

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit Italy Manufacturing PMI®

### Manufacturing sector sees strong finish to second quarter

#### Key points:

- Manufacturing PMI improves slightly to 55.2
- Sharp and accelerated increases in output and new orders
- Input price inflation eases to eight-month low

Data collected June 12-23

Italian manufacturers recorded a strong end to the second quarter, with output growth picking up on the back of robust export orders. Employment also rose amid a rebound in businesses sentiment. Inflationary pressures meanwhile showed further signs of easing as input costs and output charges rose at the slowest rates for eight and six months respectively.

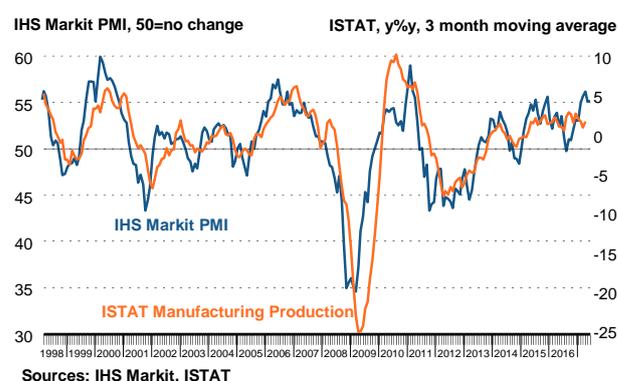
The headline IHS Markit Italy Manufacturing Purchasing Managers' Index® (PMI®) – a single-figure measure of developments in overall business conditions – registered 55.2 in June. That compared with a reading of 55.1 in May and rounded off the strongest quarterly performance in over six years.

Growth in manufacturing production rebounded in June, after having eased to a four-month low midway through the second quarter. A pick-up in the consumer goods sub-sector was behind the improved growth performance.

The strong rise in output was underpinned by growth in manufacturers' order books, which have now increased in each of the past ten months. Survey evidence indicated that higher demand from abroad was a principal driving factor, with new export orders rising at the fastest pace for over two years in June.

New staff were taken on during the month to help deal with the additional production requirements that resulted from new orders. The rate of job creation remained strong by historical standards despite easing to the weakest seen since January.

#### IHS Markit Italy Manufacturing PMI



Manufacturers meanwhile recorded an increase in backlogs of work for the fourth time in the past five months in June, although the rate of accumulation was only marginal.

The upturn in workloads also led goods producers to raise their quantities of purchases in June. The rate at which buying levels increased was in fact the second-fastest in over six years, after April's recent peak. Stocks of purchases continued to decline, falling for the sixth month in a row, but the rate of contraction was only marginal and the slowest in the current sequence. This was also the case for post-production inventories.

Supply chains remained under pressure as a result of greater demand for inputs, which was reflected in a further marked deterioration in average vendor delivery times. Although less prevalent than in May, the incidence of delivery delays was still considerable in the context of historic data.

On the price front, latest data showed a further easing in the rate of input cost inflation facing Italian manufacturers to the lowest since October last year. Cost burdens still increased sharply overall, however, leading to a rise in average factory gate prices. The increase in output charges was the eighth in as many months, albeit the least marked since December last year.

## Comment:

Phil Smith, Economist at IHS Markit which compiles the *Italy Manufacturing PMI*® survey, said:

*“The Italian manufacturing sector continued its recent solid performance into June. At 55.2, the PMI remained below April’s recent peak (56.2), but its average over the second quarter as a whole was the best seen in more than six years.*

*“Output increased at a faster rate amid a backdrop of sustained strong growth in new orders. Data on new work from abroad were particularly positive, showing the steepest rise for more than two years.*

*“Employment growth failed to match the near-record high seen in May, though jobs continued to be added at a fair lick as firms sought to keep pace with growing workloads and reported strong optimism towards the outlook.*

*“The survey’s price indicators continued to point to easing inflationary pressures across the manufacturing sector, with growth in input costs at an eight-month low and average factory gate prices rising at the slowest rate in 2017 so far.”*

-Ends-

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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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