

NEWS RELEASE  
MARKET SENSITIVE INFORMATION  
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# HCOB Italy Construction PMI®

## Construction activity declines after six months of growth

### Key findings:

Activity and new orders see renewed decreases in April

Slowest jobs growth in just over a year, while cost pressures intensify

Outlook for future activity brightens

Data were collected 11-30 April 2024.

April survey data saw the Italian construction sector's six-month growth spurt end. New orders and activity both fell modestly at the start of the second quarter, with all three sub-categories registering contractions. Firms also faced increasing cost pressure and supply-chain disruption.

On a more positive note, though only marginal, jobs growth was sustained and confidence in the future was at its strongest for nearly two years.

The headline **HCOB Italy Construction Purchasing Managers' Index™ (PMI®)** – which measures month-on-month changes in total industry activity – fell from 50.3 in March to 48.5 in April and dropped below the crucial 50.0 mark, to signal the first decline in activity since September last year. The rate of contraction was only modest, however. Where activity fell, panellists indicated that this reflected subdued demand for building work across Italy.

The decline in activity was broad-based across the three sub-categories monitored by the survey. Recording the sharpest reduction, civil engineering was the worst performer, followed by commercial, where a renewed contraction was seen. Residential activity meanwhile posted the softest decline of the three sub-sectors.

The renewed drop in new orders was the first in seven months and modest overall, with some panellists blaming poor demand and increased uncertainty. Nevertheless, Italian constructors continued to take on additional staff and increased their usage of subcontractors. The rate of job creation was only marginal, however, and the least pronounced for just over a year.

On the price front, building firms faced increased cost pressure in April, with a rate of input price inflation quickening to a pace that was marked overall. The latest uplift was linked by survey respondents to increased raw material and transport costs.

Meanwhile, supplier performance also deteriorated in terms of lead times, having lengthened again in April. Panel members often blamed supply-chain disruption.

At the same time, input buying fell modestly in April for a second straight month. The rate of decline was slightly slower than in March. Given the subdued demand climate, panellists reportedly had sufficient input stocks.

Finally, April survey data pointed to a stronger degree of confidence toward future output, amid reports of incoming new orders and contracts, in particular related to the National Recovery and Resilience Plan (PNRR). Nearly a third (32%) of Italian constructors were optimistic, compared to only 11% that were pessimistic in April. As a result, business confidence hit a near two-year high.

## Comment

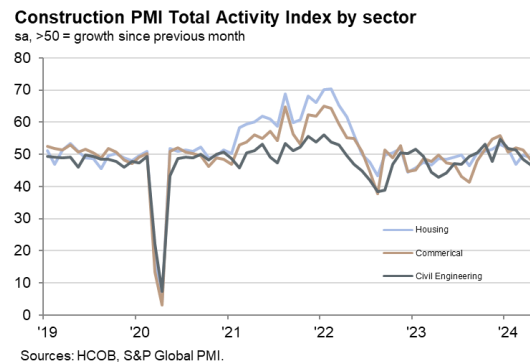
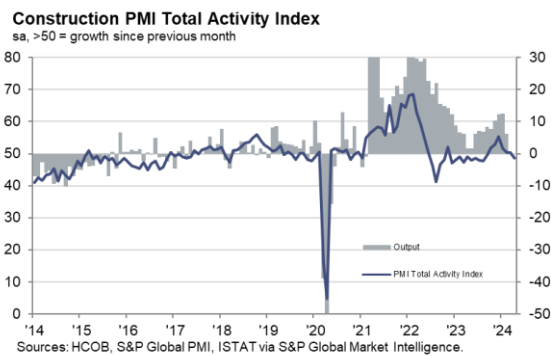
Commenting on the PMI data, Dr Tariq Kamal Chaudhry, Economist at Hamburg Commercial Bank, said:

*“The Italian construction sector loses momentum. After six consecutive months of growth, the headline HCOB PMI fell to 48.5 in April, indicating a contraction. Weakness is evident across all sub-sectors, with civil engineering activity performing the worst.”*

*“Rising prices plague the construction sector. Italian constructors continue to grapple with increasing prices in April, including both input costs and subcontractor rates. These costs are rising despite the overall weak demand in the construction sector. Escalating raw material and transportation costs were cited by constructors in anecdotes.”*

*“Much shadow, little light. The construction sector PMIs are sending hardly hopeful signals. Compared to the previous month, the Employment Index has indeed fallen significantly but manages to barely stay in the growth zone. Additionally, it's noteworthy that despite weak demand and shrinking new orders, there's optimism about the future. The Future Activity Index was supported by projected new order intakes, particularly related to the EU's Recovery and Resilience Plan (PNRR) and expected incoming new contracts.”*

-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.

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### About PMI

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