

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0945 (CEST) / 0745 (UTC), April 3rd 2017

Markit Italy Manufacturing PMI®

Manufacturing PMI at six-year high amid strong output growth

Key points:

- March's rate of output growth surpassed only once since April 2011
- Job creation picks up as backlogs show record increase
- Factory gate prices rise at fastest rate for nearly six years

Data collected March 13-24

March saw sharp and accelerated growth of Italian factory output, concluding a strong opening quarter for the manufacturing sector. Production levels rose at the fastest rate since December 2015, supported by rising inflows of new orders and higher export sales. A record rise in backlogs of work meanwhile contributed to a further pick-up in factory job creation, while goods producers also raised their input buying levels.

On the price front, sharply rising input costs were again passed on at the factory gate, with average output charges showing the sharpest increase in nearly six years.

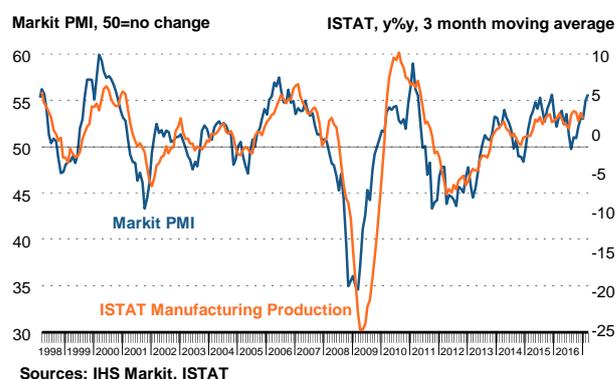
The headline Markit Italy Manufacturing *Purchasing Managers' Index*® (*PMI*®) – a single-figure measure of developments in overall business conditions – climbed to 55.7 in March, up from 55.0 February and its highest reading for six years.

The level of output at Italian factories rose for the twenty-seventh straight month in March. Furthermore, reflecting strong inflows of new orders and growth across each of three broad industrial groups (consumer, intermediate and investment), the overall rate of expansion in production was at a 15-month high.

New orders rose at a marked rate that was unchanged since February, boosted by increasing sales from abroad. Growth in new export orders was in fact the fastest seen since November 2015.

Growing workloads continued to encourage manufacturers to take on additional staff, and the pace of job creation picked up for the third month

Markit Italy Manufacturing PMI



running in March, to the fastest seen since November 2000. Manufacturers' efforts to expand staffing capacity coincided with a survey-record increase in backlogs of work.

March's survey meanwhile pointed to signs of supply chains coming under pressure. Vendors' delivery times increased to the greatest extent since May 2011, with panellists commenting on stronger demand for inputs and associated shortages of some materials. The lack of availability of materials was also reportedly a factor behind further falls in inventories across the sector.

Average prices paid for purchases rose sharply again in March. Although easing slightly from February's near six-year high, the rate of cost inflation remained well above the long-run trend level and resulted in higher prices charged at the factory gate. The extent to which output prices were raised was in fact the greatest seen since April 2011.

Looking ahead, manufacturers retained a high degree of optimism towards growth prospects in the coming year. The level of confidence was slightly below that seen in February but still above the historical series average. Positive growth forecasts were often linked to impending new projects and signs of more market movement.

Continues...

Comment:

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

“The manufacturing PMI moved to its highest level for six years in March, boosted by faster growth of both output and employment and rounding off a strong opening quarter for the sector.

“The pace of job creation was close to the highest seen in 20 years of data collection, and a survey-record increase in backlogs of work in March points to workforce numbers being expanded even further and bodes well for near-term production prospects.

“Supply chains were stretched further in March due to growing demand for inputs, which was reflected in the greatest deterioration in lead times for nearly six years and helped maintain strong upward pressure on prices.”

-Ends-

For further information, please contact:**IHS Markit**

Phil Smith, Economist
Telephone +44 1491 461 009
Email phil.smith@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44 207 260 2234
Email joanna.vickers@ihsmarkit.com

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.

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 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.

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