

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 08:45 (UK Time), 04 September 2013

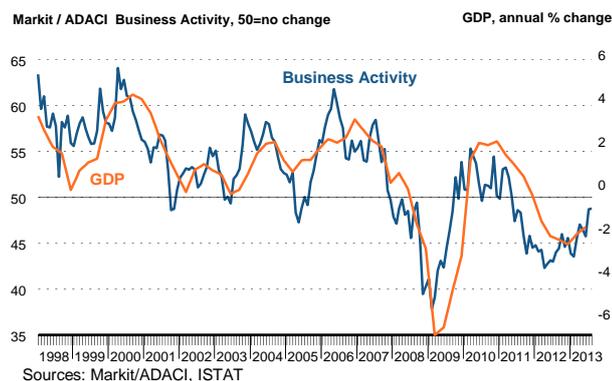
Markit/ADACI Italy Services PMI[®]

Service sector remains in contraction

Key points:

- Rate of contraction in business activity little-changed since July
- New business falls at slowest rate in two years
- Solid round of job cuts

Historical overview:



Summary:

August saw further decreases in service sector business activity and employment, with rates of decline easing slightly since July. The trend in new business, on the other hand, was much improved, with August's decrease the slowest in two years. Input prices and charges meanwhile continued to diverge, although cost inflation eased and discounts were less marked than in July.

At 48.8, up fractionally from 48.7 in July, the headline Markit/ADACI Business Activity Index – which is based on a single question asking respondents to report on the actual change in business activity at their companies compared to one month ago – pointed to a further modest contraction in service sector output. The rate of decline was nevertheless the slowest in the current 27-month sequence of falling business activity.

Incoming new work at services firms also fell further in August but, having eased for the third straight

month, the rate of contraction was the slowest in two years. Of the sub-sectors monitored by the survey, Transport & Storage recorded the most marked decrease in new business intakes during the month.

The volume of outstanding work at Italian service providers was reduced during August, as has been observed throughout the past two-and-a-half years. However, the rate of decline was only modest, and the slowest since February 2012.

Despite the recent slowdowns in the declines in both business activity and new work, employment at Italian services firms continued to fall at a solid lick in August. Although easing slightly since July to the slowest in four months, the overall rate of job shedding remained faster than the average recorded over the current run of staff losses.

August's survey meanwhile signalled a slight deterioration in services firms' future expectations. Business activity is generally forecast to rise over the coming year, but the level of confidence is down marginally from July's two-year high and is low in the context of historical survey data.

Input prices rose on average in August, which panel member reports suggested was a reflection of higher energy bills and food prices, as well as increased credit charges. The overall rate of cost inflation eased since July, however.

Profit margins remained under pressure, nevertheless, as firms reduced charges during the month amid efforts to boost demand. That said, the latest decrease in output prices was less marked than in the previous survey period.

Continued....

Comment:

Phil Smith, economist at Markit and author of the Italy Services PMI® said:

“Although the service sector is yet to join manufacturing in expansion, all indications from August’s survey are that the downturn is nearing a conclusion. Rates of contraction eased across the board, in particular for new business which fell only modestly during the month. Backlogs were also cleared less rapidly, a positive omen for employment trends going forward.

“Sales are still being supported through discounts, however, eating further into profit margins. That said, August’s decline was far less marked than in July, with anecdotal evidence suggesting that there were pockets of firms possessing pricing power.

“Combined data for manufacturing and services thus far point to stagnation in GDP in Q3, though a strong performance in the service sector in September could see this forecast revised to the upside.”

-Ends-

For further information, please contact:

Markit

Phil Smith, Economist
Telephone +44-1491-461-009
Email phil.smith@markit.com

Caroline Lumley, Corporate Communications
Telephone +44-20-7260-2047
Mobile +44-781-581-2162
Email caroline.lumley@markit.com

Notes to Editors:

The Italy Services PMI® (*Purchasing Managers’ Index*®) is produced by Markit Economics. The report features original survey data collected from a representative panel of over 450 companies based in the Italian service sector.

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.

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.

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@markit.com.

About Markit

Markit is a leading global financial information services company with over 3,000 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial marketplace. For more information, see www.markit.com.

About PMIs

Purchasing Managers' Index® (*PMI*®) surveys are now available for 32 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/economics.

About ADACI

ADACI – the Italian Association of Purchasing and Supply Management – is an independent, non-profit oriented and non-political organisation. It aims to develop the professional growth of purchasing and supply chain professionals, and co-operates with various organisations and universities. Established in 1968, it consists of more than 1,300 regular and contributing members, distributed in seven regional sections. ADACI is a foundation member of Federmanagement and the International Federation of Purchasing and Supply Management (IFPSM), which has more than 100,000 members in 40 countries.

The intellectual property rights to the Italy Services PMI provided herein is owned by Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index*® and *PMI*® are registered trade marks of Markit Economics Limited. Markit and the Markit logo are registered trade marks of Markit Group Limited.