The Italian construction sector remained on a strong growth footing during October, according to the latest PMI® data from IHS Markit. Business activity rose at a faster pace amid another historically steep expansion in new work, with panellists attributing the latest upturns to strong demand and government tax relief schemes. Price pressures intensified further, however, with cost burdens rising at the fastest pace on record amid material shortages.

Adjusted for seasonality, the headline IHS Markit Italy Construction Purchasing Managers’ Index® (PMI®) – which measures month-on-month changes in total industry output – rose from 56.6 in September to 58.6 in October, to signal a ninth straight monthly expansion in construction output.

At the sector level, the upturn remained broad-based. Residential continued to top the growth rankings with a near-record rate of expansion, followed by commercial activity, although the rate of increase in the latter eased further from August’s peak. Civil engineering activity meanwhile rose for the third month running and at a slightly quicker pace.

Driving the overall upturn in October was a further uplift in new business to Italian constructors. Panellists attributed the latest rise to strong client demand, linked in turn to the government eco- and super-bonus schemes. The rate of increase eased further from August’s peak, but was nonetheless the third-strongest on record and rapid overall.

Subsequently, firms continued to raise their buying activity in continued...
October, extending the current sequence of increase to nine months. The latest upturn was sharp overall.

October data also pointed to severe supply disruptions. Average delivery times lengthened further, with delays among the most severe on record, despite easing slightly on the month. Material shortages were the primary cause of longer lead times, according to panellists.

At the same time, cost burdens facing Italian construction firms rose again, with the rate of inflation the steepest on record. Shortages, as well as greater commodity and material costs, were cited by respondents as drivers of inflation in October. Subcontractor rates meanwhile rose at a near-record pace.

Meanwhile, greater production requirements were supported by a further uplift in employment in October. The rate of job creation was the fastest for over twenty years and sharp overall. Firms also recorded another solid rise in subcontractor usage during the month.

Looking ahead, Italian constructors remained upbeat with regards to activity over the next 12 months. Optimism was linked by surveyed businesses to strong sales and the government super- and eco-bonus tax relief schemes. That said, the level of sentiment moderated to the weakest since December 2020.

Contact

Lewis Cooper
Economist
IHS Markit
T: +44-1491-461-019
lewis.cooper@ihsmarkit.com

Joanna Vickers
Corporate Communications
IHS Markit
T: +44-2072-602-234
joanna.vickers@ihsmarkit.com

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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.

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

Survey dates and history

October data were collected 12-29 October 2021.

Survey data were first collected July 1999.

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