

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Spain Manufacturing PMI[®]

Stronger growth of Spanish manufacturing sector recorded in December

Key findings:

Concurrent rises in both output and new orders

Employment growth also remains marked

Confidence in the outlook strengthens

Data were collected 5-16 December 2024

Spain's manufacturing economy ended 2024 in positive fashion, with output and new orders both expanding at faster rates. Capacity pressures encouraged further employment growth, whilst firms bolstered their buying activity in response to greater production requirements. Optimism about the future also improved.

On the price front, inflationary pressures remained broadly contained. Although input prices rose to a greater degree, cost inflation remained well below levels typically seen since the pandemic whilst output charges fell for a fourth successive month.

The headline **HCOB Spain Manufacturing Purchasing Managers' Index[™] (PMI[®])** improved to 53.3 in December. That was up on November's 53.1 and closer to October's 32-month high. The PMI has now posted above the crucial 50.0 no-change mark that separates growth from contraction for 11 successive months.

Underpinning the continued strength of the PMI in December were further concurrent, and faster, rises in both production and new orders. Companies reported a positive demand environment, with success in securing new work. Demand strength was broad-based: new export orders increased markedly in December, with sales gains noted across several key markets, with Europe and North Africa especially noted.

In response to higher production and order requirements, firms bolstered their buying activity. However, with reports of supplier delivery delays – in part due to the adverse impact on domestic transportation routes following the DANA (Depresión Aislada en Niveles Altos) related flooding in November – firms utilised their existing input inventories to a greater degree. Latest data showed that stocks of purchases declined for a second successive month in December and to the greatest extent since February 2024.

Nonetheless, backlogs of work continued to build at the end of 2024, extending the current period of growth to 11 months. The rate of expansion was again marked, and slightly faster than in November. Companies responded by adding to their staffing levels to a greater degree. It was the fourth successive survey period that an increase in employment numbers has been recorded.

Meanwhile, input price inflation accelerated during December, reaching its highest level in five months. However, the degree to which costs increased was well below levels typically seen in recent years. Where prices did increase, this was linked to the higher price of imported goods, especially those denominated in US dollars. Conversely, competitive pressures limited pricing power amongst Spanish manufacturers. Latest data showed that output charges declined for a fourth successive month, albeit again only marginally.

Finally, confidence in the outlook remained positive in December. Overall, sentiment was at its highest level since May 2024,

strengthening for a fourth successive month from August's low. Firms are optimistic that macroeconomic conditions will improve in the next 12 months, and with planned new product launches in the pipeline, there is a confidence amongst the survey panel that sales and production will strengthen in the year ahead.

Comment

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

“Spain demonstrates resilience against the European weakness in the manufacturing sector, also at the end of the year. While other European countries grapple with severe crisis consequences such as mass layoffs, factory closures, and a collapse in investments, Spain is experiencing growth in its manufacturing sector. This can be attributed to its broad energy supply and relatively low export dependence on China. In 2024, Spain's industrial production is expected to have increased overall, in contrast to the major other countries in the eurozone. Globally, industrial production is currently recovering moderately.”

“The production in Spain's manufacturing sector is booming thanks to a strong order situation, which has been growing for five months. Foreign orders also support demand. To manage the additional production, companies are still seeking new workers. A growing backlog of work is therefore not surprising.”

“Since September, companies have expanded their quantity of purchases, but inventories are shrinking due to high production. The procurement situation is exacerbated by long delivery times, which are further pressured by disrupted supply chains following the flooding in the Valencia region. This increases the pressure on input prices. The strong dollar adds additional pressure on some imported raw materials and intermediate goods. However, the increase in input prices is not as pronounced as in previous years when supply chains were sustainably disrupted after the Covid pandemic.”

“The outlook remains extremely interesting. Spanish industrial companies are currently quite optimistic, according to the HCOB PMI survey. However, weakness in Europe, as the most important sales market, is expected to persist in 2025. Additionally, the new US administration's tariffs will cause global disruptions. Although Spanish exporters are less dependent on exports to the USA than other European countries, a dampening of global trade could still have negative consequences for them.”

-Ends-

HCOB Spain Manufacturing PMI

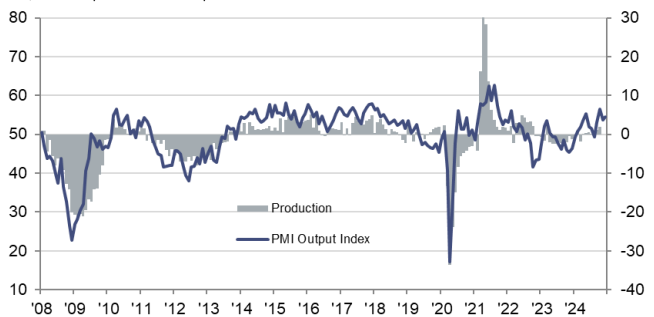
sa, >50 = improvement since previous month



Sources: HCOB, S&P Global PMI.

PMI Output Index

sa, >50 = improvement since previous month



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

Contact

Hamburg Commercial Bank AG

Jonas Feldhusen
Junior Economist
T: +49-151-2294-2945
jonas.feldhusen@hcob-bank.com

Katrin Steinbacher
Head of Press Office
Senior Vice President
T: +49-40-3333-11130
katrin.steinbacher@hcob-bank.com

S&P Global Market Intelligence

Paul Smith
Economics Director
T: +44-1491-461-038
paul.smith2@spglobal.com

Sabrina Mayeen
Corporate Communications
T: +44-796-744-7030
sabrina.mayeen@spglobal.com

Note to Editors

The HCOB 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@spglobal.com.

Hamburg Commercial Bank AG

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S&P Global (NYSE: SPGI)

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AERCE is a member of the International Federation of Purchasing and Supply Management (IFPSM).

Email: info@aerce.org. Website: www.aerce.org.

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

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