

NEWS RELEASE  
MARKET SENSITIVE INFORMATION  
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# HCOB Italy Services PMI<sup>®</sup>

## Italian service sector expands at stronger pace, but business sentiment dims

### Key findings:

Output and new orders up at sharper rates in April

Cost pressures at their lowest in 2025 so far

Business confidence drops to weakest level in four-and-a-half years

Data were collected 9-25 April 2025.

The Italian service sector regained some momentum in April, signalling greater inflows of new work and a subsequently faster rise in activity. As a result, services employment rose again, albeit only marginally. However, the overall improvement in the headline index was somewhat clouded by raised levels of uncertainty across the sector, with business sentiment at its weakest for four-and-a-half years.

On the price front, rates of both input cost and output charge inflation fell to their weakest in 2025 so far, but remained elevated by historical standards.

The **HCOB Italy Services PMI<sup>®</sup> Business Activity Index** rose from March's reading of 52.0, to 52.9 in April, stretching the current run of expansion to five months. The services economy grew at rate that was both stronger than the historical average and solid overall.

Where panellists reported increased activity levels, they typically linked this to greater inflows of new work and recent new customer intakes. Indeed, April survey data highlighted an increase in new business volumes at Italian service providers, the third in successive months. As with activity, growth of new orders was historically elevated and solid in nature. According to survey respondents, there were various factors driving the improvement, namely new project wins, recent customer onboarding and a general boost in demand for services.

Meanwhile, there was a ninth consecutive monthly drop in new work from abroad in April. International sales were reportedly limited by weakness in key export markets. That being said, the rate of contraction was softer than the long-run series average and only fractional overall.

Services firms in Italy continued to hire additional staff in April, typically on a permanent basis, as reported by panellists. The rate of jobs growth was the softest seen for three months and only marginal, however.

Italian service providers reportedly had sufficient capacity to complete outstanding business in April. Excluding February's brief period of accumulation, backlogs of work have fallen on a consistent basis since October 2023. The rate of depletion was also the strongest for eight months and sharper than the historic trend.

Reflective of increased purchasing prices, as well as greater staff and energy related costs, there was a further rise in overall operating expenses at Italian service companies in April. Although still elevated in the context of the series history, the rate of

inflation was the softest recorded in 2025 so far.

Although average charges rose again in April, there was a loss of momentum as the rate of inflation cooled to its weakest in the year-to-date. While some firms were able to pass-through increased costs to customers, others reportedly cut fees in order to encourage sales.

Looking ahead, increased levels of uncertainty and concerns towards the economic climate weighed of firms' expectations regarding activity over the coming 12 months. The degree of confidence slipped to its lowest in four-and-a-half years and was well-below trend.

### Comment

Commenting on the PMI data, Dr. Cyrus de la Rubia, Chief Economist at Hamburg Commercial Bank, said:

*“The growth trend appears to be consolidating. The Italian private sector has grown for three months in a row, led by the service sector, while manufacturing output has practically stopped shrinking after a year. According to the Bank of Italy, tourism and hospitality have supported growth in the service sector during the first months of the year, which suggests a certain degree of sustainability. In the manufacturing sector, the question remains as to whether this sector could soon be hit harder by US tariffs and EU countermeasures. For the year as a whole, we expect economic growth of around half a percent.*

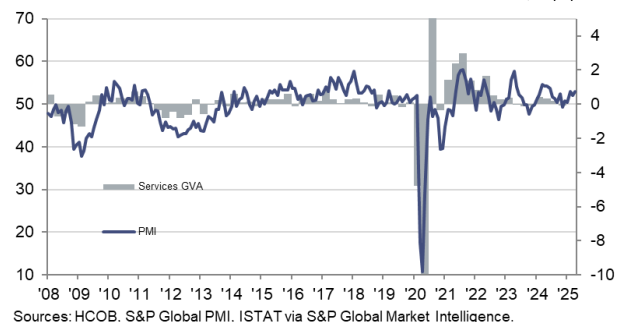
*“The service sector is showing relatively robust growth, which has accelerated slightly compared with the previous month. Accordingly, service providers have once again hired more people, especially as they were also able to expand new business more strongly than in March. It’s encouraging that most people were hired on a permanent basis, as panellists said. Tariff uncertainty could also indirectly weigh on the service sector, with the challenging economic and geopolitical climate mentioned by panellists as having weighed on expectations regarding future activity, with the index already well below its long-term average. However, especially in these times, the service sector is likely to maintain its role as a stabiliser of the Italian economy, which it has held for around two years.*

*“There is some slight relief on the cost side for service companies. Operating costs have not risen quite as sharply as in previous months. However, companies were also unable to increase sales prices at the same pace as before and had to settle for significantly lower increases, meaning that profit margins were unlikely to benefit.”*

**HCOB Italy Services PMI Business Activity Index**  
sa, > 50 = growth since previous month



**Services PMI Business Activity Index**  
sa, > 50 = growth since previous month



## HCOB Italy Composite PMI<sup>®</sup>

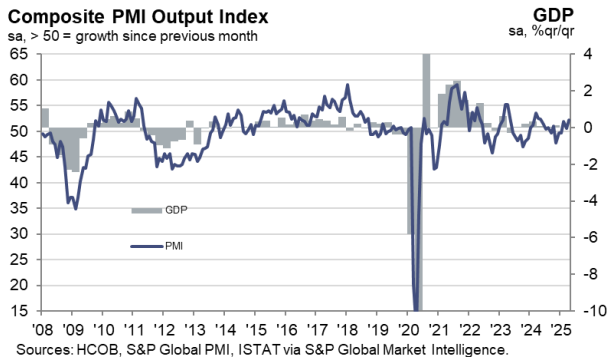
### Italian private sector expands at strongest rate for 11 months

The **HCOB Italy Composite PMI Output Index\*** posted 52.1 in April, up from 50.5 in March, to signal the strongest expansion in activity for nearly one year. Service sector grew at a sharper rate in April, while the manufacturing downturn neared stabilisation. Not only did April see a return to new business growth at the composite level, but the rate of expansion was its highest for one year. There were still mixed trends at the broad sector level, however, as manufacturers saw a drop in new orders.

The increase in private sector employment was only fractional, amid ongoing signs of spare capacity. Moreover, the current sequence of backlog depletion was stretched to nearly three years in April.

Input costs rose at the softest rate of the year so far. The cool down in cost pressures was broad-based across both the manufacturing and services economies. The overall rate of charge inflation was likewise the least pronounced in the year-to-

date. Nonetheless, manufacturers raised their selling prices at the sharpest rate in over two years. Although the 12-month outlook for activity remained positive, the level of confidence was its most subdued in two-and-a-half years.



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## Note to Editors

The HCOB Italy Services PMI<sup>®</sup> 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](mailto: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.

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