News Release

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S&P Global Greece Manufacturing PMI®

Output contracts further amid decline in new orders and marked rises in prices

Key findings

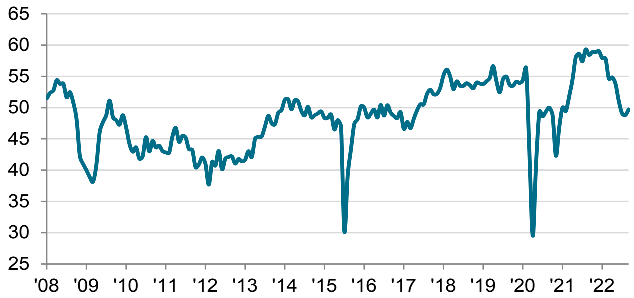
Production and new orders contract, but at softer rates

Inflationary pressures strengthen

Further decline in employment

Greece Manufacturing PMI

sa, >50 = growth since previous month



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

Operating conditions deteriorated across the Greek manufacturing sector in September, according to the latest PMI® data from S&P Global. The overall decline was only fractional, but driven by a solid falls in output and new orders. Domestic and foreign client demand weakened as hikes in selling prices dampened customer spending. At the same time, the rate of cost inflation picked up amid higher material and energy expenses. Firms sought to pass greater input prices on to their clients through another marked uptick in output charges.

Weak client demand also weighed on purchasing and hiring activity, as well as dampening firms' output expectations. Employment fell further amid a sharp decrease in backlogs of work.

The seasonally adjusted S&P Global Greece Manufacturing Purchasing Managers' Index® (PMI®) posted 49.7 in September, up from 48.8 in August to signal a third successive monthly decline in the health of the Greek manufacturing sector. The decline in operating conditions was only fractional overall, however, and eased from that seen in August.

Contributing to the overall decline was a further monthly decrease in production at the end of the third quarter. Greek manufacturers signalled a solid fall in output following a continued contraction in new orders. Lower production was linked to weak client demand and the impact of higher selling prices on customer purchasing.

September data indicated a strong fall in new orders at Greek goods producers, as new sales declined at a similar pace to that seen in August. Lower client demand was attributed to hikes in selling prices. The rate of contraction was quicker than the series average, but eased for the second month running.

At the same time, new export orders decreased again, and at a modest pace. Anecdotal evidence suggested that

Comment

Siân Jones, Senior Economist at S&P Global Market Intelligence, said:

"Greek manufacturers rounded off a challenging quarter by registering further declines in output and new orders in September. Although rates of contraction eased from August, client demand remained weak amid resurging inflationary pressures and the impact of hikes in energy and transport expenses on sales.

"Muted demand also meant that hiring and purchasing activity was reined in amid cost-cutting efforts and a fall in production requirements.

"Strain on customer spending was exacerbated by a faster rise in output charges, thereby ending a three-month period of softening price hikes. The pass-through of higher energy, transport and material costs, alongside interest rate increases, are upside inflationary risks which could exert further upward pressure on prices and act as a further drain on growth."

challenging economic conditions and strong inflationary pressures in key export markets, especially in Europe, hampered foreign sales.

Meanwhile, the rate of cost inflation quickened in September. Operating expenses increased following hikes in material, transport, energy and fuel prices. The pace of input price inflation was historically elevated despite being the second-slowest since the start of 2021.

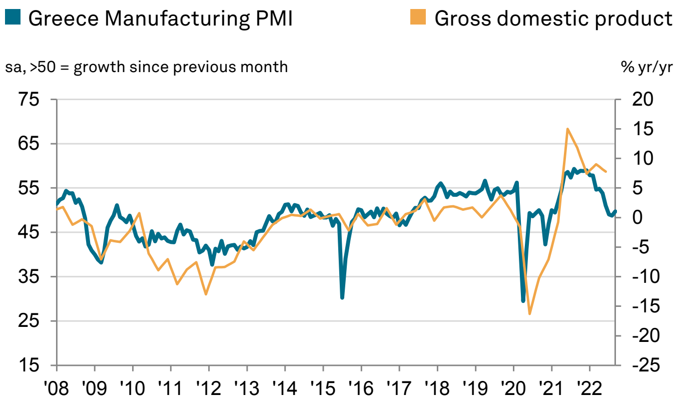
In response to higher cost burdens, Greek manufacturers increased their factory gate charges at a marked pace. Firms stated that greater input prices were passed through to customers, with the rate of charge inflation accelerating slightly from August.

In line with muted client demand and lower new orders, Greek goods producers registered a second successive monthly fall in employment. The decrease in workforce numbers was linked to lower production requirements, but was only marginal overall. Lower capacity requirements were reflected in a sharp drop in backlogs of work in September.

At the same time, manufacturing firms reined in their purchasing activity. Input buying fell at a solid pace amid a drop in new orders. The use of stocks to supplement production led to a further contraction in pre- production inventories.

Despite a decrease in demand for materials, vendor performance deteriorated markedly again as delivery delays persisted.

Finally, manufacturers remained confident of a rise in output over the coming 12 months in September. Although dipping slightly, optimism reportedly stemmed from hopes of greater client demand.



Sources: S&P Global, National Statistical Service of Greece.

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Survey methodology

The S&P Global Greece Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 300 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in May 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 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.

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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.