

NEWS RELEASE
MARKET SENSITIVE INFORMATION
Embargoed until 0930 CEST (0730 UTC) 6 August 2025

HCOB Italy Construction PMI®

Italian construction sector slips into decline in July

Key findings:

Renewed falls in activity and new business

Fastest decline in procurement activity in nearly one year

Confidence slides to six-month low

Data were collected 10-31 July 2025.

The Italian construction sector fell into contraction territory in July, ending a recent period of muted activity growth. The downturn was broad-based across all three monitored sub-sectors. Total activity fell amid a renewed decline in order book volumes. This subdued performance was reflected in business sentiment, which deteriorated further below its historical average.

Subsequently, buying quantities were lowered, hiring activity slowed and the usage of subcontractors was down.

At 48.3, the headline **HCOB Italy Construction PMI® Total Activity Index** — which measures month-on-month changes in total industry activity — dropped below the crucial 50.0 mark (down from 50.2 in June).

Although only modest, the renewed downturn ended a four-month run of output growth. Survey respondents linked the decrease to a combination of lower order numbers and the closure of sites.

All three monitored sub-sectors of construction recorded declines in output for the first time in five months. The downturn was led by the civil engineering sector, where the rate of contraction was sharp and elevated by historical standards. The reductions across the commercial and housing categories were relatively mild compared to their respective long-run averages, however.

Central to the contraction in activity was a renewed decline in new orders in July, which panellists linked to muted demand and unsuccessful tenders. The rate of decrease was only marginal, however, and slightly softer than the long-run trend.

Subsequently, demand for inputs was also down, as highlighted by a decrease in purchasing quantities across the Italian construction sector. The drop in buying activity not only contrasted with June's uptick, but was the most pronounced in 11 months and solid overall. Survey respondents noted that their input requirements were lowered in line with activity and amid efforts to reduce inventories.

Nevertheless, where firms did purchase inputs, average lead times were reported to have lengthened in July, which firms linked to material shortages. The degree to which supplier performance declined was the least pronounced in three months, however.

According to anecdotal evidence, higher raw material prices were behind the latest increase in cost pressures. The rate of cost inflation was sharp and broadly in line with June's reading. When put into historical context, price pressures were subdued, however.

In order to support workloads on existing sites, employment levels were raised again in July, thereby marking the eleventh

straight month of job creation. The rate of expansion was slower than in June, however. At the same time, there was a fresh decrease in the usage of subcontractors in July.

Unfavourable conditions did knock firms' confidence towards the coming 12 months in July. Business expectations were their lowest since January, as well as being subdued compared to the series trend.

Comment

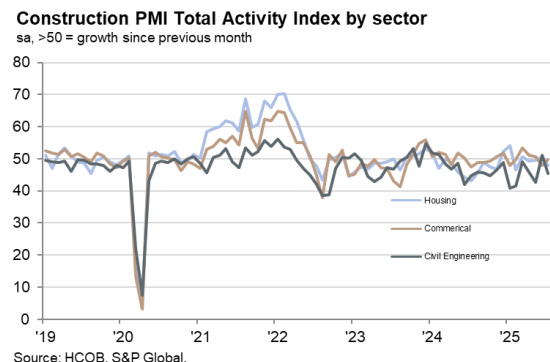
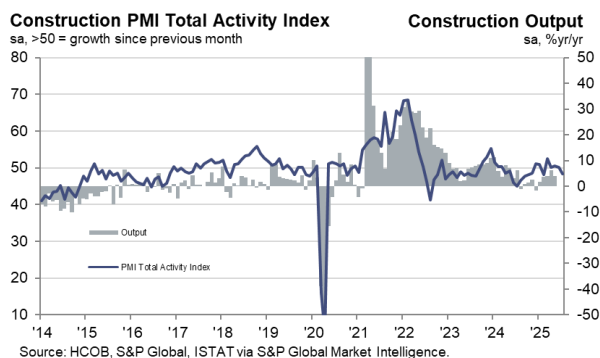
Commenting on the PMI data, Norman Liebke, Economist at Hamburg Commercial Bank, said:

“The Italian construction sector is just muddling along. The newest HCOB Italy Construction PMI data for July show a slight decline in overall construction activity after the index has been close to the expansion value of 50 in the past three months. Input price increases have put greater pressure on constructors, with raw material prices rising further. Overall, the outlook does not look as bad as it is for Germany and France.

“The downturn of the Italian construction sector in July was broad-based. All three sub-sectors—housing, commercial and civil engineering—contracted in July. Comparing the three sub-sectors with each other, civil engineering contracted the sharpest, with housing following closely. Commercial activity also fell, but only slightly as the HCOB PMI Activity Index stayed close to the expansion threshold of 50.

“The outlook for the Italian construction sector seems hopeful. In other European countries, the outlook looks far worse than what can be described in Italy. New orders were only down slightly while employment was even up, signalling some sort of optimism among Italian constructors. Business expectations for the coming twelve months stayed positive overall, although concerns of sliding demand put a bit of pressure on constructors.”

-Ends-



Contact

Hamburg Commercial Bank AG

Norman Liebke
Economist
T: +49-171-5466-753
norman.liebke@hcob-bank.com

Katrin Steinbacher
Head of Press Office
Senior Vice President
T: +49-40-3333-11130
katrin.steinbacher@hcob-bank.com

S&P Global Market Intelligence

Eleanor Dennison
Economist
T: +44-1344-328-197
eleanor.dennison@spglobal.com

Hannah Brook
EMEA Communications Manager
T: +44-7483-439-812
hannah.brook@spglobal.com
press.mi@spglobal.com

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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