

# News Release

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

### Sharp growth maintained during May

#### Key findings

Improved pandemic situation supports higher demand

Jobs added again as high workloads put firms under strain

Inflationary pressures remain considerable

The expansion of Spain's services economy was sustained during May, with both activity and new business rising for a fourth month in succession. Jobs were added at the sharpest rate in just under a year as capacity challenges mounted, whilst confidence about the future remained positive as firms eyed a further improvement of activity in a post-pandemic world.

However, cost pressures remained elevated, and the pass through of these higher costs to clients remained noticeable.

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 56.5 in May, down from 57.1 but still indicative of a strong rate of growth. The index has now posted above the 50.0 no-change mark for four months in a row.

Similarly, new business volumes continued to increase in May, with growth remaining healthy, albeit also down since April. Service providers spoke of a reactivation of market and tourist activity as pandemic related challenges dissipate. And this was driven by clients both at home and abroad: new export business rose for the first time in five months and at a solid pace.

The uplift in new work tested the capability of firms to meet these new demand requirements during May. Backlogs of work rose markedly again, expanding at the same rate as April's nine-month high. There were reports that supply-side shortages and delays in the delivery of goods were negatively impacting on firms' ability to satisfy sales in a timely manner.

This helped to drive an increase in staffing levels during May. Despite some reports of labour shortages, overall employment growth picked up to its highest level since June 2021.

However, hiring additional staff came at a cost in the form of higher wages being paid. Allied with increased energy,

S&P Global Spain Services Business Activity Index

sa, >50 = growth since previous month



Source: S&P Global.

Data were collected 12-26 May 2022.

#### Comment

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

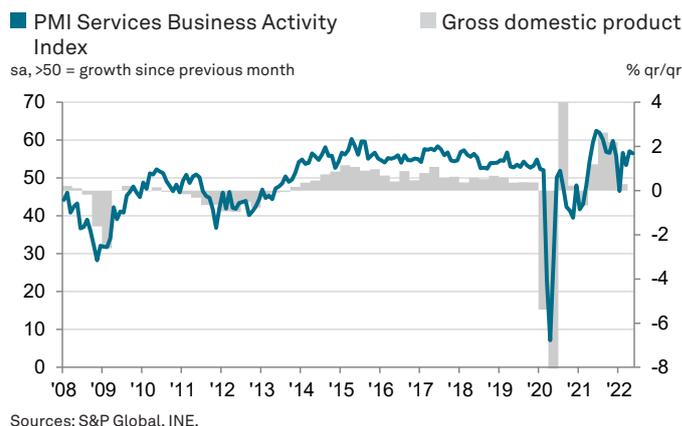
"May saw the continued expansion of the Spanish services economy as any market instabilities related to the war in Ukraine or high inflation were more than offset by the release of pent-up pandemic related demand. Moreover, sales wins were broad-based, with a welcome uplift in tourism-related business noted over the month.

"In a sign that a peak is being passed, inflation rates for both input and output prices were lower in May. But price pressures remain a concern, and second-round effects will be closely watched especially given reports of higher wages being paid and strong employment growth being sustained."

electricity and fuel prices, plus rising supplier charges in general, average operating expenses were again noticeably higher on a month-on-month basis. The pace of inflation did, however, drop noticeably and further away from March's survey record.

Many firms nonetheless felt they had little option but to pass on increased costs in the form of higher prices to their clients. Output charge inflation remained historically sharp despite also dropping a little further away from March's survey record.

Finally, inflation and supply-side delays remain primary threats to the sector heading into mid-year, and these factors continue to somewhat weigh on sentiment amongst service providers. That said, the recent positive trends in activity and new work, driven in the main by an improved pandemic situation, meant overall confidence was in May again firmly in positive territory.



## S&P Global Spain Composite PMI®

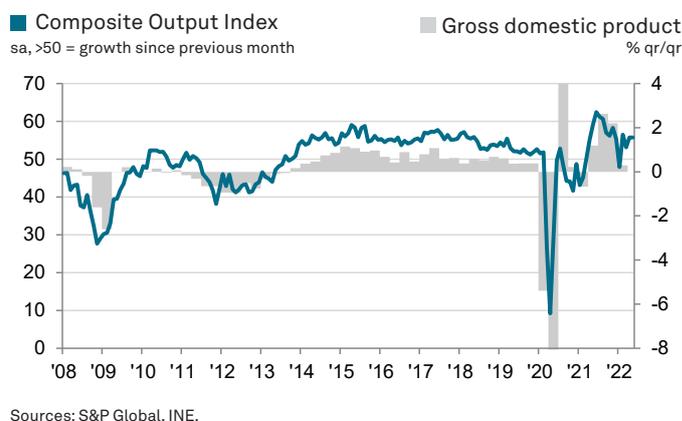
### Service sector drives overall growth again in May

Private sector growth in Spain was unchanged during May, with both manufacturers and service providers registering higher levels of output compared to April. The headline Composite Index posted 55.7 in May, indicative of a strong rate of growth.

However, output gains amongst goods producers once again lagged those seen in services. Moreover, manufacturers recorded no change in order books as global market instability, supply-side challenges and inflation continued to weigh more heavily on the demand for goods than services.

Cost inflation remained more elevated for manufacturers although, across both sectors, rates of increase were noticeably lower than in recent months.

Expectations remained in positive territory, whilst overall jobs growth was the best in three months. However, growth was again primarily driven by service providers.



\*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



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



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

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