainty for firms, although the erratic policy stance of the US administration continues to cast a shadow over trade-related predictability.

“Trends in employment and capacity utilization are consistent with the current growth trajectory. Backlogs of work have been building up in factories for three months now, while stocks of finished goods are declining. Nevertheless, firms have so far refrained from significantly increasing their purchases of intermediate goods, suggesting that existing inventories are still sufficient to support ongoing production growth. Overall, the picture is one of rising output, growing backlogs, falling inventories, and improving order books. This constellation is mirrored in a growing willingness among manufacturers to expand their workforce.

“Price dynamics shifted in July. After two consecutive months of declines in both input and output prices, both categories are now on the rise again. This is likely linked to tariff measures that are disrupting international supply chains and exerting upward pressure on prices. In line with this, delivery times for inputs are also lengthening. Survey respondents report that they are passing on at least part of the increased costs to end consumers through higher prices.”

-Ends-

HCOB Spain Manufacturing PMI

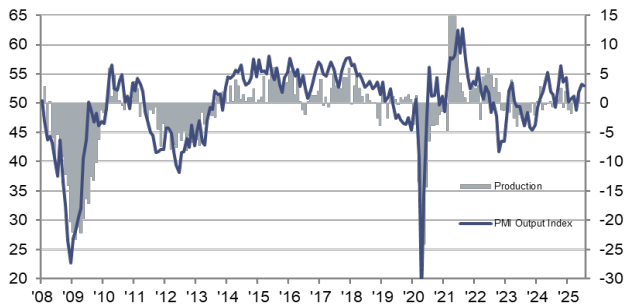
sa, >50 = improvement since previous month



Sources: HCOB, S&P Global PMI.

PMI Output Index

sa, >50 = improvement since previous month



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

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Note to Editors

The HCOB 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.

Hamburg Commercial Bank AG

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

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