NEWS RELEASE
MARKET SENSITIVE INFORMATION
Embargoed until 0945 CEST (0745 UTC) 3 September 2025

HCOB Italy Services PMI®

Italian service sector loses growth momentum, despite stronger new business inflows

Key findings:

Business Activity Index at seven-month low of 51.5

Cost pressures intensify, but charge inflation cools

Output expectations among the weakest in over four-and-a-half years

Data were collected 12-26 August 2025.

Although the Italian service sector maintained its growth path in August, business activity rose at a modest rate and one that was subdued by historical standards. The slowdown came despite a stronger influx of new business. The softer growth trend prompted firms to raise their headcounts to the least marked degree in four months.

Prices data showed that companies across the sector continued to face substantial cost pressures. Nonetheless, firms sought to drive new sales, as the pace of charge inflation moderated. Although positive, business confidence, was among the weakest in over four-and-a-half years, with challenging economic conditions a key concern.

The **HCOB Italy Services PMI® Business Activity Index** registered 51.5 in August, down from 52.3 in July. The latest reading was consistent with the Italian services economy growing at a modest rate and one that was the softest seen since January.

Where panel members saw growth in output, they attributed this to recent new customer introductions and order inflows. The upturn was reportedly curbed by challenging economic conditions, however.

The headline figure pointed towards a slowdown in activity across the sector, in contrast with the trend for total new business, where growth accelerated to its fastest in six months. Greater new work inflows reflected new client wins, according to surveyed firms. Some panellists also mentioned that demand conditions were more favourable in the latest survey period.

As has been the case since February, the sustained upturn in new orders remained bolstered by the domestic economy, as export sales fell again in August. Companies noted reduced orders from key markets in their reports. That being said, the rate of decline in international sales lost momentum and was only marginal overall.

Despite a stronger influx of new orders, prices charged for the provision of Italian services rose to the weakest extent in nine months in August. With only 7% of firms hiking their rates, the overall rate of charge inflation was only modest overall.

In contrast, input costs rose at a sharper pace on the month. The rate of inflation was both rapid and historically elevated, though it was softer than those seen earlier in the year. Qualitative evidence showed that firms paid more for fuel, energy, rent and business costs.

As has been the case since February, service providers continued to add to their payroll numbers midway through the third quarter. The rate of workforce expansion was the least marked in four months, though it remained stronger than the series' long-run average.

Meanwhile, there were still signs of excess capacity as the level of outstanding business fell for a sixth month running, and at a slightly faster pace.

Finally, business confidence towards the next 12 months remained positive, but dipped to a level that was the weakest in four months. In fact, the respective index came in nearly ten points below the historical average. Optimism was reportedly stymied by muted economic conditions, though some firms remained hopeful that new projects and client wins will underpin growth.

Comment

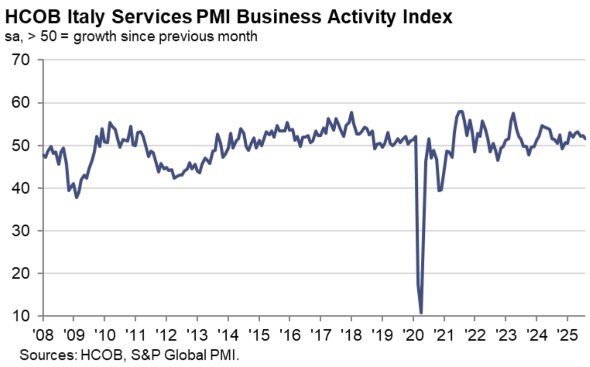
Commenting on the PMI data, Nils Müller, Junior Economist at Hamburg Commercial Bank, said:

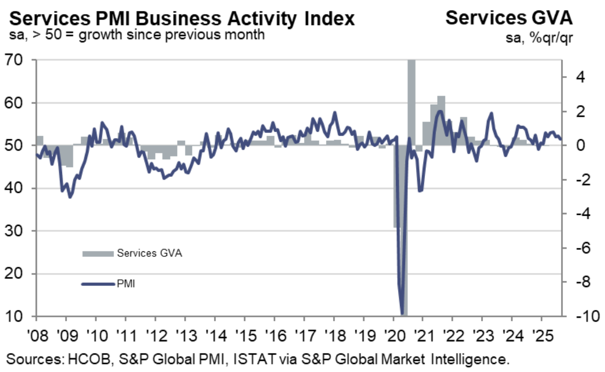
“Italy’s services sector lost momentum in August, with the HCOB Services PMI slipping to 51.5 from 52.3 in July – its lowest reading since January. While the sector remained in expansion territory for a ninth consecutive month, the pace of growth was modest and subdued by historical standards. This slowdown came despite a solid uptick in new business, which firms attributed to new client wins and improved domestic demand. However, the divergence between domestic and foreign sales persisted, as export business contracted for the thirteenth straight month, albeit at a slower pace.

“Employment growth continued but slowed again, reflecting a more cautious hiring stance. Backlogs of work declined for the sixth month in a row, which suggests that current staffing levels may be sufficient to meet demand. Cost pressures intensified, with firms reporting higher expenses for fuel, energy, rent and other business inputs. At the same time, service providers moderated their output price increases to the weakest rate in nine months, indicating margin compression.

“Business confidence deteriorated, as firms’ expectations for the year ahead sank to one of the lowest levels recorded in over four-and-a-half years. While some firms remained optimistic that new projects and client acquisitions would support future growth, sentiment was broadly weighed down by muted economic conditions.

“The broader picture across Italy’s private sector was slightly more encouraging: the HCOB Composite PMI edged up to 51.7. This improvement was driven by renewed growth in manufacturing output, which helped offset the softer services expansion. New business growth at the composite level accelerated to its strongest pace in 16 months, suggesting that underlying demand across Italy’s private sector is becoming increasingly robust.”





HCOB Italy Composite PMI®

Strongest rise in private sector new business since April 2024

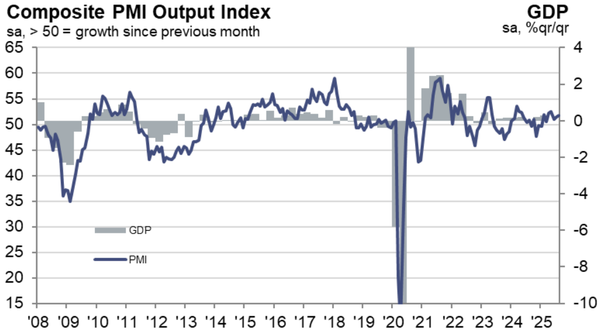
The **HCOB Italy Composite PMI Output Index** posted a three-month high of 51.7 in August, up slightly from July's 51.5. The slight movement in the headline reading masked movements at the broad sector level, as renewed growth in manufacturing output outweighed a softer services expansion.

At the composite level, growth in new business accelerated to strongest in 16 months. Although the upturn was largely services-driven, manufacturing orders rose for the first time in nearly one-and-a-half years, albeit only slightly.

Steady growth in private sector employment levels coincided with a further reduction in outstanding business volumes. There was evidence of spare capacity at both service providers and manufacturers, but most prominently in the latter.

Latest data signalled a services-led rise in operating expenses. The overall rate of cost inflation was sharp and came despite a slight reduction in input prices at manufacturers. The pace of increase in charges softened to the weakest since November

2024, however. Finally, the level of confidence across the Italian private sector dropped noticeably on the month to the lowest in four months.



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

Contact

Hamburg Commercial Bank AG
Nils Müller
Junior Economist
T: + +49-171-3534492
nils.mueller@hcob-bank.com

Katrin Steinbacher
Head of Press Office
Senior Vice President
T: +49-40-3333-11130
katrin.steinbacher@hcob-bank.com

S&P Global Market Intelligence
Eleanor Dennison
Economist
T: +44-1344-328-197
eleanor.dennison@spglobal.com

Hannah Brook
EMEA Communications Manager
T: +44-7483-439-812
hannah.brook@spglobal.com
press.mi@spglobal.com

Note to Editors

The HCOB Italy Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in January 1998.

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 Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

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.

Hamburg Commercial Bank aligns its activities with established ESG (Environment, Social, and Governance) criteria and has anchored sustainability aspects in its business model. It supports its clients in their transition to a more sustainable future.

The bank's specialists are as experienced as they are pragmatic. They act in a reliable manner and at eye level with their customers. They provide in-depth advice in order to jointly find efficient solutions that are a perfect fit – for complex projects in particular. Tailor-made financing, a high level of structuring and syndication expertise and many years of experience are just as much a hallmark of the bank as are our profound market and sector expertise.

S&P Global (NYSE: SPGI)
S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

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 .

If you prefer not to receive news releases from S&P Global, please email press.mi@spglobal.com. To read our privacy policy, click here.

Disclaimer