NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Italy Manufacturing PMI®

Italian manufacturers signal strongest cost pressures in over three years

Key findings:

Softer falls in output and total new orders

Outlook brightens as employment rises for first time in four months

Charge inflation returns as cost burdens rise at fastest rate in over three years

Data were collected 12-23 January 2026.

Although the Italian goods producing sector started 2026 in contraction territory, there were signs of the downturn softening, with slower falls in output and new orders signalled. Positively, confidence in the outlook also improved. Reduced buying activity supported firms' stock reduction initiatives and helped suppliers to meet deliveries in a timely manner. Nevertheless, input cost rose at the strongest pace in over three years, which in turn triggered manufacturers to raise their own charges.

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, remained below the 50.0 threshold for the second month running in January.

Up slightly from 47.9 in December, the latest reading of 48.1 was consistent with a modest decline in operating conditions at the start of 2026. Of the five headline PMI components, only employment signalled expansion.

Subdued order numbers played a key part in the sustained downturn of the sector, which panellists linked to fragile demand, order cancellations and difficult market conditions. The overall volume of new work decreased for a second month in a row, albeit at a softer pace than seen at the close of 2025. Challenges persisted on international markets as export sales fell again, but only modestly.

The trend for production closely mirrored that of new orders having also fallen in back-to-back months and moderately. While muted demand was said to have limited output volumes, some panellists reportedly faced issues securing raw materials.

Reduced output requirements triggered a solid fall in quantities of purchases in January. Some survey respondents attributed the fall in buying levels to stock reduction initiatives.

The pressures on supply chains that has been seen since mid-2025 diminished in January, as input delivery times shortened. More stability upstream and generally lower buying levels were mentioned in panel member reports.

Despite reduced demand for inputs, cost burdens increased substantially at the start of the new year, as the cost of a variety of raw materials was said to have risen. The rate of inflation was the strongest since November 2022.

The building of cost pressures led to a renewed increase in selling prices set by Italian manufacturers themselves. Although consistent with just a marginal uptick, the rate of inflation was the sharpest in nine months.

When it came to inventories, Italian goods producers signalled a preference for slimmer stocks as both holdings of inputs and final goods fell in January. Panellists linked the fall in the former to postponed buying and waiting on deliveries, while the latter was attributed to reduced output and faster shipping.

Employment was the sole area of expansion in January, as firms looked to support their growth ambitions by hiring staff largely on permanent contracts. The overall rate of job creation was slight, however, amid further signs of spare capacity as outstanding business volumes decreased. The rate of backlog depletion was solid overall.

Finally, Italian manufacturers were upbeat in their year-ahead output forecasts in January. In fact, confidence rose to one of its highest levels in nearly four-and-a-half years. The launch of new products, borrowing cost cuts and the ongoing recovery at the sector level underpinned positivity.

Comment

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

"Italian manufacturing began 2026 still in contraction, yet January's survey data offered tentative signs that the sector may be edging toward firmer ground. The headline index rose slightly to 48.1 from 47.9, marking a second month below the 50 threshold but signalling a slower pace of decline. The softer falls in both output and new orders suggest that the intense weakness seen late last year may be easing. Even so, demand remains fragile at home and abroad, with firms reporting cancellations and difficult market conditions. Export orders, excluding brief upticks in May and November 2025, continued their nearly three-year downtrend, though the latest fall was modest.

"One of the most striking developments in January was the further intensification of cost pressures. Input prices rose at the fastest pace in more than three years, driven by broad-based increases across key raw materials including metals and wood. This pick-up in cost inflation fed through to selling prices, which climbed for the second time in three months. For now, charge inflation remains mild compared with input costs, but the shift back into price-raising territory points to the return of margin pressures.

"In line with weaker order flows, firms scaled back their purchasing activity at a faster pace, contributing to slimmer input inventories. At the same time, there were signs of stabilisation in supply chains, with delivery times shortening for the first time since mid-2025. Employment provided a rare bright spot, rising for the first time in four months as firms hired mainly permanent staff, reflecting firmer expectations for the year ahead. This improved mood was also evident in the broader outlook, with business expectations strengthening markedly and reaching one of the highest levels in nearly four-and-a-half years, supported by expectations of sectoral recovery, borrowing cost cuts and new product initiatives."

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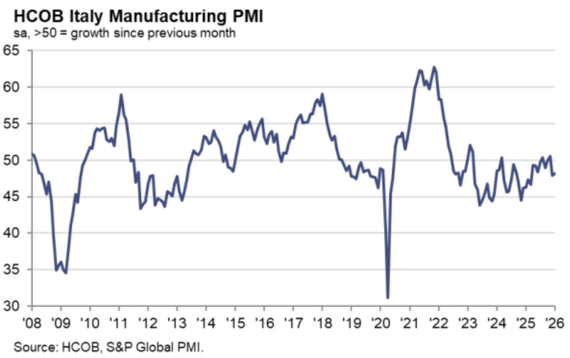

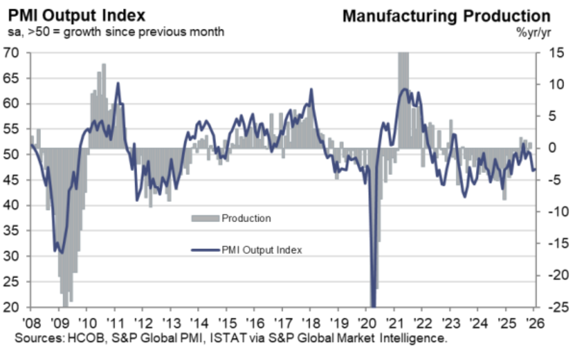

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Note to Editors

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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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

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