News Release

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# IHS Markit Italy Manufacturing PMI®

## Manufacturing conditions improve at near record pace in October

### Key findings

Output rises steeply again amid quickest uplift in orders for four months

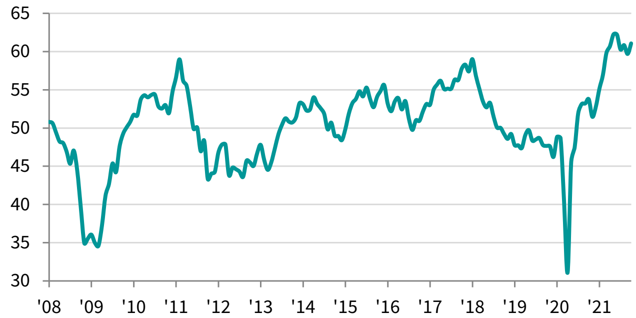
Inflationary pressure continues to build amid severe supply constraints

Record increase in backlogs of work

Data were collected 12-22 October 2021.

Italy Manufacturing PMI

sa, >50 = improvement since previous month




Source: IHS Markit.

The Italian manufacturing sector recorded another month of rapid growth during October, according to the latest PMI® data. Client demand strengthened further, with the latest uplift in new orders the fastest since June. Subsequently, output rose steeply again, with the expansion among the quickest on record, despite easing slightly since September.

Supply disruptions continued to hold the sector back at the start of the fourth quarter, however. Average lead times lengthened to a near record degree due to material shortages and transport issues, with constraints adding further to unprecedented inflationary pressures.

The seasonally adjusted IHS Markit Italy Manufacturing Purchasing Managers' Index® (PMI) – a single-figure measure of developments in overall business conditions – rose from 59.7 in September to 61.1 in October, to signal a sixteenth straight monthly improvement in the health of the sector. Moreover, the latest reading was the highest since June and third-highest on record.

Central to sustained growth were further uplifts in both factory production and new orders in October. Order book volumes rose at the fastest rate for four months and rapidly overall, amid reports of strong client demand both domestically and abroad. Indeed, new export orders increased at the fastest rate since May and markedly.

Subsequently, output rose steeply again, extending the current sequence of expansion that began in June 2020. Panellists linked the latest increase to a strong sales pipeline, in part due to the easing of COVID-19 measures earlier in the

*continued...*

### Comment

Commenting on the latest survey results, Lewis Cooper, Economist at IHS Markit, said:

*"Italy's manufacturing sector recorded another stellar performance during October, opening the final quarter of the year with a near record improvement in conditions amid further steep rises in output and new orders.*

*"Supply delays remained severe, however, adding further to inflationary pressures and capacity constraints. Backlogs of work rose at the quickest pace since the series began 19 years ago, with firms blaming material shortages and a lack of available staff, as well as strong demand.*

*"These supply constraints undoubtedly held the sector back in October, with many goods producers noting that they were unable to produce some orders due to missing inputs. This was also reflected in firms' expectations towards output over the year ahead, with sentiment moderating to a three-month low and concerns of supply disruptions and surging price pressures moved closer to the forefront of company thinking.*

*"The sector remains in good stead overall, however, with the loss of output growth momentum mainly reflecting these issues, whilst sales pipelines remain strong. But, with demand for inputs rising across the globe, we could see supply constraints have a more significant impact on the performance of Italy's manufacturing sector before the end of the year."*



PMI® By IHS Markit

year. The rate of increase slowed slightly from September, however, with supply disruptions and material shortages weighing on growth.

October data also highlighted a further lengthening of supplier delivery times, with delays among the most severe on record. Supply issues stemmed from material shortages and logistical issues, according to panellists.

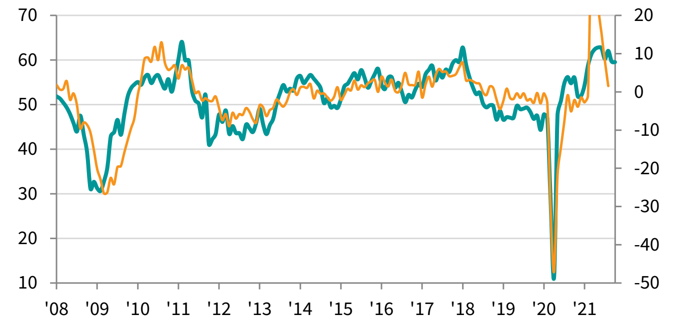
These constraints continued to feed through to price pressures during October. Average cost burdens rose further, with the rate of inflation the third-quickest on record. Shortages, transport costs, and commodity prices were all cited by respondents as drivers of inflation during October.

In response, Italian goods producers raised their factory gate charges for the twelfth month in a row. The rate of increase was among the fastest on record and rapid.

Meanwhile, capacity pressures intensified further in October, with firms blaming material shortages, strong sales and a lack of available staff. The rate of backlog accumulation was the quickest in the series history.

Efforts to alleviate capacity pressures were reflected in a sustained increase in employment during October. The rate of job creation was the fastest for three months and sharp.

Finally, although optimistic overall, sentiment regarding output over the next 12 months moderated to the lowest since July, with some companies concerned about ongoing inflationary pressures and supply issues.




Sources: IHS Markit, ISTAT.

*24.3% in May '21
89.0% in April '21
42.3% in March '21

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### Survey methodology

The IHS Markit Italy Manufacturing PMI® is compiled by IHS Markit 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.

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@ihsmarkit.com.

### Survey dates and history

Data were collected 12-22 October 2021.

Data were first collected June 1997.

### 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.



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### 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.