

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 08:45 (UK Time), 2nd June 2014

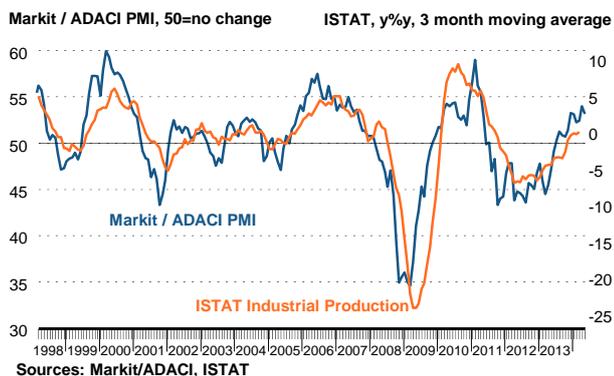
Markit/ADACI Italy Manufacturing PMI®

May sees further solid growth in manufacturing sector

Key points:

- Output, new orders and employment continue to rise...
- ...albeit rates of growth ease slightly since April
- Renewed increases in both input and output prices

Historical overview:



Summary:

The health of Italy's manufacturing sector continued to improve in May, with output, new orders and employment all up on the month, albeit at slower rates than the respective peaks observed in April. On the price front, there was a return to inflation after two consecutive months of falling input costs and charges.

May saw the headline Markit/ADACI Italy Manufacturing Purchasing Managers' Index® (PMI®) register at 53.2, down from 54.0 in April but nevertheless consistent with a solid overall improvement in business conditions at Italian goods producers.

Intermediate goods manufacturers were the strongest performers over the month, recording the fastest increases in both output and new orders, as well as leading the latest round of job creation.

Overall Italian manufacturing output increased for the twelfth successive month in May, and at a solid rate that was only slightly slower than April's three-year high. Driving growth in production levels was a further increase in incoming new work, which likewise rose at a solid rate but one that was slightly weaker than in April. New order growth was particularly strong across export markets, with anecdotal evidence highlighting a number of new business wins outside of the EU.

Higher inflows of new work and an associated increase in production requirements led Italian manufacturers to raise employment levels again in May. The overall rate of job creation was solid and the second-fastest in the past 38 months (having eased from April's recent high). This further expansion in staffing capacity aided the continued depletion of backlogs of work, the level of which has now decreased for five months in a row.

May data meanwhile pointed to a further increase in the quantity of raw materials and semi-manufactured items bought by good producers. That said, the rate of growth in purchasing activity eased to the weakest in three months and was much slower than that of output, thereby resulting in a notable reduction in post-production inventories – the most marked since August 2013. Finished goods stocks were also down on the month, albeit only marginally.

Manufacturers recorded a rise in factory gate prices in May, reversing the downward trend in output charges observed over the previous two months. The increase was modest and partly a reflection of higher average purchase prices faced by manufacturers, which also rose for the first time in three months in May.

Finally, the latest survey data pointed to an increase in average suppliers' delivery times. The deterioration in lead times was the most marked since last November and attributed by panellists to a step up in suppliers' workloads.

Comment:

Phil Smith, economist at Markit which compiles the Italian Manufacturing PMI® survey said:

“Despite slipping from April’s recent high the PMI nevertheless pointed to solid growth in the manufacturing sector in May. Employment too remained on the up, a clear signal that businesses foresee this upturn continuing, with manufacturing on course to make a sizable positive contribution to GDP growth in Q2.

“Meanwhile, there were signs that inflationary pressures might be returning as purchasing costs and factory gate prices both rose for the first time in three months. A solid deterioration in vendors’ lead times added to the evidence of supply-side conditions tightening somewhat.”

-Ends-

For further information, please contact:

Markit

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

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

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.

About Markit

Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ over 3,000 people in 11 countries. For more information, please see www.markit.com.

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.

The intellectual property rights to Italy Manufacturing PMI[®] provided herein are owned by or licensed to Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. 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 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. Markit is a registered trade mark of Markit Group Limited.