

# IHS Markit Italy Construction PMI®

## Construction activity rises sharply in September, but growth slows

### Key findings

Activity rises further, but expansion eases considerably from August

Growth of new work remains close to survey record

Record lengthening of suppliers' delivery times

Data were collected 13-30 September 2021.

Italy's construction sector continued on a strong growth footing during September, according to the latest PMI® data from IHS Markit, although the rate expansion of business activity eased noticeably from August's survey record as some momentum was lost. Nonetheless, demand conditions remained strong at the end of the third quarter. Inflows of new work continued to rise, with the rate of expansion holding close to August's peak.

Supply delays held the sector back, however, with lead times for inputs lengthening to a degree unseen since the survey began in 1999 amid widespread reports of 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 – registered 56.6 in September, signalling an eighth straight monthly increase in Italian construction activity. The latest figure was down noticeably from August's all-time high of 65.2, however, indicating a loss of growth momentum.

That said, the average reading over the third quarter, at 59.2, represented the strongest rate of expansion since the opening three months of 2001.

Overall, the sustained upturn across the sector in September was supported by a further surge in sales at Italian constructors. New work rose for the eighth month running, with the latest increase only slightly slower than August's record pace and still rapid. Strong client demand and government tax relief

*continued...*

Italy Construction PMI Total Activity Index  
sa, >50 = improvement since previous month



Source: IHS Markit.

### Comment

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

"September data pointed to another strong performance for the Italian construction sector. Business activity continued to rise sharply as new order growth held close to August's survey-record pace amid reports of strong client demand, in part due to the continuation of government tax relief schemes.

"That said, some growth momentum was lost during September, with the sector held back to a degree by supply chain issues, as delivery times for inputs lengthened to an extent unseen since data collection began in 1999. Respondents primarily blamed delays on material shortages, which again had a knock-on effect on input costs.

"Despite the slowdown in activity growth in September, the third quarter as a whole saw the strongest uplift in construction output since the opening three months of 2001. As such, the sector remains in good stead as we enter the closing months of 2021, but supply disruption may yet bring more substantial challenges as companies struggle to meet demand."

schemes drove the latest uplift in new orders, according to panellists.

As a result, companies continued to raise their purchasing activity in September, extending the current sequence of greater input buying to eight months. The rate of increase slowed from August's peak, but was still among the quickest on record and sharp overall.

Weighing on the performance of the sector in September was more intense supply disruption. Lead times for inputs lengthened to the greatest extent on record, with panellists blaming delays on material shortages and logistical problems.

Supply issues also translated into higher costs during the closing month of the third quarter as input prices rose rapidly again. The rate of inflation was at a seven-low, but still faster than at any time in the series history prior to March. Material costs had risen due to strong demand and shortages at suppliers, according to anecdotal evidence.

Nonetheless, September data pointed to a further increase in employment, amid reports that companies were taking on staff to keep up with demand. The rate of job creation was the quickest since February 2002.

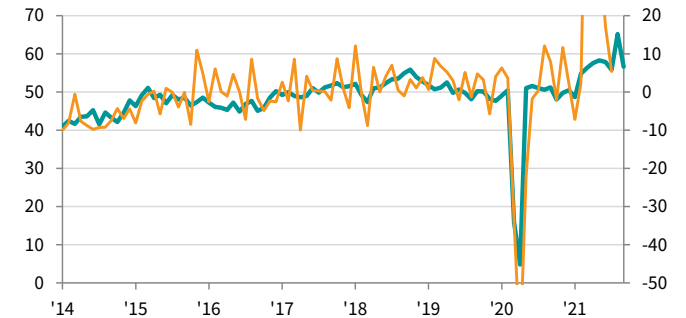
Looking ahead, firms registered sustained optimism towards activity over the next year with sentiment edging up since August. Strong demand, tax relief schemes and hopes of a continued economic recovery were all cited as reasons to be confident.

### Italy Construction PMI Total Activity Index

sa, >50 = growth since previous month

### Construction output

sa,%/y\*



Sources: IHS Markit, Eurostat.

\*+37.3% in May '21  
+289.9% in April '21  
+81.5% in March '21  
-68% in April '20

## Contact

Lewis Cooper  
Economist  
IHS Markit  
T: +44-1491-461-019  
[lewis.cooper@ihsmarkit.com](mailto:lewis.cooper@ihsmarkit.com)

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

### Survey 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 150 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.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### Survey dates and history

September data were collected 13-30 September 2021.

Survey data were first collected July 1999.

### 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 © 2021 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please contact [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. [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)