

Embargoed until 0930 CET (0830 UTC) 5 December 2019

## IHS MARKIT ITALY CONSTRUCTION PMI®

### Renewed decline in construction activity in November

#### KEY FINDINGS

First fall in new orders since May

Employment growth fastest in five months

Input cost inflation at six-month high

Italian construction activity declined for the third time in the past five months during November, amid the first decrease in new business levels since May. Despite the falls in activity and new orders, firms took on additional orders at the fastest pace in five months. Meanwhile, on the price front, amid greater raw material prices, input cost inflation quickened to a six-month high.

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 48.2 in November, down from 50.1 in October, the index signalled the third contraction in Italian construction activity in the past five months. Despite this, the rate of decrease was only modest.

For the first time since August, all three monitored sub-sectors recorded a decrease in activity. The fastest rate of contraction in output was registered by civil engineering firms, followed by commercial construction companies. Meanwhile, residential construction firms observed the fastest decrease in activity in three months during November.

The contraction in overall activity was linked to a decline in inflows of new business. Italian construction firms recorded the first decrease in new orders since May. Despite being marginal, the rate of contraction was the most marked since July 2017. Panellists stated that the decline was due to weaker overall demand conditions in November.

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



Source: IHS Markit

Despite of the declines in activity and new orders, Italian construction firms increased their workforce numbers again during November. The rate of job creation, though modest, quickened to the fastest since June. Employment among Italian construction firms has increased on a monthly basis since February.

For the third time in the past five months, purchasing activity across the Italian construction sector declined in November. However, the rate of contraction was only marginal overall. Panellists commented that they had reduced buying levels in response to receiving fewer customer orders.

Amid widespread reports of greater raw material prices (notably oil and plastic), input costs rose sharply in November, with the rate of inflation quickening to a six-month high.

Meanwhile, average lead times lengthened again in November, with vendor performance deteriorating to the greatest extent in four months.

Looking ahead, business confidence improved slightly from October's recent low, with around 23% of survey respondents anticipating activity to increase over the coming 12 months. Companies noted that greater positive sentiment was linked to an increase in customer orders as well as planned investments.

COMMENT

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

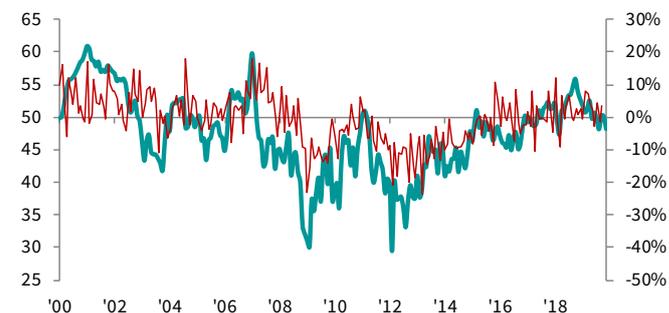
*"Italy's construction sector is moving back into ill health according to the latest PMI figures. With activity declining for the third time in the past five months, alongside a renewed fall in new business, the data show the construction sector is on track for a sluggish performance towards the end of 2019."*

*"Looking beneath the headline figure, underlying demand conditions were muted. All monitored sub-sectors recorded a decrease in activity in November. Moreover, commercial building activity contracted at the fastest pace since March 2018."*

*"With the level of construction work falling and a steep decline in manufacturing order books, the service sector - which has the greatest exposure to the fragile domestic economy - appears to be the only bright spot in Italy's private sector."*

Total Activity Index

sa, >50 = growth since previous month

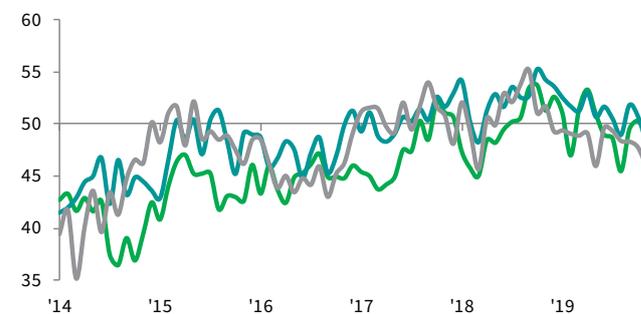


Sources: IHS Markit, ISTAT

Activity Index by construction category

Housing / Commercial / Civil Engineering

sa, >50 = growth since previous month



CONTACT

IHS Markit

Amritpal Virdee  
Economist  
T: +44-207-064-6460  
[amritpal.virdee@ihsmarkit.com](mailto:amritpal.virdee@ihsmarkit.com)

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

November 2019 data were collected 12-29 November 2019.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto: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 © 2019 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@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. To learn more go to [ihsmarkit.com/products/pmi.html](https://www.ihsmarkit.com/products/pmi.html).