

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit Italy Services PMI<sup>®</sup>

### Growth of service sector unchanged at solid rate during April

#### Key findings:

- Slightly stronger rise in new business recorded
- Workloads continue to rise and leads to further recruitment
- Business confidence down to a four-month low

Data collected April 12-25

Growth of Italy's service sector held steady during April, whilst new business rose at a stronger rate and jobs continued to be created. However, worries over growing competition and a slowdown in demand growth relative to earlier in the year meant optimism over the future weakened.

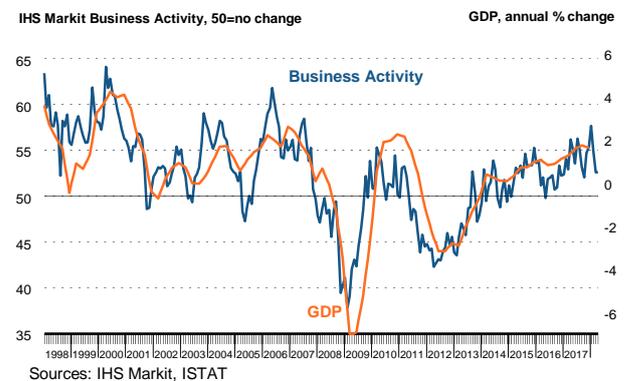
Meanwhile, on the price front, input costs rose to a stronger degree but charges continued to decline marginally.

The headline index from the report, the seasonally adjusted 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 – was unmoved at 52.6 in April. Indicative of solid growth, the latest data meant that activity has now risen for 23 months in a row. However, growth remains well down on those seen around the turn of the year.

New business continued to increase in April and provided the primary support to the rise in activity. Companies reported success in converting growing interest in their services into hard business wins. As with activity, growth in new work was lower when compared to earlier in 2018, but did nonetheless improve slightly on March's low.

Operating capacity subsequently remained under pressure as evidenced by another increase in levels of work outstanding. Backlogs have now risen for 19 months in a row, although April's growth was again modest.

#### IHS Markit Italy Services PMI



Nonetheless, firms remained suitably encouraged to add to their payroll numbers. The latest survey showed that jobs growth was extended to over one-and-a-half years, with the latest net gain the best seen in 2018 so far. Increased company investment was noted as a factor helping to drive recruitment during the latest survey period.

Firms found that increasing their payroll numbers also added to their wage bills during the month, with average employee costs reported to be higher. Alongside increased prices paid for fuel and supplier services, overall operating costs continued to increase. April's survey also showed the fastest inflation for three months.

Efforts to pass on these costs to clients were broadly thwarted by competitive pressures. Output charges were down marginally for a third month in a row as a result.

Finally, market competition was also cited as a concern regarding future company performance. Whilst widely expecting demand and orders to rise further, optimism over future performance fell to a four-month low during April.

## Comment:

Paul Smith, Director at IHS Markit which compiles the *Italy Services PMI*® survey, said:

*“The sideways movement in growth of Italy’s services sector is relatively positive in the context of the marked slowdown seen in the past two months.*

*“Moreover, the uptick in new business growth suggests that the sector could drop into a period of steady, albeit unspectacular, expansion in the coming months.*

*“Indeed, service providers seem to be taking such a view, expanding payroll numbers again and at the best rate of 2018 so far, although this had the knock-on effect of raising average wage bills and driving operating costs up to the greatest degree in three months.”*

-Ends-

## For further information, please contact:

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## Notes to Editors:

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

IHS 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 IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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