

NEWS RELEASE

MARKET SENSITIVE INFORMATION

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HCOB Italy Manufacturing PMI[®]

Italian manufacturers face most challenging operating conditions for a year in November

Key findings:

Sharper declines in new orders and output

Steep drop in purchasing activity helps cost pressures cool

Most pronounced depletion in backlogged work for over 15 years

Data were collected 12-22 November 2024.

The Italian goods producing sector fell deeper into contraction territory, according to November HCOB PMI[®] data. Muted demand conditions remained central to the downturn, as incoming new orders contracted at the fastest pace seen in 2024 so far. Meanwhile, both output and employment were reduced to stronger degrees, whilst the level of work outstanding fell at the quickest rate for over 15 years. Input requirements were subsequently lower, which contributed to an easing of cost pressures.

The **HCOB Italy Manufacturing Purchasing Managers' Index[™] (PMI[®])**, a composite single-figure indicator of manufacturing performance derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases, posted at 44.5 in November (down from 46.9 in October). Following three successive monthly decreases, the headline index fell to its lowest level for a year. Moreover, four of the five PMI components imparted negative directional influences in November.

The main drag on the headline PMI came from the largest component, new orders. Order book volumes fell at the fastest rate for nearly a year, linked by panellists to subdued demand conditions and raised levels of uncertainty. Meanwhile, there was also a deterioration in the international sales climate, as new export orders fell at a steep rate. Some manufacturers blamed the downturn on Germany, in particular.

This fed through into firms' decisions on production, as output levels were reduced further. In fact, the rate of decline was the most pronounced since July 2023.

As a result, input requirements were lowered and buying quantities fell at a substantial rate in November. The rate of decrease picked up to the strongest in nearly a year. With that, firms turned to stocks to support production. The rate at which stock of purchases was depleted was solid, but slightly slower than in October.

Lower output requirements reduced pressure on suppliers' capacity, as delivery times shortened in November. There were reports from panellists that input availability had also improved, which helped vendors to meet orders in a timely manner.

Lower demand for inputs also saw cost pressures eased for a second month in a row in November. The latest reduction was the most pronounced since March and reportedly reflected lower raw material prices, according to anecdotal evidence. Italian manufacturers passed some of the reduction in cost burdens on to clients in the form of discounted charges, in an attempt to encourage sales.

On the jobs front, goods producers in Italy reduced their headcounts for back-to-back months in November. Some firms

achieved this by not choosing to renew expired contracts. The rate of job shedding was the most pronounced for over four years and solid overall.

A further indication that manufacturers in Italy were running with excess capacity was the rapid drop in outstanding work signalled in November. As well as marking the thirtieth consecutive month of backlog depletion, the rate was the fastest seen in over 15 years.

Looking ahead, Italian manufacturers remained confident that output will rise over the coming 12 months in November. Companies were hopeful that economic conditions would improve, and greater stability would follow the US election. However, as in October, the degree of optimism among panellists remained notably below the long-run average.

Comment

Commenting on the PMI data, Jonas Feldhusen, Junior Economist at Hamburg Commercial Bank, said:

“The Italian manufacturing sector is plummeting. With the headline index deteriorating from 46.9 in October to 44.5 in November, the situation is serious. The subdued orders situation, both domestic and abroad, is the main driver for the poor performance in November. Orders are collapsing. Given the political uncertainty, which further increased in Berlin and Paris last month, it’s no surprise that enterprises and consumers are postponing or even cancelling their investments. Consequently, producers are cutting back on their production.”

“Lower levels of new work and the general slowdown kept production weak. Contrary to what one might expect, manufacturers are still optimistic about their future output. But put into historical context, the outlook is still rather weak. Against this backdrop, manufacturers are cutting their workforce numbers. The automotive industry is particularly hit. Competition from China and low demand for EVs are dampening sales, with news reports emerging of some plants temporarily stopping production. This is reflected in another downturn of the Investment Goods PMI, which incorporates the automotive sector.”

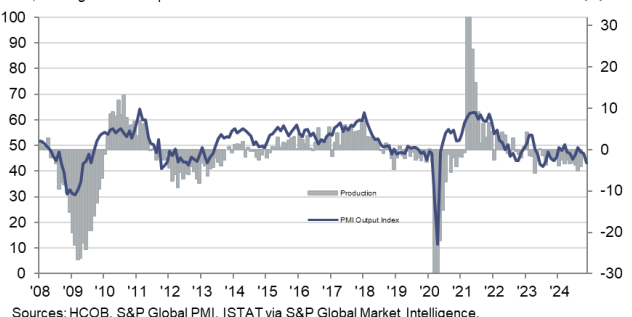
“Anecdotal evidence shows that some firms are hoping for more stable conditions following the US election. But given Trump’s announced tariff policy, it’s wise to be cautious about expecting business conditions for Italian industrialists to get better under his administration, especially for those companies who heavily rely on exports to the US. We assume that tariff implementation could particularly impact countries like Germany and Italy, as they are especially vulnerable due to their heavy reliance on manufacturing and its external demand.”

-Ends-

HCOB Italy Manufacturing PMI
sa, >50 = growth since previous month



PMI Output Index
SA, >50 = growth since previous month



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Note to Editors

The HCOB Italy Manufacturing PMI[®] is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in June 1997.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index[™] (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

Hamburg Commercial Bank AG

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About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 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. www.spglobal.com/marketintelligence/en/mi/products/pmi.html

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