

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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Markit Greece Manufacturing PMI®

New order growth reported for first time in two years

Key findings:

- Headline PMI posts above 50.0 no-change mark
- New orders expand for the first time since August 2014
- Greek manufacturers report sharpest increase in new export orders for 25 months

Data collected August 12-22

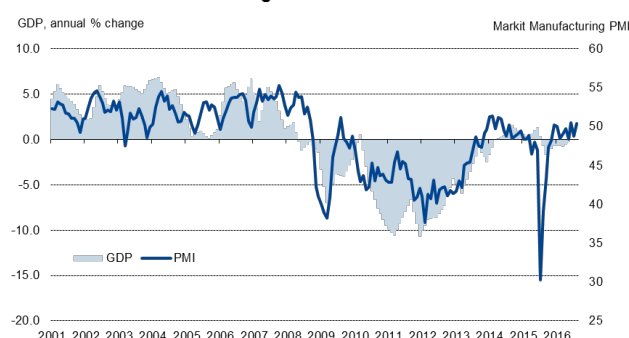
A slight upturn in Greece's manufacturing sector was reported in August, bouncing back after a contraction during July. The improvement in operating conditions was supported by an expansion of both production and new orders, while job creation was also evident. On the price front, input costs continued to rise while firms maintained their current trend of price discounting.

The seasonally adjusted Markit Greece Manufacturing Purchasing Managers' Index® (PMI®) - a composite indicator designed to measure the performance of the manufacturing economy - rebounded to 50.4 in August, up from July's reading of 48.7. The latest figure pointed to a renewed upturn in the Greek manufacturing sector, however, the overall rate of growth was only slight.

Greek goods producers increased their production in August, only the second time that this has been the case during 2016. Moreover, the expansion in production was broadly in-line with the historical average, despite being only slight overall. There was some evidence that rising output reflected stronger overseas demand for Greek goods.

Latest survey data signalled an increase in new business levels at Greek manufacturers, ending a

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Sources: IHS Markit, National Statistical Service of Greece.

sequence of decline that began two years ago. That said, the rate at which new orders grew was only slight. Meanwhile, new export orders grew for the second month in succession in August, with the latest rise being the sharpest since July 2014.

Manufacturing companies operating in Greece continued to add to their payrolls in August. Moreover, jobs growth has been evident in the sector in each of the past three months, with panellists associating the latest rise with plans to expand into new markets. The increase in employee numbers occurred despite a further fall in outstanding business levels.

Meanwhile, stock reducing policies continued at Greek goods producers in August, as both input stocks and post-production inventories lowered. Some panellists cited longer delivery times as one of the factors for falling pre-production inventories during the month. Firms reduced their input buying for the fourth successive month, albeit only slightly.

Greece's manufacturing sector continued to experience intensifying cost pressures during August, as input prices rose further. Inflation has now been evident in each of the past five months. However, firms maintained their current trend of

price discounting, as output charges again declined.

Finally, average lead times lengthened at Greek manufacturers in August, extending the current sequence to 21 successive months.

Comment:

Samuel Agass, Economist at IHS Markit which compiles the *Greece Manufacturing PMI®* survey, said:

“August survey data provided some promising signs that the Greek manufacturing sector could be on the verge of picking up. The Headline PMI posted above the 50.0 no-change mark, led by new orders returning to growth territory for the first time in two years. Moreover, manufacturers raised their production, albeit slightly, following a solid contraction in July while workforce numbers continued to rise.

“However, operating margins tightened further as firms remain intent on lowering their selling prices despite facing intensifying cost pressures. Although stock and incomplete work levels are still on the decline, all-in-all August was one of the strongest months for Greek good producers during 2016.”

-Ends-

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Note to Editors:

The Greece Manufacturing *PMI®* (*Purchasing Managers' Index®*) is produced by Markit Economics. The report features original survey data collected from a representative panel of over 300 companies based in the Greek manufacturing sector. The panel is stratified by GDP and company workforce size.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from Markit. Please contact economics@ihsmarkit.com.

The Manufacturing Purchasing Managers' Index (PMI) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

The Purchasing Managers' Index (PMI) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. PMI surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

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About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 30 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. To learn more go to www.markit.com/product/pmi.

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