

IHS Markit Greece Manufacturing PMI®

January PMI falls to six-month low amid softer demand conditions

Key findings

Output and new order growth ease to slowest since last April

Rate of job creation reaches series high

Inflationary pressures strengthen

Data were collected 12-24 January 2022.

January PMI® survey data signalled a sharp improvement in operating conditions across the Greek manufacturing sector. That said, the overall rate of growth eased to the softest for six months amid the slowest upturns in output and new orders since last April. Despite a softer rise in production, manufacturers expanded their workforce numbers at the fastest pace on record. Increased employment relieved pressure on capacity as the rate of growth in backlogs of work eased to the slowest for four months.

At the same time, firms indicated a moderation in the upturn in input buying amid soaring costs. Input prices rose markedly and at a sharper pace, with many companies partially passing through higher costs to clients.

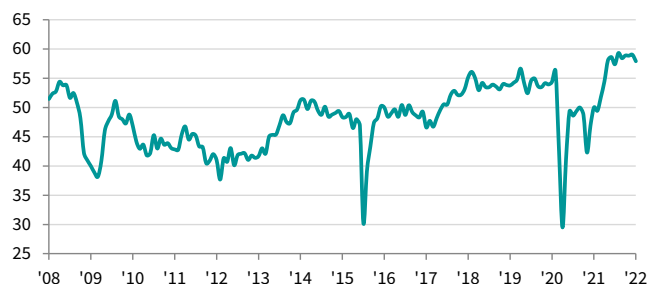
The headline IHS Markit Greece Manufacturing PMI® is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The headline PMI posted 57.9 in January, down from 59.0 in December. The latest headline figure indicated a steep, albeit slower, improvement in the health of the Greek manufacturing sector.

Production continued to expand solidly at the start of 2022 as firms noted that a sustained rise in client demand supported output. That said, the pace of growth slowed to the softest for nine months as some customers reported reluctance to place orders amid further hikes in selling prices.

Greece Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

Comment

Commenting on the latest survey results, Siân Jones, Senior Economist at IHS Markit, said:

"January data indicated a loss of growth momentum across the Greek manufacturing sector. Although still solid overall, expansions in output and new orders softened as clients again showed hesitancy in making purchases amid soaring selling prices.

"Goods producers themselves also reined in their spending on inputs amid hikes in supplier costs, as purchasing activity growth slowed to a nine-month low. The rate of cost inflation accelerated again, pushing firms to pass on higher input prices where possible. Subsequently, output charges rose at the third-sharpest rate on record. Although inflationary pressures are expected to ease as 2022 progresses, marked price rises are forecast to persist in the opening quarters of the year, placing pressure on margins and investment decisions.

"Nevertheless, more encouraging news was seen in employment, as goods producers expanded workforce numbers at the fastest pace in over 22-and-a-half years of data collection. Consequently, work-in-hand increased at the slowest pace since last September."

continued...

Contributing to a slower upturn in production was a softer expansion in new sales during January. The rise in new orders was the softest since last April, albeit still strong overall. Where an increase was noted, firms linked this to solid client demand. Similarly, growth in new export orders eased and was the slowest since last July.

Nonetheless, the sustained rise in client demand supported a further upturn in employment in January. Manufacturers noted another expansion in production requirements as efforts to clear backlogs of work were stepped up. The rate of job creation accelerated to the sharpest on record. Meanwhile, the pace of growth in work-in-hand eased to a four-month low.

Although the extent to which supplier performance deteriorated was the least marked in four months in January, pressure on prices strengthened. The pace of cost inflation picked up and remained substantial amid higher prices for materials and energy, as well as soaring transportation fees.

At the same time, Greek manufacturers increased their selling prices at a steeper pace. Although softer than October's series high, the rate of charge inflation was the third-sharpest on record (since November 2002).

Meanwhile, Greek goods producers registered a slower rise in purchasing activity during January. The expansion in input buying was strong, but the slowest for nine months amid soaring input costs. Despite growth in purchasing activity, stocks of purchases fell, albeit at the softest pace since March 2020. Stocks of finished goods fell solidly as firms struggled to replenish inventories.

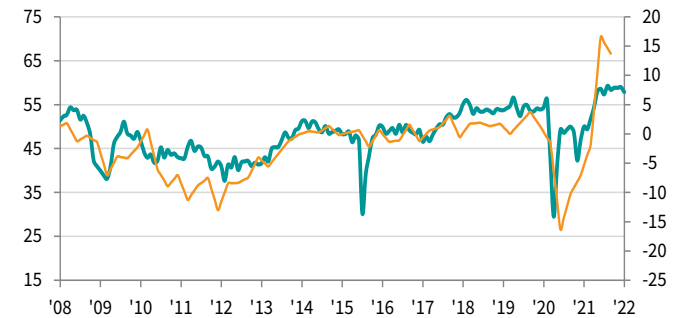
Finally, business confidence at Greek manufacturers was strong in January amid hopes of further upticks in client demand.

Greece Manufacturing PMI

sa, >50 = improvement since previous month

Gross Domestic Product (GDP)

% yr/yr



Sources: IHS Markit, National Statistical Service of Greece.

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Survey methodology

The IHS Markit Greece Manufacturing PMI® is compiled by IHS Markit 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.

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.

Survey dates and history

Data were collected 12-24 January 2022.

Survey data were first collected May 1999.

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