NEWS RELEASE
MARKET SENSITIVE INFORMATION
Embargoed until 0945 CEST (0745 UTC) 1 April 2025

HCOB Italy Manufacturing PMI®

Production volumes down at sharper rate and confidence among manufacturers dips

Key findings:

Sharper decrease in output volumes

Sustained reduction in headcounts amid signs of excess capacity

Charges up after six months of discounting and despite softer cost pressures

Data were collected 12-24 March 2025.

The Italian manufacturing sector remained stuck in a downturn at the end of the opening quarter of 2025. Production volumes were lowered once again and at the fastest rate for four months. New orders continued to decrease at a sharp and steady pace in March, keeping firms in retrenchment mode.

There were signs that firms looked to reduce their outgoings, as employment and spending on inputs were both reduced. On the price front, although cost pressures cooled slightly, output charges were raised for the first time in seven months, reflecting attempts to protect margins.

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, posted at 46.6 in March (February: 47.4). The headline index recorded it's twelfth sub-50.0 reading in a row to signal one year of sustained deterioration in the health of the manufacturing sector.

Of the five headline PMI components, output and stocks of purchases were the main negative directional influences. Readings across the three remaining indices were broadly unchanged on the month.

Another noticeable drop in demand for Italian manufactured goods was signalled by the latest HCOB data, linked by panellists to a slowdown across the sector. The rate of decline in new orders was marked and largely in line with that seen on average over the current 12-month downturn. The export climate weighed on total orders in March as international sales fell rapidly and at a faster rate than in the previous month.

At the same time, the downward trend for output was stretched to a year in March. Production was reduced in line with falling order book volumes. The rate of contraction was also the sharpest seen for four months.

Lower production requirements led firms to adjust their headcounts accordingly. Employment numbers were reduced for the sixth month in succession in March. Meanwhile, there were still signs of spare capacity as the volume of work-in-hand fell further.

Input purchasing was another way in which Italian manufacturers looked to retrench in March. Quantities of purchases were down substantially in the latest survey period and at a rate that was far stronger than the long-run average.

Concurrently, pre-production inventories continued to fall in March, stretching the trend of depletion to exactly two years. According to anecdotal evidence, the latest reduction reflected attempt to optimise stock levels. The rate of contraction picked up on the month and was solid overall.

In line with reduced demand for inputs, cost pressures cooled slightly and to a rate that was well below the long-run series average. Increased raw material prices were the main source of upward pressures cited by panellists. Meanwhile, manufacturers in Italy were keen to protect profit margins and raised their charges for the first time in seven months, albeit only marginally.

Looking ahead, Italian goods producers were, on average, confident that output would rise from present levels over the coming 12 months. Firms were hopeful for a pick-up in demand, lower interest rates and a general market recovery. The degree of positive sentiment did, however, drop below its historical average in the latest survey period.

Comment

Commenting on the PMI data, Jonas Feldhusen, Junior Economist at Hamburg Commercial Bank, said:

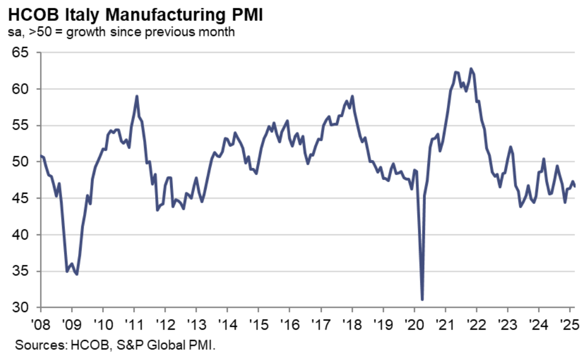
“Italy's manufacturing sector remains in the grip of crisis, showing no signs of improvement in March, as the latest HCOB PMIs reveal. The bad situation persists, with a further downturn in new orders linked to weakness across the production sector. The economic environment remains unstable for the manufacturers, as reciprocal US-tariffs need to be expected, starting April 2nd. Mid-term, the sector could benefit from the consequences of geopolitical changes. In particular, deregulation from Brussels, rearming Europe and the immense German debt package for defence and infrastructure could transmit into the sluggish Italian manufacturing sector. But the current state remains subdued, with the business outlook deteriorating in March.

“The decline in inventory purchases and the continued reduction of stock levels paint a grim picture of an industry in decline. Producers are increasingly optimising their capacity in response to diminished production demands. This optimisation inevitably affects the manufacturing workforce, leading to further reductions in employment. However, many companies strive to avoid mass layoffs by not replacing employees who leave voluntarily or retire.

“Examining price trends, input costs have risen for the fourth consecutive month. However, the current level remains subdued compared to the historical average, and the pace of inflation has softened. Prices charged have increased on a monthly basis after previous declines aimed at stimulating sales. Panellists attributed the latest price hike to efforts to protect profit margins.

“All manufacturing sub-sectors are grappling with the ongoing crisis. The consumer goods sector, which had been the most resilient according to the HCOB PMI in recent months, deteriorated again in March. The intermediate and investment goods sectors, particularly affected by weak sentiment across Europe, faced further declines in production and orders.”

-Ends-



Contact

Hamburg Commercial Bank AG
Jonas Feldhusen
Junior Economist
T: +49-151-2294-2945
jonas.feldhusen@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

Corporate Communications
press.mi@spglobal.com

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.

Hamburg Commercial Bank aligns its activities with established ESG (Environment, Social, and Governance) criteria and has anchored sustainability aspects in its business model. It supports its clients in their transition to a more sustainable future.

The bank's specialists are as experienced as they are pragmatic. They act in a reliable manner and at eye level with their customers. They provide in-depth advice in order to jointly find efficient solutions that are a perfect fit – for complex projects in particular. Tailor-made financing, a high level of structuring and syndication expertise and many years of experience are just as much a hallmark of the bank as are our profound market and sector expertise.

S&P Global (NYSE: SPGI)

S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

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.

PMI® by S&P Global | Hamburg Commercial Bank

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

If you prefer not to receive news releases from S&P Global, please email press.mi@spglobal.com. To read our privacy policy, click here.