

NEWS RELEASE  
MARKET SENSITIVE INFORMATION  
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# HCOB Spain Manufacturing PMI<sup>®</sup>

## Noticeable acceleration of manufacturing sector growth signalled in May

### Key findings:

- Steeper gains in both output and new orders
- Fastest rise in employment for over two years
- Pick-up in price pressures signalled

Data were collected 10-23 May 2024.

Spain's manufacturing economy expanded at a marked and accelerated rate during May on the back of rapidly increasing production and new order levels. Purchasing activity was raised to a quicker degree as firms geared up for future growth. They also added to their staffing levels to the greatest degree for over two years. Capacity pressures nonetheless intensified, whilst there was a pick-up in input cost inflation as prices for goods like steel and paper rose. Output charges were subsequently increased for the first time since March 2023.

The headline **HCOB Spain Manufacturing Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>)** improved to a 26-month high of 54.0 in May (up from 52.2 in April). The latest PMI was therefore indicative of a marked rate of growth and has now signalled an improvement in operating conditions for four months in a row.

Central to the latest expansion of the manufacturing sector were concurrent rises in output and new orders. Rates of growth improved in each instance, reaching 27- and 30-month highs respectively. Panellists noted a more positive demand environment, with clients increasingly willing to commit to new business. Previous commercial activities also helped to drive new order growth. However, the upturn was predominately driven by the domestic market; new export orders increased, but at a noticeably slower pace than overall order books. Where exports did increase, Asia, Europe and South America were cited as areas of sales growth.

Manufacturers serviced higher production through an expansion of both purchasing activity and employment numbers in May. The rate of growth in buying activity was the best seen since February 2022 and in part reflected efforts to build up stock in anticipation of higher production (inventories of inputs rose modestly for a second month in row during May). Staffing levels meanwhile expanded solidly, and to the highest degree since February 2022. It was the fourth successive month that a rise in employment has been recorded, although this failed to prevent a noticeable pick-up in backlogs of work. Latest data showed that work outstanding rose at the fastest rate since the start of 2022.

Higher staffing numbers in May reflected increased current and expected production requirements. Indeed, forecasts for output remained positive in May, with confidence overall at a three-month high and comfortably above trend. Firms are hopeful of converting strong pipelines into actual new orders and are expected to experience a broader pick-up in sales. Planned commercial work should also help drive growth.

On the price front, there was evidence of a pick-up in inflationary pressures during May. Latest data showed that input cost inflation rose to its highest level for 15 months amid reports of a general rise in raw material prices. Steel and paper were amongst the goods most frequently mentioned to have increased in cost. The response by firms was to raise their own output charges. Significantly, May data marked the first time in 14 months that an overall increase in average prices charged has been recorded, although the pace of inflation was modest overall.

## Comment

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

*“Spain’s manufacturing sector has been improving continuously in 2024. In May, both incoming orders and production grew at an accelerated pace once again. The improvement in demand, which primarily came from the domestic market, pushed the HCOB PMI to a more than two-year high with an index value of 54.0. The economic upturn was mainly driven by the continued strong demand in the domestic market. Although export orders also recorded growth, this lagged behind the overall development of the order situation. In the regions where exports increased, Asia, Europe, and South America were identified as key drivers of sales growth.*

*“Spanish manufacturers are employing more staff. They responded to the increased production demand by significantly expanding purchasing activities and solidly increasing their workforce. This was evidenced by the fourth consecutive month of employment growth, although it failed to prevent a rise in backlogs of work. Current data shows that the backlogs of work increased at the fastest rate since the beginning of 2022.*

*“The price pressure in Spain’s manufacturing sector has resurged drastically in May. Input costs rose for the fourth month in a row, with surveyed companies particularly pointing to higher raw material prices. Although input costs were higher, companies were able to pass these additional costs onto end consumers, leading to the first rise in output prices for 14 months.*

*“Growth extends across all areas of the manufacturing sector. Particularly noteworthy is the intermediate goods sector, which positively surprised with a significant improvement in production and order levels. The investment goods sector also experienced accelerated growth. However, growth in the consumer goods sector, which had been the most stable in recent months, is slowing somewhat due to rising cost pressures.”*

-Ends-

**HCOB Spain Manufacturing PMI**

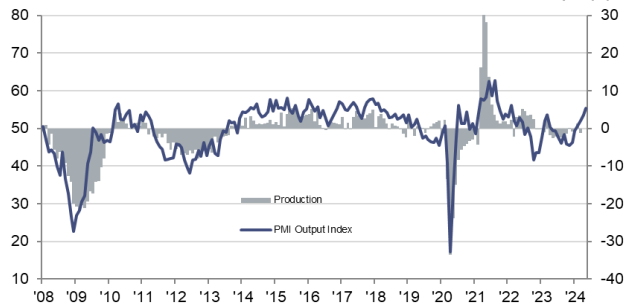
sa, >50 = improvement since previous month



Sources: HCOB, S&P Global PMI.

**PMI Output Index**

sa, >50 = growth since previous month



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

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## Note to Editors

The HCOB Spain Manufacturing PMI<sup>®</sup> 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<sup>™</sup> (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](mailto: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](http://www.spglobal.com/marketintelligence/en/mi/products/pmi.html)

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