

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

## Construction activity and orders increase at the quickest rates in a year-and-a-half

### Key findings:

Activity and orders increase for a second successive month

Jobs growth posts a six-month high

Inflationary pressures cool slightly while confidence ticks up

Data were collected 9-30 November 2023.

November survey data hinted at a recovery across the Italian construction sector as activity picked up for the second month running following a sustained period of decline. New orders also increased for the second successive month, and at the fastest rate for a year-and-a-half. As a result, jobs growth posted a six-month high in November but was moderate overall. In addition, although input prices increased sharply, firms were able to take advantage of a slight inflation cooling in November as the rate edged further below the historic trend.

The headline **HCOB Italy Construction Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>)** – which measures month-on-month changes in total industry activity – edged up to 52.9 during November, an improvement from 51.8 in October. The index signalled a second increase in activity across the Italian construction sector in successive months. Although only moderate, the rate of expansion was the quickest in a year-and-a-half.

According to anecdotal evidence, firms across the sector had raised activity levels in line with increased order numbers. Others attributed the expansion to current government schemes, such as, the Superbonus or the Recovery and Resilience Plan.

Activity rose in two of the three sub-sectors in November, with the housing and commercial sub-categories both signalling accelerated increases. Civil engineering was the only category to record a decline, contracting moderately after two consecutive months of improvement.

For the second time in successive months, the level of new business placed at Italian construction firms improved. Panellist mentioned securing new contracts as client interest had picked up. The pace of increase was solid and the quickest in a year-and-a-half.

Constructors in Italy responded to higher new orders by expanding their workforce numbers in November. Although moderate, jobs growth was the most pronounced in six months. Furthermore, companies often indicated that new workers were employed on either a full-time or permanent basis.

Constructors in Italy boosted purchasing activity in November to cope with raised new orders levels, according to anecdotal evidence. Although orders increased at an accelerated rate on the month, the pace of growth in input purchasing slowed from October.

While input buying increased, capacity pressure at suppliers grew as construction companies reportedly waited longer to

receive inputs in November. The deterioration in vendor performance was strong and consistent with October.

In addition, input price inflation remained elevated, with around 19% of firms signalling a rise in input prices compared to 7% recording a fall in November. Although sharp, inflation was at a three-month low in November and subdued by historical standards.

Companies across the Italian construction sector were, on balance, confident that output over the coming 12 months would rise, often due to raised incoming new order expectations. Optimism did however remain below the historic trend as firms cited concerns surrounding the impact of the scaling back of the Superbonus scheme.

### Comment

Commenting on the PMI data, Dr Tariq Kamal Chaudhry, Economist at Hamburg Commercial Bank, said:

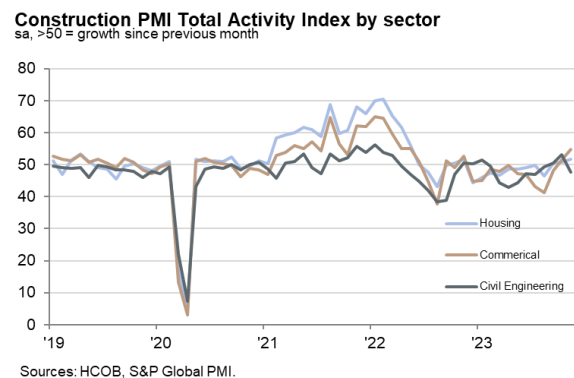
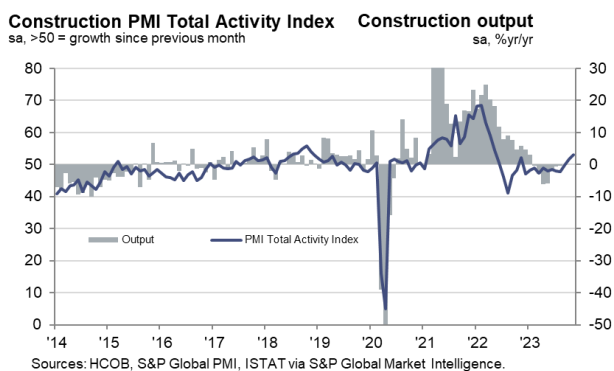
*"Italy's building game is back in action, with the HCOB Total Activity Index hitting a solid 52.9 in November—the best in a year and a half. What's stoking the fires? It is the hustle and bustle of commercial construction and a sunnier outlook for the future."*

*"The Italian construction scene is keeping its chin up, even with interest rates on the high side. The positive vibes are mostly coming from home building and business action. Civil engineering took a bit of a dip, cooling off after two months on the upswing."*

*"In the Italian construction sector, it's not all sunshine and rainbows. The flip side of the growing demand is the ongoing surge in input costs and subcontractor prices. Even though the country's overall inflation is on the slide, builders are feeling the pinch of high expenses."*

*"The construction contractors seem to be on a revitalization kick. Growing orders and purchase volumes seem to testify to the faith that Italian construction firms have in the sector. The EU Council nodded to Italy's proposed tweaks to its national plan to snag the remaining outstanding tranches from the "Next Generation" EU program. This has likely added more fuel to the optimism in the construction sector."*

-Ends-



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## Note to Editors

The HCOB Italy Construction PMI<sup>®</sup> is compiled by S&P Global from responses to questionnaires sent to a panel of over 200 construction companies. The panel is stratified by company workforce size, based on contributions to GDP. Survey data were first collected July 1999.

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 Total Activity Index. This is a diffusion index that tracks changes in the total volume of construction activity compared with one month previously. The Total Activity Index is comparable to the Manufacturing Output Index and Services Business Activity Index. It may be referred to as the 'Construction 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.

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