

## News Release

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 08:45 (UK Time), 1<sup>st</sup> December 2014**

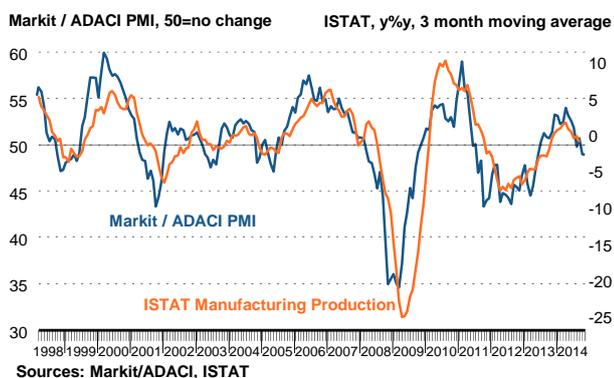
### Markit/ADACI Italy Manufacturing PMI®

#### Manufacturing output falls slightly as weakness in new orders continues

##### Key points:

- New orders down for second straight month despite growth in export sales
- Employment falls at fastest rate since September 2013
- Producer prices raised slightly amid modest growth in purchasing costs

##### Historical overview:



##### Summary:

Italy's manufacturing sector continued to contract during November. Despite growth in export orders, output was reduced for the second month running as total new business fell again. Weakness on the demand side led to further contractions in manufacturers' purchasing activity and employment, with the latter dropping at a faster rate. Meanwhile, producer prices increased slightly as firms faced a rise in average purchasing costs.

The headline Markit/ADACI Italy Manufacturing Purchasing Managers' Index® (PMI®) – a single-figure measure of overall business conditions – registered 49.0 in November, unchanged from October's 17-month low. The index has now registered below 50.0 – signalling deteriorating business conditions – in three of the past four months.

November saw the level of production at Italian manufacturers decrease for the second month in a row, albeit the rate of contraction was only marginal and slightly slower than in October. Only intermediate goods manufacturers recorded growth in output, with rates of contraction in capital and consumer goods production accelerating on the month.

Leading manufacturers to lower output levels in November was a decrease in incoming new orders, the second in consecutive months. The rate of decline in new orders was slower than in the previous month, however, partly reflective of growth in new export orders reaccelerating from October's 22-month low.

Goods producers reacted to lower production requirements by reducing their staffing numbers for the third time in the past four months during November. Furthermore, the rate of job shedding was the fastest since September 2013. Further inroads were made into backlogs of work despite the loss of staffing capacity.

Buying levels were likewise reduced by manufacturers, marking the fourth successive monthly fall in purchasing activity. A number of panellists commented on attempts to deplete stocks of purchases amid weakness in demand, with pre-production inventories now having decreased in 18 of the past 19 months. Stocks of finished goods meanwhile rose slightly as sales fell at a faster rate than production.

Although demand for materials decreased during the month, the time taken for suppliers to deliver purchased items nevertheless increased slightly. Panellists linked this latest deterioration in vendor performance – the third in consecutive months – to low stock levels at suppliers and bad weather conditions.

Average purchase prices faced by manufacturers increased in November, with panellists citing higher

raw material costs and a weaker euro. This in turn led to a slight rise in average output prices, the second in successive months.

**Comment:**

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

*“Unmoved at 49.0, the PMI shows Italy’s manufacturing sector contracting further in November. Increasing inflows of new business from abroad are failing to replace the loss of new work domestically, with a drop in total new orders leading firms to rein in production for the second month running.*

*“From a broader standpoint, the data are also bad news for the labour market, with manufacturers becoming increasingly wary of the fragile demand environment and cutting jobs at the fastest rate for over a year.”*

-Ends-

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**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](mailto:economics@markit.com).

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#### **About PMI**

Now available for 32 countries and key regions including the Eurozone, *Purchasing Managers' Indexes*<sup>®</sup> (*PMIs*<sup>®</sup>) 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](http://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.

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