

News Release

Embargoed until 0930 CEST (0730 UTC) 5 May 2022

S&P Global Italy Construction PMI®

Growth of construction activity eases to six-month low in April

Key findings

Upturn in business activity eases, but remains marked

Slowest rise in new business for a year

Inflationary pressures remain severe

Italy's construction sector registered a further month of marked activity growth in April, according to the latest PMI® data from S&P Global. The rate of expansion slowed to a six-month low amid the weakest rise in firms' order book volumes for a year, however, with some respondents noting that a clouded outlook had weighed on client demand. Meanwhile, inflationary pressures remained severe, as the rate of input price inflation held close to March's peak.

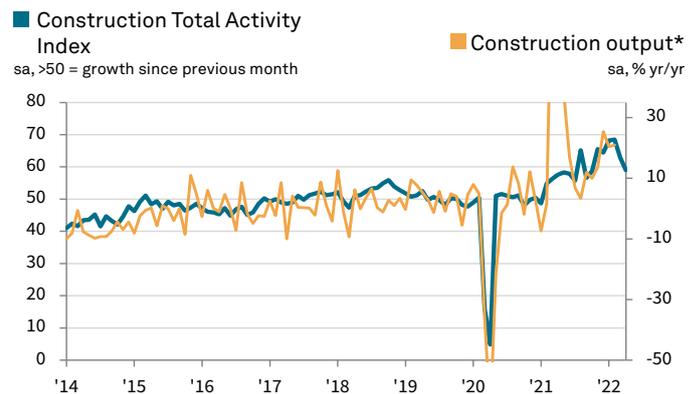
The headline S&P Global Italy Construction Purchasing Managers' Index® (PMI®) – which measures month-on-month changes in total industry activity – registered 59.0 in April, to signal a fifteenth consecutive monthly rise in construction output, and one that was marked overall.

Down from 62.9 in March, however, the latest figure signalled the slowest rate of expansion since October 2021, indicative of a cooling of growth momentum.

Across the three monitored sectors, housing continued to top the growth rankings in April, followed by commercial, although both sectors registered weaker uplifts in business activity. Elsewhere, the civil engineering sector recorded the first contraction in output since last July, albeit one that was only marginal overall.

New business followed a similar trend to output during April. Order book volumes increased for the fifteenth time in as many months, amid reports of stronger demand due in part to the extension of the government superbonus scheme. However, the rate of growth was the slowest for a year, with many firms noting that uncertainty towards the outlook had dented client confidence and weighed on the latest upturn.

Nonetheless, Italian constructors registered a further uplift in purchasing activity in April, extending the current sequence of increase that began in February 2021. According to respondents, greater input buying reflected a strong pipeline of work. Although marked overall, the rate of increase was the slowest since October 2021.



Sources: S&P Global, Eurostat.
Data were collected 11-29 April 2022.

*-68.4% in April '20
+90.5% in March '21
+281.4% in April '21
+37.8% in May '21

Comment

Lewis Cooper, Economist at S&P Global, said:

"The Italian construction sector registered a further marked upturn during April, although the rate of growth cooled to a six-month low amid the slowest uplift in new business for a year. According to panellists, the clouded near-term outlook amid the war in Ukraine had dampened demand.

"At the sector level, residential construction continued to lead the expansion, followed by commercial, while civil engineering slipped into contraction territory.

"Elsewhere, severe supply delays continued to feed through to inflationary pressures in April, with survey respondents attributing another round of cost inflation to shortages, energy and raw material costs, the war in Ukraine. Moreover, the rate of increase in cost burdens held close to March's survey peak.

"Although the sector remains on a strong growth path in April, concerns around the fallout from war in Ukraine weighed heavily on business confidence. The level of sentiment was the weakest since December 2020, suggesting that firms are increasingly concerned around the outlook and adding to tentative signs from the latest PMI data that the sector is beginning to face challenges following rapid growth in the opening quarter of the year."

PMI®

by S&P Global

Stronger demand for inputs placed further pressure on supply chains in April, as evidenced by a sustained deterioration in vendor performance. Notably, delays remained amongst the worst on record, despite easing on the month.

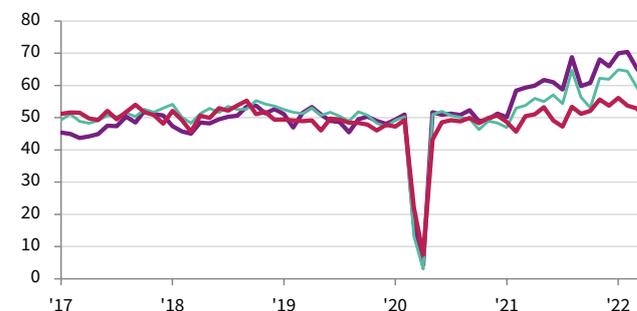
April data also pointed to a further round of job creation at Italian construction firms. Panellists cited greater activity requirements as the main factor driving hiring. The rate of increase in staffing levels was the weakest for three months but solid overall. Italian constructors also recorded another uplift in their usage of subcontractors during April.

On the price front, cost pressures remained substantial in April. Input prices continued to surge, attributed by panellists to greater energy and material costs, the war in Ukraine and input shortages. The rate of inflation eased from March's peak, but remained amongst the fastest recorded since the survey's inception in 1999. Rates charged by subcontractors also rose in April, with the pace of increase the second-quickest on record.

Finally, Italian constructors recorded a further moderation in optimism towards the year-ahead outlook for business activity in April. Concerns around the war in Ukraine reportedly weighed on sentiment, which was the weakest since December 2020.

- Housing Activity Index
- Commercial Activity Index
- Civil Engineering Index

sa, >50 = growth since previous month



Source: S&P Global.

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Survey methodology

The S&P Global Italy Construction PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 150 construction companies. The panel is stratified by company workforce size, based on contributions to GDP. Survey data were first collected July 1999.

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.

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

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