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IHS MARKIT ITALY CONSTRUCTION PMI®

Construction activity growth fastest in four months

KEY FINDINGS

Solid rise of new business

Purchasing activity at three-month high

Input price inflation slowest in 20 months

Italian construction activity growth quickened during April to the fastest in four months as inflows of new business continued to rise at a solid pace. Meanwhile, driven by the upturns in output and new orders, purchasing activity among construction firms increased at the sharpest rate in three months. On the price front, the rate of input cost inflation eased to the slowest in 20 months during April.

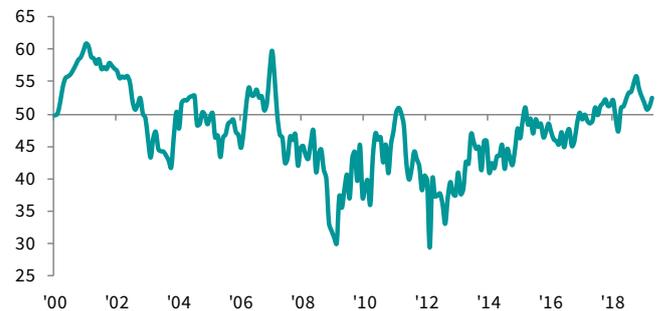
At 52.5 in April, up from 51.2 in March, the seasonally adjusted IHS Markit/Italy Construction Purchasing Managers' Index® (PMI®) signalled the fastest expansion in Italian construction activity for four months. Moreover, overall construction output has increased in each of the past thirteen months and the rate of growth was solid in the context of the series history.

At the sector level, residential construction activity led the upturn for the second consecutive month. Conversely, civil engineering activity contracted for the fifth month running. Meanwhile, commercial construction activity expanded at the fastest pace in four months.

Italian construction firms stated that the faster increase in activity during April stemmed from growth of customer orders. Inflows of new business rose solidly and at the same pace as in March. Anecdotal evidence from panellists indicated that this was due to a further improvement in demand conditions in April.

Employment in the Italian construction sector increased further during April. Despite this, the rate of expansion was modest and the slowest in the current three-month

Total Activity Index
sa, >50 = growth since previous month



sequence of growth. Nevertheless, construction firms cited greater customer orders as the principal factor behind the latest expansion of workforce numbers.

Purchasing activity among Italian construction firms quickened to a three-month high during April. The rate of increase was solid in the context of the series history. Panellists noted that greater input buying was required to fulfil the latest upturns in activity and new orders.

Cost burdens faced by Italian construction firms continued to increase during April for the thirty-fourth month in a row. Despite this, the rate of input cost inflation weakened to the slowest in 20 months. Anecdotal evidence from panellists indicated that an increase in raw material prices (notably oil) drove up input costs.

Looking forward, business confidence among Italian construction firms improved to a six-month high during April. Just under 33% of panellists expect output to increase over the coming 12 months, with expectations of greater customer demand particularly in overseas markets and the commencement of previously delayed projects stated as reasons to be optimistic.

COMMENT

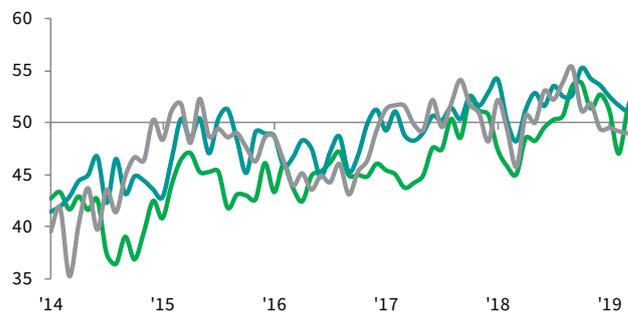
Amritpal Virdee, Economist at IHS Markit, which compiles the survey:

"Italian construction companies experienced a solid improvement in business conditions during April, with the rate of overall activity growth quickening to a four-month high. Commercial and residential activity rose at the fastest rates in four and six months, respectively and civil engineering activity recorded a softer contraction."

"April data signalled a more positive start to the second quarter of 2019, with overall purchasing activity, inflows of new business and employment all posting above the crucial 50.0 no-change mark. If continued, recent trends set the sector up for a more upbeat second quarter performance, with IHS Markit forecasting total construction spending to rise 1.1% in 2019."

Activity Index by construction category Housing / Commercial / Civil Engineering

sa, >50 = growth since previous month



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Methodology

The IHS Markit Italy Construction PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 200 construction companies. The panel is stratified by 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 Total Activity Index. This is a diffusion index that tracks changes in the total volume of construction activity compared with one month previously. The Total Activity Index is comparable to the Manufacturing Output Index and Services Business Activity Index. It may be referred to as the 'Construction PMI' but is not comparable with the headline manufacturing PMI figure.

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.

April 2019 data were collected 10-30 April 2019.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

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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. To learn more go to [ihsmarkit.com/products/pmi.html](https://www.ihsmarkit.com/products/pmi.html).