

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Italy Manufacturing PMI®

Italian manufacturing economy broadly stable in October

Key findings:

Output volumes up marginally, despite fractional drop in order books

Cost pressures intensify as charges discounted

Confidence improves to strongest in over a year

Data were collected 09-24 October 2025.

There was little change in the health of the Italian manufacturing sector in October. On the upside, production was back in growth territory (albeit only slightly) and the trend of decline in new orders lost momentum and was only mild overall. Manufacturers were also their most confident in over a year.

On the downside, however, despite cost pressures picking up, companies reduced their charges due to strong price competition.

At 49.9 in October, 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, neared the 50.0 mark of stabilisation. Although still just inside contraction territory, the latest reading was an improvement on September's 49.0.

There were mixed trends beneath the headline figure as growth of output and longer supplier's delivery times (typically associated with greater supply-chain activity) was outweighed by contractionary new orders, employment and stocks of purchases readings.

Demand conditions across the Italian manufacturing sector remained subdued in October. New orders – both overall and from export markets– decreased, albeit with the former only falling fractionally. Panellists attributed weakness to macroeconomic uncertainty and less interest from clients in France and Germany in particular.

Despite reduced inflows of new work, output volumes rose slightly at the start of the final quarter. Increased production reportedly stemmed from new customer intakes and, in some instances, higher sales.

Manufacturers made cutbacks to their purchasing quantities, reporting that they had sufficient stocks to support production requirements. Subsequently, stock of purchases declined further in October. Both the quantity and stock of purchases decreased to similarly moderate degrees.

Still, suppliers were unable to meet orders in a timely manner and lead times on input lengthened for a fifth consecutive month. Supply chain disruption was linked to shortages, strikes and delays at customs.

Despite reduced demand for inputs, cost pressures increased as the price of raw materials and shipping fees had gone up, according to firms. The rate of input price inflation was moderate and the strongest since March. Companies decided to reduce their charges nevertheless, reflective of attempts to spur demand and due to price competition. The degree to which selling

prices were discounted was the strongest in eight months.

On the jobs front, although net employment was down, the rate of reduction was only slight. Panel member reports also detailed that the decrease reflected voluntary leavers and the expiration of contracts over redundancies.

In spite of this, while demand conditions remained muted, firms were able to make further inroads into their outstanding orders in October. The rate of decrease in backlogs was both sharp and elevated compared to the long-run average.

Lastly, when asked about the coming 12 months, Italian manufacturers were optimistic that output levels would rise. In fact, the degree of confidence was the strongest in 14 months. Companies were hopeful for new client wins and greater order inflows. The launch of new products was also cited as a reason for confidence.

Comment

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

“October’s PMI data suggest that Italy’s manufacturing sector may be approaching a turning point. The headline index rose to 49.9, up from 49.0 in September, signalling a near-stabilisation in operating conditions. Although the sector remains in mild contraction, a notable improvement in business confidence hints at a shift in momentum.”

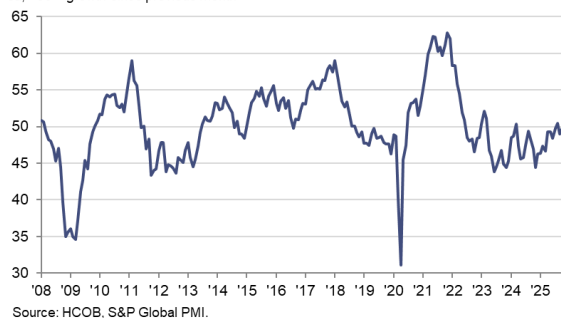
“Output returned to modest growth, supported by new customer acquisitions and selective increases in sales, even as overall demand remained subdued. New orders continued to decline, albeit only fractionally, while export sales fell for a fifth consecutive month, weighed down by weaker demand from key markets such as France and Germany. Despite this, firms were able to reduce backlogs at a sharp pace, indicating that production capacity exceeded incoming workloads. Employment edged lower, though this was largely due to voluntary departures and contract expirations rather than active downsizing.”

“Input cost inflation accelerated to a seven-month high, driven by rising raw material and shipping prices. Notably, some firms also reported that suppliers had increased their fees given tariff implications. Nonetheless, firms opted to reduce their selling prices in an effort to stimulate demand amid strong competition. The rate of discounting was the steepest in eight months, underscoring the pressure on margins and the challenging pricing environment.”

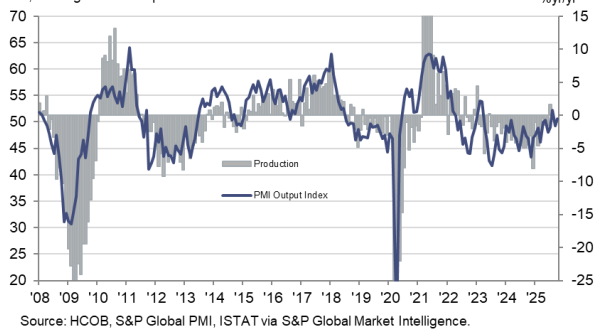
“Encouragingly, business confidence improved markedly, reaching its highest level in over a year. Over half of surveyed firms anticipate higher output in the coming 12 months, buoyed by expectations of new client wins, stronger order inflows and product launches. While the sector remains in a fragile state, overall, the data point to a cautiously improving outlook.”

-Ends-

HCOB Italy Manufacturing PMI
sa, >50 = growth since previous month



PMI Output Index
sa, >50 = growth since previous month



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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

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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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