

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit Italy Manufacturing PMI<sup>®</sup>

### Stronger growth of Italy's manufacturing sector during June

#### Key points:

- Pick-up in both output and new order book gains
- Input costs rise on back of higher steel prices
- Jobs added again during the month, but business confidence lowest in over five years

Data collected June 12-22

Italy's manufacturing sector enjoyed an improvement in growth during June, with both output and new orders showing stronger gains when compared to May. Employment was also raised at a stronger rate, which meant firms were able to comfortably keep on top of their workloads.

However, cost pressures mounted amid reports of higher prices for steel and other materials used in production processes. Moreover, optimism about the future softened to its lowest level in over five years.

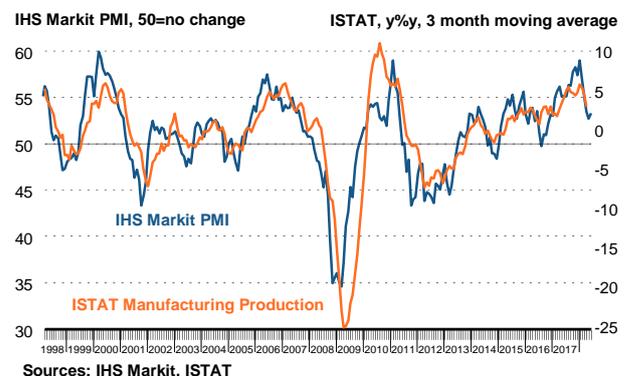
The headline IHS Markit Italy Manufacturing *Purchasing Managers' Index<sup>®</sup>* (PMI<sup>®</sup>) – a single-figure measure of developments in overall business conditions – picked up in June, rising to 53.3 from 52.7 in the previous month. The latest expansion was solid, and the first time that an improvement in growth has been registered since January.

Supporting the stronger PMI reading were rises in both output and new orders. Latest data indicated that production was raised at a rate that broadly matched the survey's trend, whilst new business increased to the greatest degree since March. Companies reported an improvement in demand, especially from key European trading partners.

Latest data showed that consumer goods performed best in terms of output and new work during June.

In contrast, intermediate goods producers recorded a broad stagnation of production and deterioration in their order books.

#### IHS Markit Italy Manufacturing PMI



Firms in this market group category also recorded the strongest increase in input prices over the month. Latest data showed that, overall, input costs rose to the strongest degree since February amid a number of reports of higher raw material prices, especially for steel. Whilst manufacturers were keen in general to pass these increased costs onto clients, output price inflation weakened in June to its lowest level since last September.

Meanwhile, the manufacturing labour market continued to strengthen heading towards mid-year. Net employment rose again during June, extending the current period of growth to three-and-a-half years. The best gain in staffing levels for three months helped manufacturers to keep on top of their workloads as signalled by a further reduction in backlogs of work.

Supply-side constraints remained evident during the month, with average lead times for the delivery of inputs continuing to lengthen. Limited stocks, firm demand and general shipping delays were all reported.

Finally, business confidence remained in positive territory during June, but maintained its recent downward trend. Optimism was the lowest recorded by the survey since May 2013.

**Comment:**

Paul Smith, Economics Director at IHS Markit which compiles the *Italy Manufacturing PMI*® survey, said:

*“Italy’s manufacturing sector arrested its recent growth slide during June, registering faster upturns in both output and new orders.*

*“The improvements in growth to broad trend rates will raise hopes that the sector will now settle into a steady expansionary rate following the sharp slowdown in sector performance seen since the start of the year.*

*“Whilst manufacturers seem confident enough that growth will be sustained, with jobs continuing to be added at a decent clip in June, downside risks persist. Optimism in the outlook has deteriorated to its lowest in over five years and cost pressures are mounting, with steel prices especially reported to have risen during June.”*

-Ends-

## For further information, please contact:

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### Notes to Editors:

The IHS Markit Italy Manufacturing PMI Report is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 400 industrial companies. The panel is stratified by Standard Industrial Classification (SIC) group, based on the industry contribution to Italy GDP, and by company workforce size.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

The IHS Markit Italy *Manufacturing Purchasing Managers' Index*® (PMI®) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

The *Purchasing Managers' Index*® (PMI®) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. PMI surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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### About PMI

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