

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

Manufacturing output grows at fastest rate for six years

Key points:

- Goods producers record sharp and accelerated increases in output and new orders
- Employment growth remains strong and among highest seen since 2000
- Input price inflation at four-month low

Data collected April 11-21

Italy's manufacturing sector continued to gain momentum at the start of the second quarter, seeing strong and accelerated increases in both output and new orders. The rise in production was in fact the greatest in six years, and firms continued to expand workforces in order to meet higher output requirements.

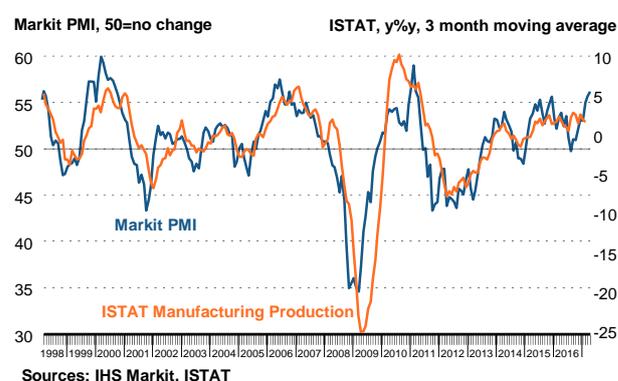
Average input prices meanwhile rose at a slower pace, the rate of inflation easing further from February's recent high. This was reflected in a slower, but still strong, increase in factory gate prices.

The headline Markit Italy Manufacturing *Purchasing Managers' Index*® (*PMI*®) – a single-figure measure of developments in overall business conditions – rose to 56.2 in April, up from March's 55.7. This was the highest reading for over six years and pointed to a strong improvement in overall business conditions across the sector.

The rate of growth in manufacturing output reached the highest for six years in April, having accelerated for the third month in a row. Of the three sub-sectors monitored by the survey, intermediate goods producers recorded the strongest rise in production levels, followed by consumer goods producers and then manufacturers of capital goods.

Boosting output levels was strong demand for Italian manufactured goods, with inflows of new orders rising for the eighth month in a row and at the fastest rate since February 2011. A factor behind this was increasing inflows of new orders from abroad, which showed the steepest monthly gain for almost two years.

Markit Italy Manufacturing PMI



Employment growth in the goods-producing sector meanwhile remained strong. The rate of job creation eased only slightly from March's recent record and was among the highest seen since 2000. The increase in staffing capacity helped firms keep on top of workloads, with April's survey showing a decrease in backlogs for the first time in three months, albeit marginal.

Manufacturers also raised their purchasing activity during the month. The extent to which buying levels increased was the greatest for six years, though stocks of purchases continued to fall as inputs were used up in the production process. Post-production inventories likewise decreased in April, and at the fastest rate for 19 months.

Higher demand for inputs was reflected in a further deterioration in supplier performance, with lead times now having lengthened for seven months in a row.

As well as supply-chain delays, manufacturers also faced another steep rise in average purchase prices in April. That said, the rate of inflation was at a four-month low. Prices charged by manufacturers meanwhile increased at the second-fastest rate since mid-2011, just behind March's recent peak.

Finally, April's survey showed a dip in firms' confidence towards the year-ahead outlook for output to the lowest since September 2016.

Continues...

Comment:

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

“The manufacturing sector’s recent upturn has continued to pick up speed. April saw the fastest growth in production levels for six years, reflecting rising order intakes from at home and abroad. Businesses remained firmly in hiring mode, following up the near-record increase in employment seen in March with another marked expansion at the start of the second quarter. The data also signalled a further moderation of cost pressures, adding to the positive overall picture.”

-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.

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About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 30 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 www.markit.com/economics.

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