

# News Release

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

### Manufacturing sector continues to contract, but signs of stabilisation at end of 2022

#### Key findings

Slower, but still severe, fall in new orders recorded

Employment unchanged following five months of decline

Price pressures and supply constraints continue to dissipate

Spain's manufacturing economy remained mired in contraction territory during December, although a slower fall in new orders, no change in employment and a noticeable jump in confidence provided some hope that the sector was heading towards stabilisation as 2022 drew to a close. Moreover, inflation showed further signs of easing, with both input costs and charges rising at slower rates.

The headline S&P Global Spain Manufacturing PMI – a composite single-figure indicator of manufacturing performance – recorded 46.4 in December. That was up from 45.7 in November and represented a sixth successive monthly deterioration in operating conditions. However, a second consecutive rise in the index pointed to the weakest rate of contraction since September.

Manufacturing production and orders both fell considerably during December. For output, the end of 2022 marked a fourth successive month in which a decline has been registered, and again the contraction was steep. Similarly, new orders also fell considerably, although of some comfort was the fact that the degree to which sales deteriorated was the weakest since September. Firms widely reported ongoing uncertainty in the marketplace, and that general economic instability was hurting demand, both at home and abroad. New export orders were down for a tenth successive month, amid falling sales to nearby European neighbours.

With order books again down, resources at manufacturing plants were again deployed to clear existing contracts for a seventh successive month. There was also a marginal rise in inventories of finished goods for the first time in three months. Firms were however reluctant to purchase new inputs, cutting their buying activity again steeply and preferring instead to draw down inventories of semi-manufactured goods and raw materials for a fourth month running.

There was some relatively positive news on the employment

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



Source: S&P Global.  
Data were collected 5-16 December 2022

#### Comment

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

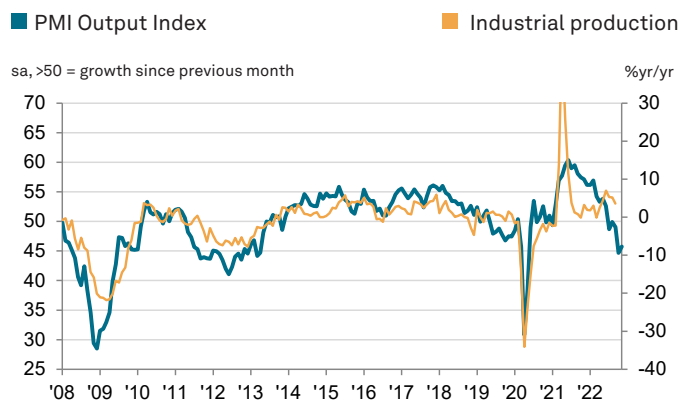
*“December rounded off a miserable half-a-year or so for the Spanish manufacturing economy, with the sector probably mired in a technical recession. Hit hard by elevated inflation, economic instability, and general uncertainty, both output and new orders declined sharply.*

*“And yet there is hope within the latest PMI dataset that the sector has at the very least stabilised, if not even turned a corner and is on a path back towards better health. Order books fell at a slower rate, employment was unchanged following a prolonged downturn and confidence about the future has strengthened noticeably.*

*“Moreover, there were also signs that the dominant themes of the pandemic, supply constraints and then exceptionally high price pressures, are dissipating. Delivery times were only modestly worse, whilst cost inflation dropped to a two-year low.”*

front, with staffing levels stabilising following a five-month period of contraction. This in part reflected a growing optimism amongst firms that the worst of the current downturn was passing, and that a recovery in sales and consumption would occur in the coming 12 months. Business confidence improved during December to its best level since mid-year, underpinned by hopes that commercial activities and the end of the pandemic will support growth.

However, nagging concerns about inflation and its corrosive impact on spending and sales volumes continues. That said, there was some positive news on this front as both price indices for costs and charges maintained their recent downturn trend. Although inflation rates remained elevated, the rise in input prices was the slowest for over two years, whilst for charges the weakest since early 2021. Weaker trends in part reflected reduced prices for commodities and, in some instances, lower utility bills. A reduction in supply constraints also helped push down on prices. Latest data showed that average lead times for the delivery of inputs worsened to the least degree for three years.



Sources: S&P Global, INE.

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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).

### About S&P Global

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

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