

News Release

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S&P Global Italy Services PMI[®]

Business activity expands at quickest pace since last November amid stronger demand conditions

Key findings

Growth of activity and new work accelerate to five-month highs

Rate of job creation strongest since July 2007

Surging costs lead to record uplift in output charges

The Italian service sector registered a further strong performance during April, according to the latest PMI[®] data, with both business activity and new work rising at the quickest rates since last November and sharply overall amid reports of stronger client demand both domestically and abroad. Subsequently, companies accelerated their hiring efforts, with the rate of job creation the steepest for nearly 15 years.

Inflationary pressures remained severe in April, however, with the rate of cost inflation easing only slightly from March's peak and average charges levied by Italian service providers rising at a series record pace.

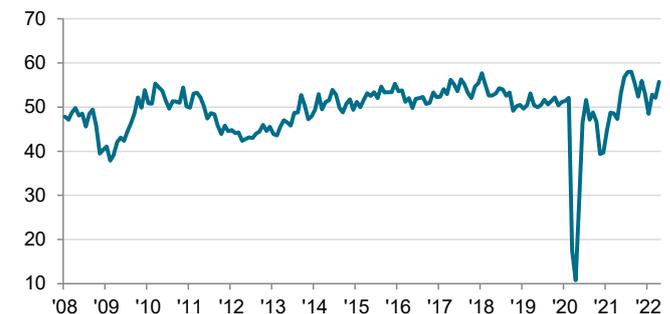
The seasonally adjusted S&P Global Italy Services PMI Business Activity Index registered 55.7 in April, up from 52.1 in March. The latest figure was indicative of a third straight monthly rise in services output, with the rate of growth the fastest since November 2021 and sharp overall.

Central to the quicker upturn in April was a further expansion of new work placed with Italian services firms, amid reports of improved demand conditions. Moreover, the rate of expansion in total new business hit a five-month high and was sharp overall, while foreign demand improved, following a broad stagnation in March. The rate of increase in new export work in April was only fractional, however.

Strong demand conditions and a growing pipeline of new business reportedly led firms to again expand their workforces in April, stretching the current sequence of job creation to a year. Notably, the rate of increase in employment was the fastest since July 2007 and sharp.

Subsequently, the level of outstanding business at Italian service providers declined during April. According to survey respondents, higher staffing levels had allowed firms to work through backlogs. That said, the pace of reduction was only fractional.

S&P Global Italy Services Business Activity Index
sa, >50 = growth since previous month



Source: S&P Global.
Data were collected 11-26 April 2022.

Comment

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

"The Italian services sector registered another strong performance during April, with the rates of expansion in business activity and new work accelerating to five-month highs amid reports of stronger demand conditions, which were also reflected in a rebound in new export business."

"Stronger growth spurred on a further round of job creation, despite a slight fall in outstanding business, with the rate of increase in employment the sharpest since July 2007."

"Costs continued to surge, however, linked by panellists to rising energy, staff and fuel costs, as well as the war in Ukraine. As a result, charges levied by service providers rose at a survey record pace."

"The strong services performance occurred concurrently with a subdued upturn at manufacturers, who continue to battle with widespread shortages and supply constraints. Nonetheless, private sector growth hit a four-month high to kick off the second quarter of the year in positive fashion as demand improved further."

"Business confidence picked up in April, although remained muted compared to that in 2021, with supply headwinds, inflationary pressures and the war in Ukraine key concerns for private sector companies. Nonetheless, the more resilient service sector has allowed the economy to remain firmly on a growth footing, according to the PMI data, as we move further into the second quarter of 2022."

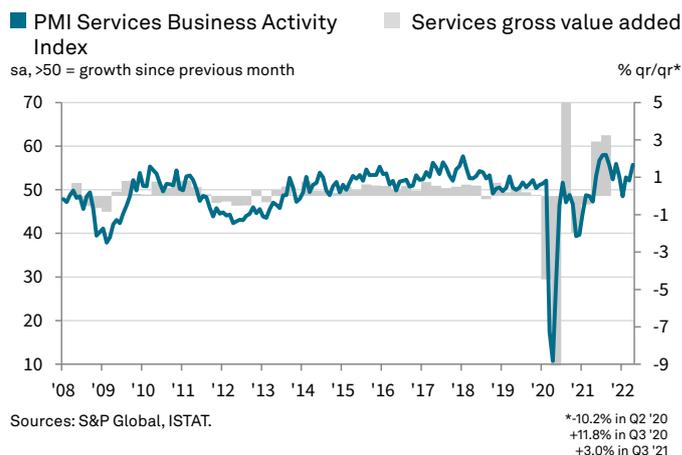
PMI[®]

by S&P Global

Less positive news came from the survey's price indices at the start of the second quarter of the year. Costs faced by Italian services firms continued to rise steeply in April, with the rate of increase easing from March's peak but still the second-fastest on record. Anecdotal evidence cited greater fuel, staff and energy costs, in addition to the war in Ukraine as drivers of inflation.

In response, companies again raised their selling prices during April, stretching the current sequence of price hikes to seven months. Panellists noted that charges had increased amid efforts to pass greater costs through to clients. Furthermore, the rate of charge inflation was the quickest recorded since the survey began in 1998.

Finally, companies maintained an optimistic outlook towards business activity over the next year in April. The Future Activity Index ticked up from the 16-month low recorded in March and was broadly in line with its long-run average. Confidence was linked through anecdotal evidence to stronger demand conditions, hopes of a rebound in tourism and a sustained economic recovery. However, some panellists noted concerns around the war in Ukraine, COVID-19 and inflationary pressures.



S&P Global Italy Composite PMI®

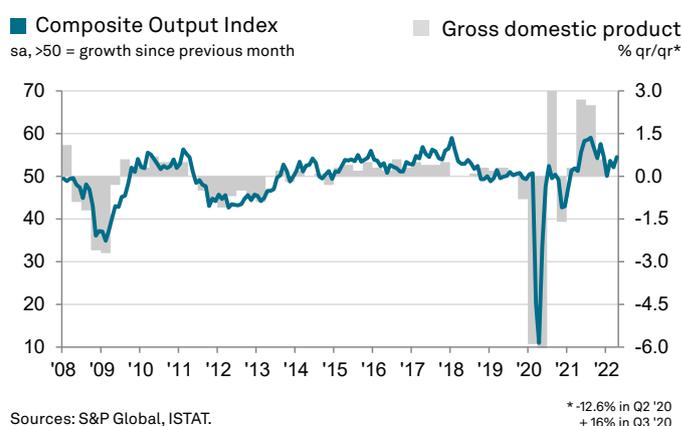
Fastest expansion in private sector output since last December

The S&P Global Italy Composite PMI Output Index* rose from 52.1 in March to 54.5 in April, to signal a fifteenth successive monthly upturn in private sector output and one that was the fastest of the year so far. Stronger growth in April was driven by the service sector, which saw the quickest upturn in output for five months, while growth of factory production eased to a 22-month low amid severe supply issues.

April data also pointed to a stronger increase in new business to Italian firms, with the latest expansion the quickest in 2022 to date and sharp overall, despite a broad stagnation in export demand. Elsewhere, the rate of job creation accelerated to a five-month high, while capacity pressures intensified to the smallest degree for a year.

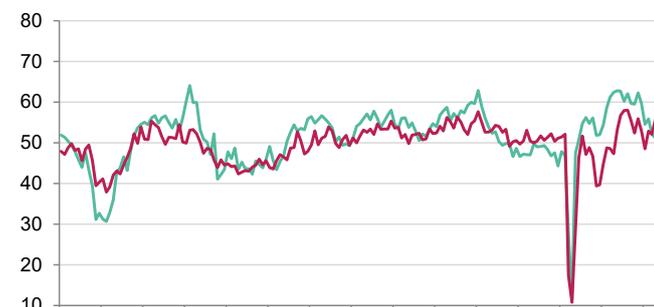
Italian companies recorded another surge in input costs in April. The rate of inflation eased only slightly from March's peak. In response, charges levied by private sector firms rose at a series record pace.

Finally, business confidence ticked up slightly from March's 16-month low and was broadly in line with the series average.



*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

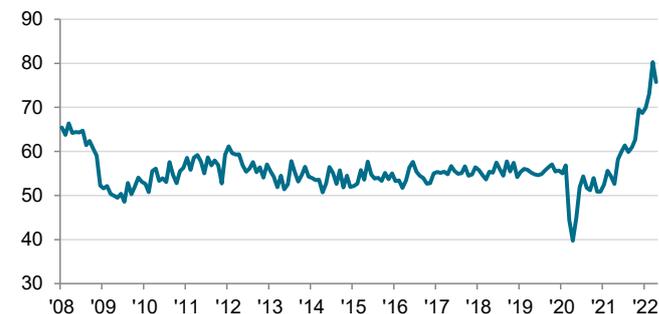
■ Manufacturing PMI Output Index
■ Services PMI Business Activity Index
 sa, >50 = growth since previous month



Source: S&P Global.

Italy Services PMI Input Prices Index

sa, >50 = inflation since previous month



Source: S&P Global.

Survey methodology

The S&P Global Italy Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in January 1998.

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 Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite 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.

About S&P Global

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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

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](https://www.ihsmarkit.com/products/pmi.html).

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