

Embargoed until 0930 CEST (0730 UTC) 7 May 2020

IHS MARKIT ITALY CONSTRUCTION PMI®

COVID-19 lockdown leads to unprecedented drop in activity

KEY FINDINGS

Output and new order indices hit fresh survey lows

Supply chain pressures intensify

Input costs fall for the first time in nearly four years

Data were collected 7-30 April 2020.

Italian construction companies signalled the most severe drops in activity and new orders on record in April, as the country remained on lockdown as part of efforts to halt the spread of the coronavirus disease 2019 (COVID-19). Company closures and logistical difficulties added more pressure to supply chains, with vendor performance also deteriorating sharply, despite firms cutting back on their input buying. Employment across the sector fell for the second month running as firms maintained a pessimistic view towards the one-year outlook. Cost pressures eased, however, with input prices falling for the first time since June 2016.

The headline figure from the survey is the IHS Markit Italy Construction Total Activity Index. This is a diffusion index that tracks changes in the total volume of construction activity compared with one month previously, and is adjusted for seasonal variations.

At 4.8 in April, the Total Activity Index fell from a previous low of 15.9 in March to signal a further severe drop in overall construction activity. Notably, the rate of decline was the steepest seen in more than 20 years of data collection by a considerable margin.

Record falls in activity were seen across all three monitored sub-sectors during April. The commercial sector recorded the lowest index reading overall, though figures were incredibly weak for the two other sub-sectors.

Total new business placed with Italian construction

Total Activity Index

sa, >50 = growth since previous month



Source: IHS Markit.

companies fell further in April. Panel members often attributed the decline to the lockdown and subsequent closures of many businesses. As was the case for activity, the rate of reduction was substantial, surpassing that seen for March to hit a fresh series record.

Company closures and reduced operational requirements led firms to cut back on their staffing levels again in April. The rate of reduction was sharp and slightly softer than that seen in March. At the same time, purchasing activity fell at the most severe rate in the series history.

Restrictions around travel and supplier closures led to a further increase in the time taken for inputs to be delivered. Furthermore, the rate at which vendor performance deteriorated was the quickest since data collection began in July 1999.

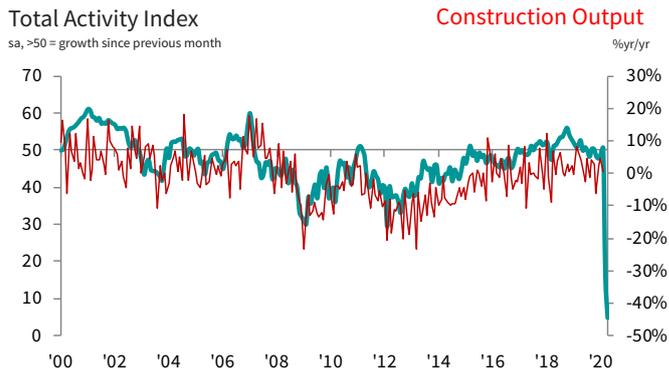
Construction firms noted a renewed fall in purchasing costs at the start of the second quarter. Though marginal, it was the first time that input prices had fallen for nearly four years. Panel members often mentioned that lower prices for inputs such as oil had driven the fall.

The substantial impact of COVID-19 on the economy and subsequent uncertainty over the length and severity of restrictions meant that firms continued to expect activity to fall over the next year. However, the degree of negative sentiment was not as severe as seen in March.

COMMENT

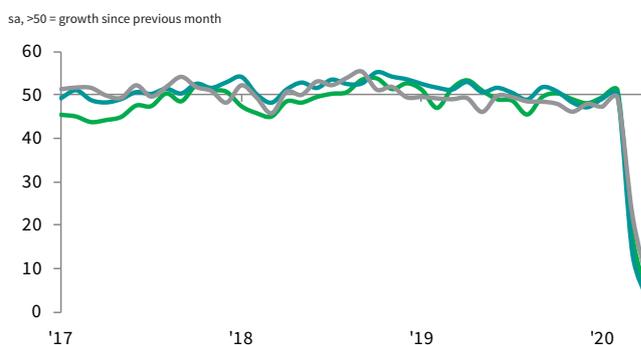
Annabel Fiddes, Associate Director at IHS Markit, which compiles the survey:

"Italian construction firms signalled a further sharp contraction in overall activity in April as the country remained in lockdown to help stem the spread of COVID-19. The subsequent record falls in activity and new orders came as businesses faced tough restrictions, which resulted in widespread company closures and reduced spending among clients. Although some firms made use of the government-backed furlough scheme, companies were also trimming their staff numbers due to lower operational requirements and uncertainty stemming from the pandemic."



Sources: IHS Markit, ISTAT

Activity Index by construction category
Housing / Commercial / Civil Engineering



CONTACT

IHS Markit

Annabel Fiddes
Associate Director
T: +44-1491-461-010
annabel.fiddes@ihsmarkit.com

Katherine Smith
Public Relations
T: +1 781-301-9311
katherine.smith@ihsmarkit.com

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 data were collected 7-30 April 2020.

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

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS 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 IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners. © 2020 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email katherine.smith@ihsmarkit.com. To read our privacy policy, click here.

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.

ihsmarkit.com/products/pmi.html