

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

### Manufacturing PMI climbs to 14-month high in February

#### Key points:

- Output and new orders post largest gains since December 2015
- Employment growth highest since late-2000
- Strong cost pressures drive sharpest rise in producer prices for 68 months

Data collected February 10-21

The rate of growth of Italy's manufacturing sector moved up a gear in February, with latest PMI survey data showing the fastest increases in output and new orders since the final month of 2015. Job creation also gathered pace as optimism among goods producers towards the year-ahead outlook for output hit a six-month high. However, cost pressures continued to intensify, leading manufacturers to raise output charges to the greatest extent for over five-and-a-half years.

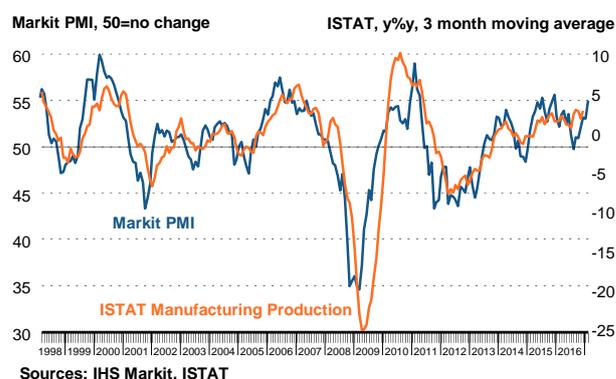
The headline Markit Italy Manufacturing *Purchasing Managers' Index*® (*PMI*®) – a single-figure measure of developments in overall business conditions – moved to 55.0 in February, up from 53.0 in January and its highest level since December 2015 (and its third-highest reading since April 2011).

The health of the manufacturing economy has now improved for six months in a row, and in February this was largely a reflection of strong growth in new orders, which increased at the fastest rate for 14 months. A key factor behind this was rising sales from abroad, which likewise showed the steepest increase since December 2015.

Manufacturing output was boosted by the surge in new work, rising at the fastest pace for over a year. Consumer goods producers recorded the strongest rise in output ahead of intermediate goods firms, while growth in capital goods production was more moderate.

Higher activity and an associated increase in backlogs of work translated into more jobs across the manufacturing sector during February. Furthermore, the rate of job creation was the strongest seen since late-2000.

#### Markit Italy Manufacturing PMI



Manufacturers' appetite for new hires was also boosted by a strong degree of confidence towards the year-ahead outlook for activity. Businesses' optimism improved for the second month in row in February, reaching the highest since August last year.

On the cost front, latest data indicated a further pick-up in the rate of input price inflation facing manufacturers, to the highest since April 2011. There were numerous mentions among survey respondents of higher prices paid for raw materials, and metals in particular.

Rising cost burdens were often passed on by manufacturers in the form of higher prices charged, which increased at the fastest rate since June 2011, albeit one that was much slower than the concurrent rise in input prices.

Elsewhere, February's survey showed a solid and accelerated increase in the level of purchasing activity among Italy's manufacturers. This higher demand for materials contributed to a worsening of supplier performance, with lead times increasing to the greatest extent since December 2015. Stocks of purchases held by manufacturers, meanwhile, fell for the second month in succession.

*Continues...*

**Comment:**

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

*“Italian manufacturers’ positive start to 2017 continued into February, with the rates of growth in both output and new orders accelerating to the fastest seen for over a year. This higher level of workplace activity, combined with rising pressure on operating capacity and strong optimism towards future growth prospects, resulted in the largest monthly gain in factory employment recorded by the survey since November 2000.*

*“However, the upturn is under threat from sharply rising purchasing costs, which are being partially passed on at the factory gate and could lead to less liberal hiring policies and also lower demand from price sensitive customers.”*

-Ends-

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**Notes to Editors:**

The 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 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.

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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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