

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit Italy Services PMI<sup>®</sup>

### Slower growth of service sector signalled in September

#### Key findings:

- Weaker gains in activity and new business recorded
- Job creation strongest since April
- Price discounting sustained despite sharper rise in operating costs

Data collected September 12-26

Growth of the Italian service sector was sustained during September, albeit at a slower pace in line with a weaker rise in incoming new business. Companies nonetheless added to their staffing levels to the strongest degree since April as projections for activity remained positive.

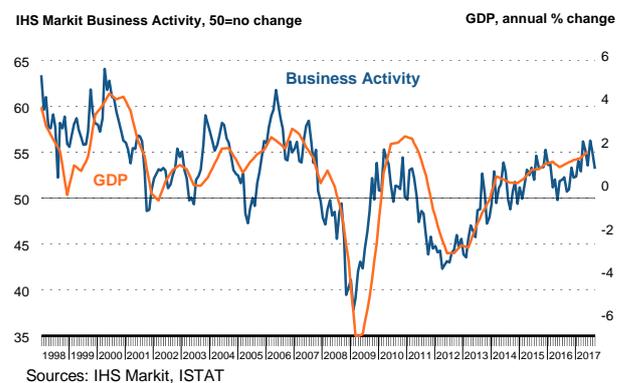
Meanwhile, firms continued to engage in price discounting, in line with competitive pressures and in spite of a quicker increase in input costs.

The headline seasonally adjusted IHS Markit Business Activity Index – which is based on a single question asking respondents to report on the actual change in business activity at their companies compared to one month ago – recorded 53.2 in September. Posting comfortably above the 50.0 no-change mark, the implied rate of growth was solid and extended the current period of expansion to 16 months. However, by falling from 55.1 in August, the index signalled the weakest rise in activity since March.

Volumes of incoming new business continued to rise in September, but also at a weaker rate. Latest data showed the weakest increase in new work since the start of the year. That said, panellists continued to report a positive economic environment and growth in new work has now been recorded continuously for over two-and-a-half years.

Service providers are also confident that demand and new work will continue to support growth of activity in the coming 12 months.

#### IHS Markit Italy Services PMI



Nearly 40% of the survey panel provided positive projections for activity, with optimism up on August's seven-month low.

Amid positive growth projections a number of Italian service providers were comfortable recruiting additional staff in September. The survey showed solid growth in employment that was the best recorded since April. Staffing levels have now risen continuously throughout the past year.

Increased capacity also helped companies to limit backlog growth. September's survey indicated that work outstanding rose since August, extending the current run of growth to a year. However, the degree to which backlogs rose was marginal and the lowest since May.

On the price front, average operating costs continued to increase, reflective of higher staffing costs and rising prices for food and fuel products. September's data indicated that cost inflation accelerated to the strongest since May.

Despite the quicker increase in input prices during September service providers continued to lower their own charges. The sharpest reduction in output charges recorded by the survey since the start of the year was reported to mainly reflect ongoing competitive pressures.

**Comment:**

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

*“Despite losing some growth momentum towards the end of the quarter, the service sector continued to expand at a healthy clip during September. Combined with the positive trends seen in manufacturing, GDP is set to record an eleventh consecutive quarter of expansion in Q3.*

*“Firms also retain a strong enough conviction that growth will be sustained and as such added to their workforces to the greatest degree since April; a positive development for Italy as it seeks to reduce a still too high unemployment rate.”*

-Ends-

**For further information, please contact:****IHS Markit**

Paul Smith, Director  
Telephone +44 1491 461 038  
Email [paul.smith@ihsmarkit.com](mailto:paul.smith@ihsmarkit.com)

Joanna Vickers, Corporate Communications  
Telephone +44 207 260 2234  
Email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

**Notes to Editors:**

The Italy Services PMI® (Purchasing Managers' Index®) is produced by IHS Markit. The report features original survey data collected from a representative panel of around 400 companies based in the Italian service sector.

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 *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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