

## News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 08:45 (UK Time), 7<sup>th</sup> April 2015**

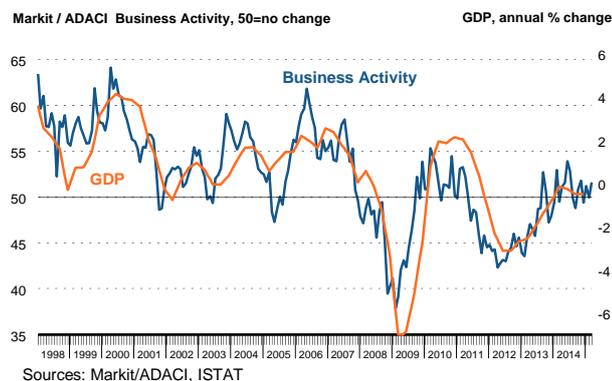
### Markit/ADACI Italy Services PMI<sup>®</sup>

#### PMI signals slight upturn in service sector

##### Key points:

- March sees growth of business activity and new work
- Employment posts largest gain since late-2010
- Cost inflation accelerates to fastest in six months

##### Historical overview:



##### Summary:

There was a positive end to the opening quarter for Italian services firms, with March survey data pointing to growth of business activity and incoming new work in the tertiary sector. Buoyed by increased workloads, companies raised employment for the second month running and at a faster rate. Elsewhere, data showed cost pressures increasing to a six-month high, while output charges fell at a slower rate.

The headline seasonally adjusted Markit/ADACI 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 – climbed to 51.6 in March, from the no-change level of 50.0 in February, signalling growth for the second time in three months.

Driving the return to growth in business activity at services companies in March was a notable increase in the inflow of new work, which posted the largest gain for eight months. This ended a four-month sequence of continuous decline – the longest recorded since August 2013. Anecdotal evidence pointed to more interest among clients of services companies.

Alongside growth of business activity and new work, a third positive highlighted by March's survey was a further rise in service sector employment. Albeit only modest overall, the rate of job creation was actually the fastest since November 2010.

The amount of business outstanding at services firms in Italy continued to fall at the end of the opening quarter, in line with the trend since last August. The extent of the fall in the latest period was the most marked for three months, but only modest in an historical context.

Elsewhere, survey data showed a further, albeit slower, decrease in average prices charged in the service sector in March, the least marked since July last year. Input costs meanwhile increased at a solid and accelerated rate that was the fastest in six months. The main factor leading cost burdens to rise was higher raw material prices, according to panel member reports.

Sentiment towards the future prospects for business activity remained positive in March, with close to half of surveyed firms (47%) expecting growth over the next 12 months, against 8% predicting a contraction. The overall degree of confidence was only fractionally lower than February's 11-month high. A number of panellists reported signs of recovery as their cause for optimism.

*Continued...*

**Comment:**

Phil Smith, economist at Markit and author of the Italy Services PMI® said:

*“Although not quite the growth seen in manufacturing, the rise in business activity in the service sector is at least another sign that Italy’s private sector economy is expanding. Furthermore, stronger inflows of new business bode well for the upturn being sustained. Based on the recent stream of PMI data, GDP is likely to have risen for the first time in more than a year in the first quarter, albeit probably only marginally.*”

*“The survey data are also highlighting healthier trends in the labour market, with the combined rate of job creation in manufacturing and services the best seen for over four years. The unemployment rate is therefore likely to fall in coming months in a boost to the euro area’s third-largest economy.”*

-Ends-

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**Notes to Editors:**

The Italy Services PMI® (*Purchasing Managers’ Index*®) is produced by Markit Economics. 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.

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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*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) surveys are now available for 32 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](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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