

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0945 (CEST) / 0845 (UTC), November 6th 2017

IHS Markit Italy Services PMI[®]

Service sector growth eases to one-year low

Key findings:

- Slower gains in new work lead to weaker rise in activity
- Further discounting places pressure on margins
- Greater confidence in future supports further gains in employment

Data collected October 12-26

The Italian service sector continued to expand during October, albeit at a slower rate amid reports of weaker sales gains. Margins also came under pressure as companies resorted to discounting to support growth in spite of a marked upturn in operating costs.

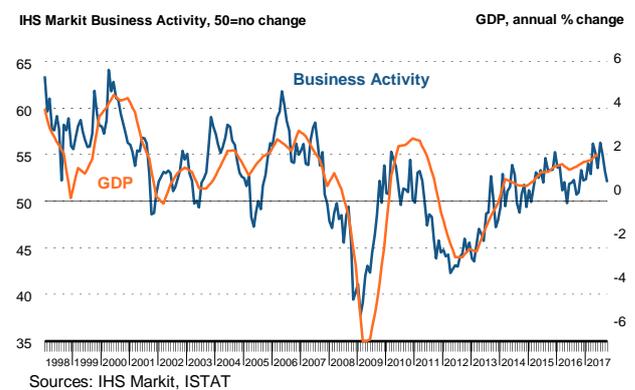
Service providers nonetheless continued to add to their workforce numbers during the month and, despite slower growth in sales and activity, were more confident about the future. Business expectations rose to the highest in 21 months during October.

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 – fell to a one-year low of 52.1, down from September's 53.2. October marked a third successive loss of growth since it hit a 10-year peak in July.

A similar trend was seen for new business. Despite rising for a thirty-second month in succession, new work increased at the weakest rate since last October.

Although attendance at exhibitions was indicated to have supported sales wins, companies reported having to work hard to secure new business in a more competitive and, for some firms, slower demand environment.

IHS Markit Italy Services PMI



With this in mind, a number of service providers chose to offer discounts in a bid to stimulate sales growth. Latest data showed that average prices charged fell again in October, with the degree of price cutting the strongest seen since last November.

Margins subsequently came under pressure during the month as operating costs continued to increase. Despite easing notably since September to the lowest level in nearly a year, input price inflation remained marked amid reports of higher vendor list prices and increased costs for energy, fuel and staffing.

The size of the Italian service sector workforce continued to expand modestly during October, the thirteenth month in succession that an increase in staffing levels has been registered by the survey. Higher employment was linked to growth of workloads and efforts to deal with these in October. Backlogs of work rose for a thirteenth successive month nonetheless.

Finally, service providers were at their most confident for 21 months in October, with over 46% of the survey panel forecasting an increase in activity from present levels over the coming year. Companies widely expect order volumes and economic activity to continue to rise, whilst also

anticipating reaping the benefits of previous investments in marketing and new products.

Comment:

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

“October’s figures on the performance of the Italian service sector disappointed, especially in the context of the strong manufacturing data released earlier in the week.

“Our PMI surveys subsequently point to a two-speed Italian economy. Whilst manufacturing is benefiting from a strong upturn in external demand for capital goods, growth in the services economy – which is naturally pivoted to domestic demand developments – is lagging that of industry.

“Key to near-term services growth will therefore be an upturn in internal demand. On this front, rising employment, allied with surging business and consumer confidence, provides some hope and potential support for a turnaround in service sector growth in the coming months.”

-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 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.

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 © 2017 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 <http://www.markit.com/product/pmi>.

The intellectual property rights to the Italy Services 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](#).