

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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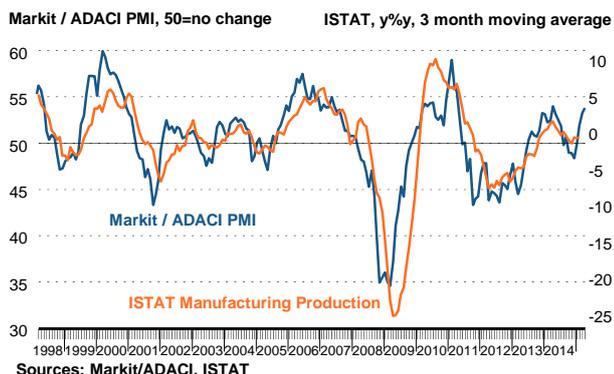
Markit/ADACI Italy Manufacturing PMI®

PMI shows manufacturing sector growing at fastest pace for a year

Key points:

- Headline PMI rises for fourth straight month to 53.8
- Manufacturing employment posts largest gain for over four years
- Input costs rise at fastest rate since last July

Historical overview:



Summary:

Growth in Italy's manufacturing sector gained further momentum in April, with faster increases in output and new orders recorded. Job creation was sustained, and at a sharp and stronger pace. On the price front, survey data showed an acceleration in cost inflation facing manufacturers and a rise in their output prices for the first time in five months.

At 53.8 in April, up from 53.3 in March, the headline Markit/ADACI Italy Manufacturing *Purchasing Managers' Index*® (*PMI*®) – a single-figure measure of overall business conditions – signalled a third straight monthly improvement in operating conditions facing Italy's goods producers. Furthermore, the latest reading was the second-highest seen over the past four years, behind only last April's 54.0.

One indication of the healthier business environment was a faster rise in production levels

at manufacturers – the most marked for 12 months. Growth was broad-based by industry group, with consumer goods firms noting the steepest overall increase in output ahead of capital goods producers.

Higher demand was a key factor behind rising output in April. The level of new orders received by Italian manufacturers increased for the third month in a row, and at a faster rate than in March. Part of the increase was attributed to strong growth in new export orders, which some panellists linked to favourable exchange rate movements.

The amount of work outstanding in the manufacturing sector rose for the second month running in April, with businesses responding to this by raising staff levels further. Furthermore, the rate of job creation was solid and the strongest seen since February 2011.

April also saw an increase in purchases of raw materials and semi-finished goods by manufacturers, the third in consecutive months. This contributed to the first rise in pre-production inventories for seven months. Meanwhile, stocks of finished goods also rose slightly, ending four straight months of depletion.

Elsewhere, April survey data showed a rise in average output prices among manufacturers for the first time since last November. Furthermore, the rate of increase in average output charges was the fastest seen since December 2012. A number of firms reported passing on higher raw material prices to clients, which in turn was linked by some to a weaker euro. The increase in average input costs in April was the sharpest for nine months.

Finally, manufacturers recorded a marginal improvement in suppliers' delivery times in April, contrasting with deteriorating vendor performance in each of the previous three months. Although only marginal, the degree to which lead times shortened was the greatest in almost two years.

Comment:

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

“The manufacturing PMI rose again in April, pointing to an acceleration in the pace of expansion in the sector. Growth is still largely being underpinned by success in export markets, although the data suggest the domestic market for goods is now on a more solid footing as well.

“Goods producers took on staff at the fastest rate for more than four years and also raised their stocks of inputs amid increased production requirements, both signs of a healthier operating environment.

“A second straight monthly rise in costs amid a weakening euro put further pressure on margins, although such was the strength of underlying demand that output charges were raised to partly offset this, and to the greatest extent for almost two-and-a-half years.”

-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.

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About PMI

Now available for 32 countries and key regions including the Eurozone, *Purchasing Managers' Indexes*[®] (*PMIs*[®]) 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.

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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