

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Italy Manufacturing PMI®

Italian manufacturing sector concludes the year in contraction

Key findings:

Fresh declines in output and new orders

Deeper cuts to employment and input buying signalled

Cost pressures retreat, allowing firms to offer slight discounts

Data were collected 4-16 December 2025.

The Italian goods producing sector closed the year in negative territory after having failed to sustain November's growth spurt. Setbacks were broad-based in December, though largely centred around the renewed declines in manufacturers' order books and output volumes. In response to weaker sales, headcounts were lowered and buying quantities were reduced. This did, however, reduce cost pressures and firms subsequently offered discounts. Although overall business conditions deteriorated, confidence levels improved slightly.

At 47.9 in December, 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, fell back into contraction territory.

Down from 50.6 in November, the latest reading was consistent with a moderate decline in Italian manufacturing conditions and one that was also the strongest since March last year. Although all five PMI components imparted negative directional influences, contributions from output and new orders were the most notable.

Of the three broad manufacturing categories, consumer goods makers signalled the sharpest deterioration, whereas contractions elsewhere were only mild.

The PMI component with the largest weight - new orders - was back in contraction territory after a month of growth in November. Raised levels of uncertainty and challenges in certain sectors, namely steel and autos contributed to the downturn. Lower export orders also played a part in the weakening of sales performances. The rate of contraction in international sales was mild compared to those seen at the start of the year, however.

Production decisions at manufacturers in Italy were tied to new orders, leading output to also drop back into contraction. The rate of decline was the fastest in nine months and solid overall.

Despite this setback, companies were slightly more confident when asked about their year-ahead expectations for output in December. Investment in product launches and plans to enter new markets were among the reasons for optimism.

Manufacturers made further cutbacks to their workforce numbers, signalling a full quarter of job shedding. Anecdotal evidence highlighted that this was often achieved through the non-replacement of voluntary leavers. The volume of work outstanding decreased again and at a rapid pace, as firms showed they had sufficient capacity to run down their backlogs.

As input requirements were lower, firms scaled back their buying levels and often using their existing stocks of purchases to

support any output needs. Both input stocks and purchasing fell at modest rates in the latest survey period.

Nevertheless, stock availability issues at vendors, customs delays and courier union protests meant that average lead times on input purchases lengthened again, albeit to a lesser degree than in November.

Reduced demand for inputs did alleviate some pressure on costs, with the rate of inflation softer than November's three-year record. It was, however, still strong in nature, amid reports of higher raw material costs (steel, aluminium and wood).

Finally, weaker demand conditions and softer cost pressures encouraged manufacturers to lower their own selling prices in December. The rate of discounting was only fractional, however.

Comment

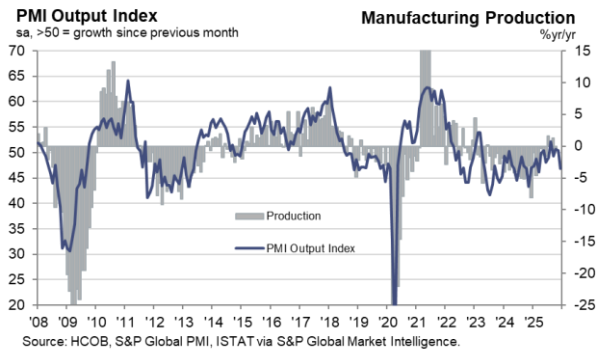
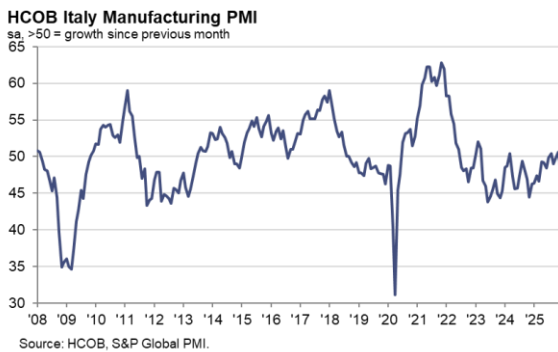
Commenting on the PMI data, Nils Müller, Junior Economist at Hamburg Commercial Bank, said:

“The year concluded with Italian manufacturing sliding back into contraction, as the HCOB Manufacturing PMI fell to 47.9 in December, down sharply from November’s 50.6. The latest reading marks the steepest deterioration in operating conditions since March, abruptly ending the brief growth spurt seen in the previous month. The downturn was driven primarily by renewed declines in output and new orders, both of which contracted at the fastest pace in nine months.

“Weakness was broad-based, with consumer goods producers reporting the sharpest fall, while challenges in steel and automotive sectors caused notable headwinds. Export orders also slipped, confirming November’s rebound as short-lived, though the pace of decline remained modest compared to earlier in the year. In response to subdued sales, firms scaled back production and continued to trim employment, marking a full quarter of job shedding. Firms also pared back purchasing and ran down input inventories to match weaker production needs.

“On the cost front, softer demand helped ease inflationary pressures, with input price growth cooling from November’s three-year high. This allowed manufacturers to offer slight discounts, although price cuts were only fractional. Despite the challenging backdrop, sentiment improved marginally, supported by plans for new product launches and market expansion in 2026. Overall, December’s data confirm ongoing challenges for Italy’s manufacturing economy, with subdued domestic and external demand likely to weigh on near-term performance, even as firms look ahead with cautious optimism.”

-Ends-



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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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