

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Italy Construction PMI®

August sees fastest falls in construction output and new orders in a year

Key findings:

Total Activity Index drops to one-year low of 47.7

Sharpest declines in new business and purchasing since last August

Softer workforce expansion amid subdued confidence levels

Data were collected 12-29 August 2025.

Latest HCOB PMI® data saw the Italian building sector fall deeper into contraction territory in August, amid reports of subdued demand conditions. In fact, activity and new orders both fell at the sharpest rates for a year. Although employment growth was sustained, the rate of expansion was only slight. Firms made considerable cutbacks with respect to subcontractors, where the usage was down at the most marked rate in over five years. Lower input requirements helped to curb input cost inflation which remained well below trend. Finally, although positive and up from July, the year-ahead outlook for activity remained subdued when put into a historical context.

At 47.7 in August, the **headline HCOB Italy Construction PMI® Total Activity Index** — which measures month-on-month changes in total industry activity — signalled a moderate contraction in building activity across Italy. However, down from 48.3 in July, the latest reading marked the strongest contraction in output for a year. Where surveyed companies noted a drop in activity, they linked this to a lack of incoming new orders.

Looking at the sub-sector breakdown, housing and commercial remained drags on the headline index. In both cases, activity fell at sharp rates with the respective seasonally adjusted indices dropping to 13- and 24-months lows. Civil engineering bucked the wider trend of decline and signalled its strongest uptick since the end of 2023, however.

The volume of new orders was down in August. The fall marked a second successive month of contraction and the fastest in exactly a year. In the qualitative part of the survey, firms noted that muted demand conditions had weighed on sales performances.

Despite a solid reduction in new business, companies continued to recruit new staff midway through the third quarter. The marginal rate of expansion was the joint-weakest recorded in the current 12-month sequence, in line with September 2024 and January 2025, however. Meanwhile, latest data revealed a marked reduction in subcontractor usage that was the strongest in over five years.

Italian construction firms did retrench in some respects as purchasing quantities were lowered in August. The trend for input buying was closely linked to that of new business, likewise falling solidly and at the fastest pace in a year.

Nevertheless, issues with couriers and material shortages meant that suppliers' delivery times lengthened again. The deterioration in vendor performance was only modest, however.

On the cost front, constructors paid more for their inputs again in August. Although the rate of inflation was strong, it was among the weakest recorded in the year-to-date as well as being subdued by historical standards. Meanwhile, subcontractor rates

were broadly unchanged, ending a period of inflation stretching back to June 2020.

Construction companies in Italy remained confident that activity will increase over the coming 12 months, with optimism reflecting new contract and customer wins. The level of confidence improved on the month, but remained below the series average.

Comment

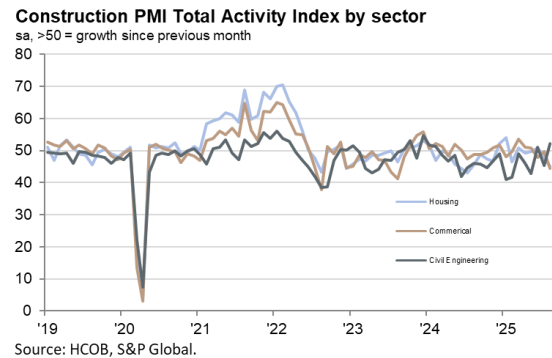
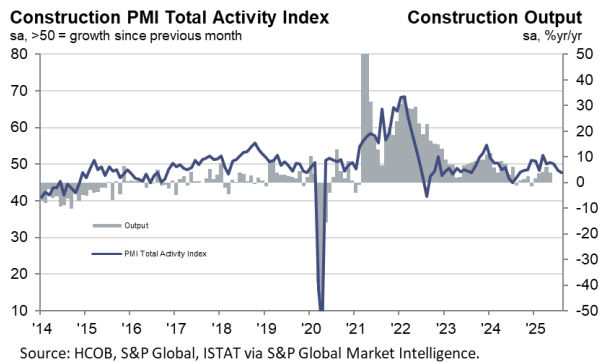
Commenting on the PMI data, Norman Liebke, Economist at Hamburg Commercial Bank, said:

“Activity in the Italian construction sector remained subdued in August, as output fell at a faster pace. In the housing and commercial sub-sectors, activity was down even further, whereas civil engineering activity increased for the second time this year, after June. New orders worsened as well with panellists noting subdued demand. Expectedly, business expectations for activity among Italian constructors stayed historically muted regarding the coming twelve months.

“Civil engineering activity is leading the Italian construction sector. With the index rising to its highest since December 2023. On the other hand, housing and commercial activity stayed subdued in August and sluggish overall. Although both sub-sectors worsened in August, the Commercial Activity Index declined much more than that of housing.

“The current outlook for the Italian construction sector is rather gloomy. The employment situation was less upbeat, with the Employment Index approaching the 50.0 threshold in a rapid manner. Additionally, new orders declined strongly in August. Although future expectations increased slightly due to previously secured business, the overall outlook remains below its historic average.”

-Ends-



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Note to Editors

The HCOB Italy Construction PMI[®] 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.

Hamburg Commercial Bank AG

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