

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 08:45 (UK Time), 1st October 2014

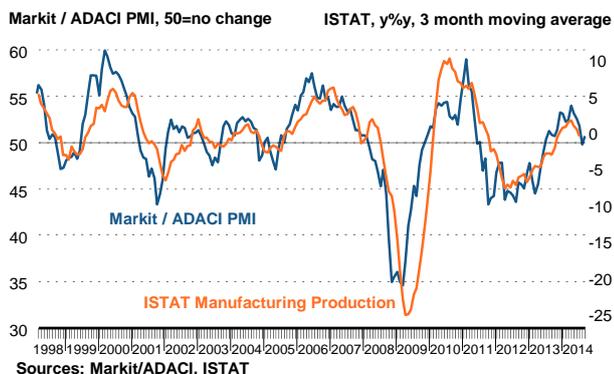
Markit/ADACI Italy Manufacturing PMI®

PMI ticks up, points to slight improvement in manufacturing business conditions

Key points:

- Modest increases in output and employment recorded...
- ...but new order growth slows to near stagnation
- Output prices reduced as cost inflation hits four-month low

Historical overview:



Summary:

Business conditions in Italy's manufacturing sector improved slightly in September, with goods producers raising both output and employment levels during the month. However, progress was limited somewhat by a slowdown in the rate of growth of new orders. Data on the price front meanwhile highlighted disinflationary forces in the sector, with output charges reduced for the first time in three months and input cost inflation easing to a four-month low.

At 50.7, up from August's 14-month low of 49.8, the headline Markit/ADACI Italy Manufacturing Purchasing Managers' Index® (PMI®) – a single-figure measure of overall business conditions – indicated a slight overall improvement in the health of the goods-producing sector in September.

Leading the headline index to rise were returns to growth in employment and stocks of purchases, as well as a faster increase in output and a renewed deterioration in suppliers' delivery times.

The only development that had a negative directional influence on the headline PMI was slower new order growth. September saw new work inflows at manufacturers increase only fractionally, and at the weakest rate in 15 months. That was despite a solid and accelerated increase in the level of new work received from abroad.

Output growth meanwhile picked up slightly from the marginal pace recorded in the preceding survey period. This in part reflected solid progress on backlogs of work, the level of which fell to the greatest extent since April 2013. The best-performing broad sector on the output front was the intermediate goods category.

Manufacturers sought to boost staffing capacity in line with higher production requirements during September, raising employment for the tenth time in the past 11 months following a brief downturn in August. That said, the overall rate of job creation remained relatively subdued.

Elsewhere, September's survey pointed to a decrease in average output charges in the manufacturing sector as firms reacted to stalling demand and growing competitive pressures. Disinflationary forces were also seen on the cost front, with input prices rising only moderately and at the slowest rate in four months. Firms that faced increased cost burdens commented on higher raw material prices and unfavourable currency movements.

Manufacturers meanwhile recorded a second consecutive monthly decrease in their purchases of raw materials and semi-finished goods, in some cases linking this to attempts to control inventory levels. September saw stocks of finished goods

increase for the second time in the past three months, while pre-production inventory levels were broadly stable after having contracted in each of the previous 16 months.

Comment:

Phil Smith, economist at Markit which compiles the Italian Manufacturing PMI® survey said:

“The headline manufacturing PMI moved back into positive territory in September, but the recovery in business conditions at factories remains a fragile one. Nowhere is this more evident than in the trend in new orders, the rate of growth of which has slowed to a crawl over the past five months. A further notable gain in new export orders pointed to the weakness coming from within the domestic market.

“September’s survey meanwhile showed some downward movement in producer prices as manufacturers sought to support sales through discounting. The decrease in charges was only modest, but nevertheless adds to the broadening picture of deflation in the economy.”

-Ends-

For further information, please contact:

Markit

Phil Smith, Economist
Telephone +44 1491 461 009
Email phil.smith@markit.com

Joanna Vickers, Corporate Communications
Telephone +44 207 260 2234
Email joanna.vickers@markit.com

Notes to Editors:

The Markit/ADACI 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.

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 Markit/ADACI 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.

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 Markit. Please contact economics@markit.com.

About Markit

Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ over 3,000 people in 10 countries. Markit shares are listed on NASDAQ under the symbol "MRKT". For more information, please see www.markit.com.

About PMI

Now available for 32 countries and key regions including the Eurozone, *Purchasing Managers' Indexes*[®] (*PMIs*[®]) have become 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 www.markit.com/economics.

About ADACI

ADACI – the Italian Association of Purchasing and Supply Management – is an independent, non-profit oriented and non-political organisation. It aims to develop the professional growth of purchasing and supply chain professionals, and co-operates with various organisations and universities. Established in 1968, it consists of more than 1,300 regular and contributing members, distributed in seven regional sections. ADACI is a foundation member of Federmanagement and the International Federation of Purchasing and Supply Management (IFPSM), which has more than 100,000 members in 40 countries.

The intellectual property rights to Italy Manufacturing PMI[®] provided herein are owned by or licensed to Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. 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 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. Markit is a registered trade mark of Markit Group Limited.