NEWS RELEASE
MARKET SENSITIVE INFORMATION
Embargoed until 0945 CEST (0745 UTC) 1 September 2025

HCOB Italy Manufacturing PMI®

Italian manufacturing conditions improve, supported by fresh growth in output and orders

Key findings:

Sharpest increase in production volumes in nearly two-and-a-half years

Slight rise in overall order books despite sustained drop in export sales

Input and output prices fall marginally

Data were collected 12-21 August 2025.

The Italian goods-producing sector hinted at a recovery in August, with HCOB survey data signalling an improvement in the health of the sector for the first time in nearly one-and-a-half years. The sector saw a noticeable rise in production volumes in August, which was the most marked in almost two-and-a-half years. The renewed uplift in overall order books was only mild, however, as the drag from export performance widened. Net employment decreased again, while business optimism faded. Prices data also indicated reductions in costs and charges.

At 50.4, 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, edged back into growth territory in August (July: 49.8).

Of the five PMI components, four imparted positive directional influences. However, most prominently, the headline reading was supported by renewed growth in output and new orders.

The increase in order book volumes across the Italian manufacturing sector was the first in nearly one-and-a-half years. Although the expansion was only slight in nature, it was broadly in line with the series average. It was clear that the improvement in overall sales was domestic focused, as export business declined at a sharper rate. Panellists noted that trade and geopolitical tensions had continued to dampen international sales.

Despite just a fractional rise in orders, Italian manufacturers raised their production volumes at the fastest rate seen in nearly two-and-a-half years. The expansion was stronger than the long-run series average, with some panellists hinting towards a recovery in production.

With output outpacing orders, backlogs of work subsequently decreased at a quicker pace. The rate of depletion in outstanding orders was marked and the quickest since March. The decrease largely reflected spare capacity at plants, to which firms responded by lowering their headcounts again, albeit only marginally.

The decrease in employment coincided with a drop in business confidence. In fact, the degree of optimism fell below its long-run average and to its lowest in four months. Where there were sparks of confidence, companies noted hopes of improved economic conditions as well as their plans to launch new products and invest in capacity.

Procurement was another area in which firms looked to make cutbacks. Quantities of purchases have fallen consistently since

June 2022, though the rate of reduction was only modest in August. Surveyed firms noted using existing stocks to support production requirements, which led to a drop in stock of purchases. The decrease in pre-production inventories was the sharpest seen in 2025 so far and was in stark contrast with July's moderate increase.

Despite reduced demand for inputs, suppliers were unable to meet orders in a timely manner. In fact, the extent to which vendor performance worsened was the most pronounced in two-and-a-half years.

Turning to prices, latest data showed renewed reductions in input prices and output charges, both of which were only mild in nature, however. Survey respondents noted that lower energy prices and favourable exchange rate movements had reduced some pressure on costs, which they had pass through to customers in the form of lower charges.

Comment

Commenting on the PMI data, Nils Müller, Junior Economist at Hamburg Commercial Bank, said:

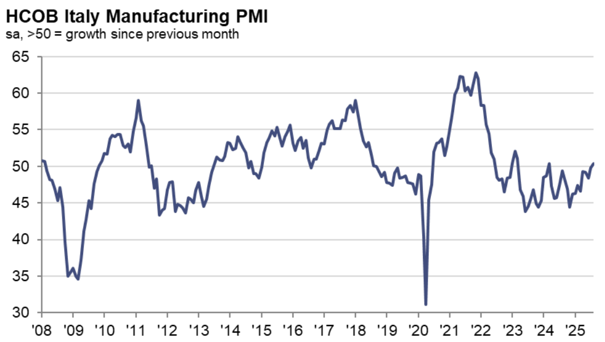
“After nearly one-and-a-half years of contraction, Italy’s manufacturing sector finally edged back into growth territory in August, with the headline HCOB PMI climbing to 50.4. This improvement was driven by a sharp rebound in output, which rose at the fastest pace since early 2023, and a slight increase in new orders.

“While the expansion in new orders was modest, it marked a turning point for domestic sales, which had been under pressure for several quarters. New export orders, however, declined again, extending a near two-and-a-half-year trend of contraction (excluding May’s slight uptick), as firms continued to cite trade and geopolitical tensions as key headwinds. With output growth outpacing new orders, backlogs of work fell sharply, prompting firms to trim employment further. Although the reduction in headcounts was marginal, it coincided with a notable dip in business confidence to a four-month low, underscoring the subdued confidence among manufacturers.

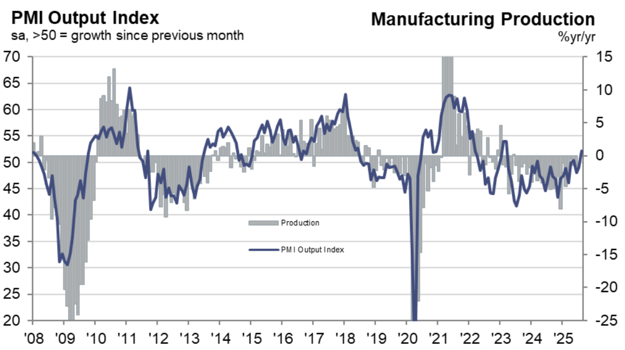
“Inventory and purchasing trends also reflected this restraint. Input purchases declined again, and firms drew down pre-production inventories at the fastest rate seen this year. Supplier delivery times worsened again, despite subdued demand, suggesting persistent inefficiencies in supply chains. Input costs fell slightly, supported by lower energy prices and favourable exchange rate movements. Output charges also declined, although the rate of discounting was modest.

“Overall, August’s data point to a fragile recovery in Italy’s manufacturing sector. While the headline PMI signals expansion, underlying indicators suggest that firms remain cautious, awaiting clearer signs of sustained demand.”

-Ends-



Source: HCOB, S&P Global PMI.



Source: HCOB, S&P Global PMI, ISTAT via S&P Global Market Intelligence.

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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

Hamburg Commercial Bank (HCOB) is a private commercial bank and specialist financier headquartered in Hamburg, Germany. The bank offers its clients a high level of structuring expertise in the financing of commercial real estate projects with a focus on Germany as well as neighboring European countries. It also has a strong market position in international shipping. The bank is one of the pioneers in European-wide project financing for renewable energies and is also involved in the expansion of digital and other areas of important infrastructure. HCOB offers individual financing solutions for international corporate clients as well as a focused corporate client business in Germany. The bank's portfolio is completed by digital products and services facilitating reliable, timely domestic and international payment transactions as well as for trade finance.

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S&P Global (NYSE: SPGI)

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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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