

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 09:45 (CET) / 07:45 (UTC), April 3rd 2018

IHS Markit Italy Manufacturing PMI®

Manufacturing sector records slowest growth for eight months in March

Key points:

- Market slowdown and supply-side constraints limit growth
- Slower gains in both output and new orders
- Jobs continue to be added as workloads rise again

Data collected March 12-22

Italy's manufacturing sector continued to expand at a marked rate during March, although relatively slower market activity and supply-side constraints restricted growth. Both output and new orders rose at weaker rates, whilst business sentiment softened to its lowest level since last summer.

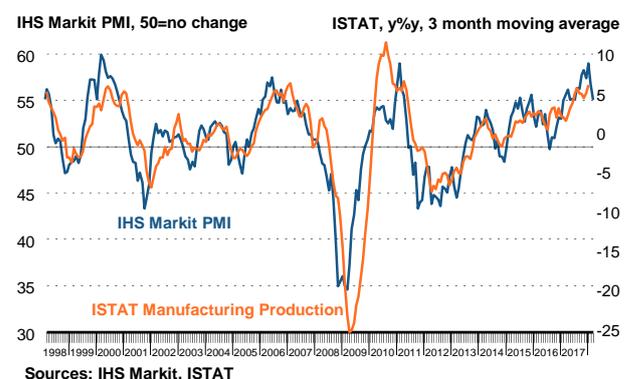
Nonetheless, jobs were again added at a solid pace as workloads continued to grow. On the price front, inflation rates for both input costs and output charges weakened.

The headline IHS Markit Italy Manufacturing *Purchasing Managers' Index*® (PMI®) – a single-figure measure of developments in overall business conditions – fell from 56.8 in February to 55.1 in March. That was the lowest level recorded since last July, although the PMI remains comfortably above its historical average.

Production and new orders both increased markedly in March, albeit at slower rates. The gain in new work was the weakest since the start of 2017 amid reports that underlying market conditions were a little softer than earlier in the year.

That said, manufacturers continued to signal that demand remained sufficiently strong to generate a historically high rate of new work growth that tested capacity. Backlogs of work rose for an eleventh successive month in March which in turn encouraged further staff recruitment and an expansion of the Italian manufacturing sector workforce.

IHS Markit Italy Manufacturing PMI



Total employment has now risen consecutively on a monthly basis for over three years.

Anecdotal evidence indicated that production gains were throttled in March by ongoing delays in the delivery of inputs. Average delivery times lengthened again to a noticeable degree, with vendors reportedly suffering from stock shortages and unable to cope with higher demand.

With this in mind, latest data showed that purchasing activity continued to rise during March, albeit to a lesser extent than in recent months. Slower growth in part reflected difficulties in sourcing inputs, whilst some panellists also indicated a preference for utilising existing inventories. March's survey showed that stocks of purchases fell to the greatest degree since last August.

Meanwhile, suppliers took advantage of supply and demand imbalances by raising prices to a considerable degree. Over 37% of panellists indicated an increase of input prices, although the overall rise was the slowest since last August. To help soften the impact of greater costs, manufacturers raised their own charges strongly.

Finally, over 42% of panellists expect to see an increase in output over the coming 12 months. However, the overall degree of confidence was the lowest for seven months.

Comment:

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

“Italy’s manufacturing sector continued to lose growth momentum as the first quarter of the year drew to a close, but still continues to expand strongly in line with positive market conditions.

“If anything the slowdown in growth seems to primarily reflect supply-side problems, with manufacturers bemoaning the difficulties in sourcing inputs from vendors. With stock levels already being run low, these developments have acted as a brake on growth.

“Price pressures subsequently remained elevated in March, despite easing since the previous month, as vendors take advantage of strong demand conditions and manufactures seek to protect margins by raising their own charges.”

-Ends-

For further information, please contact:

IHS Markit

Paul Smith, Director
Telephone +44 1491 461 038
Email paul.smith@ihsmarkit.com

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

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.

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge 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 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2018 IHS Markit Ltd. All rights reserved.

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. To learn more go to <https://ihsmarkit.com/products/pmi.html>

The intellectual property rights to the Italy Manufacturing PMI® 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.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).