

## News Release

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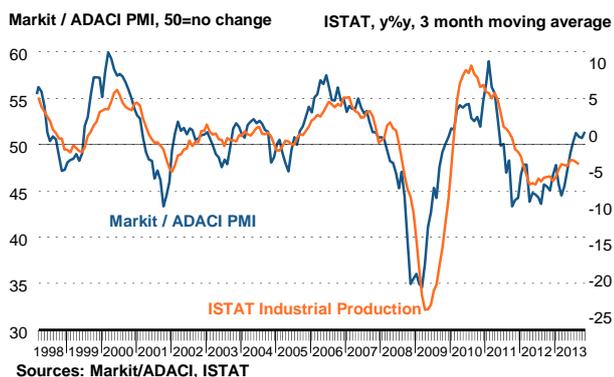
### Markit/ADACI Italy Manufacturing PMI<sup>®</sup>

#### Manufacturing PMI ticks up to two-and-a-half year high

##### Key points:

- Rise in employment helps lift headline PMI
- Production levels increase solidly
- Input price inflation accelerates to fastest in 11 months

##### Historical overview:



##### Summary:

The health of Italy's manufacturing sector continued to improve in November. Further growth in output and new orders led businesses to raise employment for the first time in two-and-a-half years, albeit only slightly. The level of outstanding business also rose following an extending period of decline. Cost pressures continued to build, meanwhile, as input price inflation hit an 11-month high, but competition in the sector resulted in slightly lower output prices.

At 51.4, up from 50.7 in October, the headline seasonally adjusted Markit/ADACI Italy Manufacturing Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>) – a composite indicator designed to provide a single-figure snapshot of operating conditions in the manufacturing economy – was at its highest level for two-and-a-half years in November. A rise in employment helped lift the headline index higher, as did both a more marked deterioration in vendor

lead times (indicating growing supply-chain pressures) and slower destocking of inputs.

November's survey showed a solid rise in the level of output at factories, marking the sixth successive month of expansion. That said, growth was slightly slower than registered in the preceding survey period.

Supporting higher levels of production was an increase in incoming new business, in particular from foreign clients. Indeed, while overall new business inflows rose at a marginal rate that was unchanged since October, new export orders rose markedly and to the greatest extent since March 2011. This therefore pointed to continued weakness in domestic market demand.

On the back of sustained growth in output and new orders (six- and five-month sequences respectively), manufacturers were encouraged to raise employment during November. Although only slight, the increase nevertheless ended a sequence of net job losses in the sector stretching back to August 2011.

Placing further pressure on manufacturers to expand their staffing capacity was an increase in the level of outstanding business in November. The rise was notable, and the first in more than two-and-a-half years.

Manufacturers maintained a preference for lower stocks of inputs in November, and accordingly reduced their quantity of purchases compared with one month before. Despite this, a lack of stock at suppliers led to an increase in average lead times faced by manufacturers. Moreover, the deterioration in vendor performance was the most marked since June 2011.

November data meanwhile showed an increase in the rate of input price inflation in the manufacturing sector, to the fastest in the year so far. Raw materials were the key source of inflationary pressure, according to panel member reports. In

contrast, output prices fell slightly amid strong competition.

**Comment:**

Phil Smith, economist at Markit and author of the Italian Manufacturing PMI® said:

*“Latest PMI data showed continued, albeit unspectacular, growth in Italy’s manufacturing sector. Production levels again rose solidly but the trend in new orders remained one of only weak growth, which the data suggested was down to anaemic domestic demand – new export business rose far more rapidly than overall order inflows. The long-awaited return of job creation in the sector can go some way to addressing this.*

*“On a separate note, there was evidence from November’s survey of a scarcity of raw materials leading to supply-chain pressures. Suppliers’ delivery times deteriorated to the greatest extent since June 2011 and input price inflation continued to rise, despite there having been less demand for inputs.”*

-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 PMIs**

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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