

# News Release

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## S&P Global Italy Services PMI<sup>®</sup>

### Upturn of service sector sustained during February

#### Key findings

Activity and new work increased again

Cost inflation continues steady descent

Employment growth sustained, but at marginal pace

Italy's services economy continued to expand during February, supported by another solid rise in volumes of new work. Confidence in the future also improved, although with evidence of excess capacity in the sector, staffing levels only rose slightly. Cost pressures eased again, but inflation remained elevated, and firms continued to pass on a significant chunk to their clients in the form of higher charges.

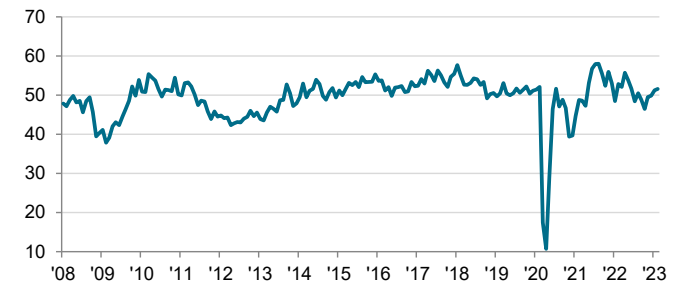
The seasonally adjusted S&P Global Italy Services PMI Business Activity Index improved in February to reach an eight-month high of 51.6. That was up from 51.2 in January and was indicative of another period of modest expansion. February marked the second month in succession that a rise in activity has been recorded.

Supporting growth was a solid, and slightly improved, rise in volumes of incoming new business. Companies signalled that underlying demand had strengthened, with client interest rising amid evidence of economic recovery. A third successive monthly rise in new business was, however, principally driven by the domestic market: new export business was very slightly down in February, extending the current period of contraction to seven months.

Companies are widely hopeful that the recent upswings in activity and new business will be sustained over the coming months. Confidence in the future strengthened during February to its highest level since April 2022. New marketing strategies and the planned release of new services should also support growth in the next year.

Positive sentiment was also supported by a further deceleration in cost inflation during February to a 16-month low. There were some reports of stability in energy prices. However, operating costs do continue to rise at a historically elevated pace amid evidence of still high prices being paid for raw materials, utilities, and food. Moreover, wages remained a key source of rising overall operating costs. Firms

S&P Global Italy Services Business Activity Index  
sa, >50 = growth since previous month



Source: S&P Global.

Data were collected 10-23 February 2023.

#### Comment

Paul Smith, Economics Director at S&P Global Market Intelligence, said:

*"Another rise in service sector activity, and at an accelerated rate, adds to the growing view that Italy's economy is, relatively speaking, successfully navigating its way through the winter and will avoid what looked only a few months ago like a certain recession. Growth has picked up, and despite the challenges of squeezed client and household budgets following a prolonged period of above average price rises, market demand appears resilient."*

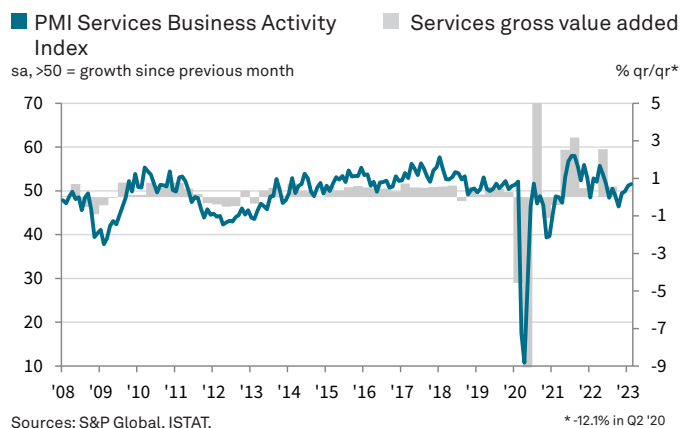
*"Moreover, optimism is picking up, reaching its highest level since the spring of last year, supported by a further deceleration in cost inflation. However, there is some residual caution in hiring decisions, especially at a time of rising wages: employment rose in February, but at the slowest pace for a year."*

PMI<sup>®</sup>

by S&P Global

subsequently sought to increase their charges markedly, passing on a significant chunk of increased operating expenses to clients. Output price inflation remained high during February, edging down only slightly since the start of the year.

Service providers adopted a slightly more cautious attitude to hiring activity in February. Although employment growth was sustained, it was done so at a marginal rate that was the weakest for a year. Where staffing levels rose, firms attributed this to higher business activity requirements. Others however chose not to replace leavers given evidence of some spare capacity at their units. This was encapsulated by the latest data on backlogs of work, which showed a drop in work outstanding for a fourth month in succession. Moreover, the rate of contraction was the sharpest recorded by the survey since last September.



## S&P Global Italy Composite PMI®

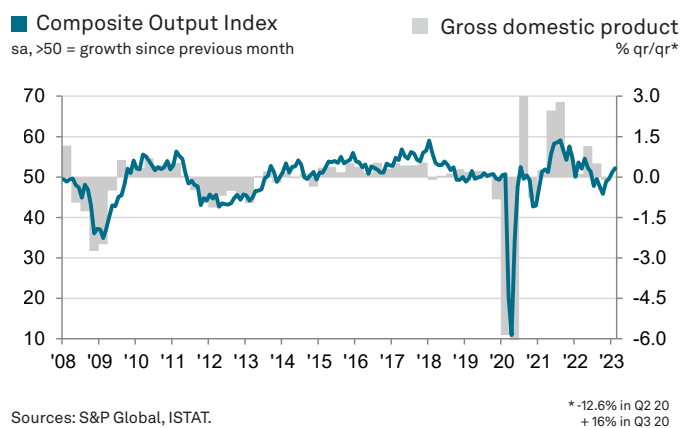
### Growth of private sector strengthens in February

The S&P Global Italy Composite PMI Output Index\* maintained its recent improvement during February, rising to a level of 52.2, up from 51.2 in the previous month. Solid growth at the aggregate level reflected a marked increase in manufacturing output and a modest increase in service sector activity.

A similarly sized gain in new business volumes was signalled by February's survey data, although with some excess capacity seen across the manufacturing and service sectors, backlogs of work continued to be eroded at the composite level.

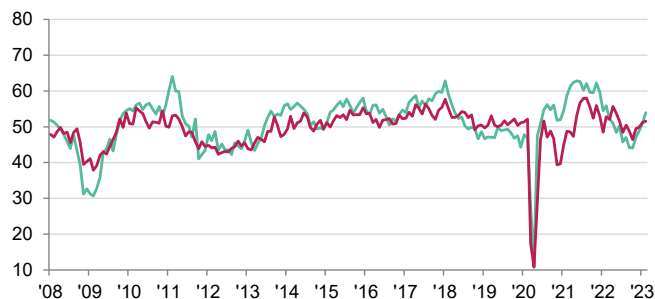
Inflation trends for both input prices and output charges were downward in February. Notably, costs rose to their weakest degree for nearly two years, whilst manufacturers recorded a marginal fall for the first time since June 2020.

Finally, confidence in the future continued to improve at the composite level, hitting its highest level for one-year.



\*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

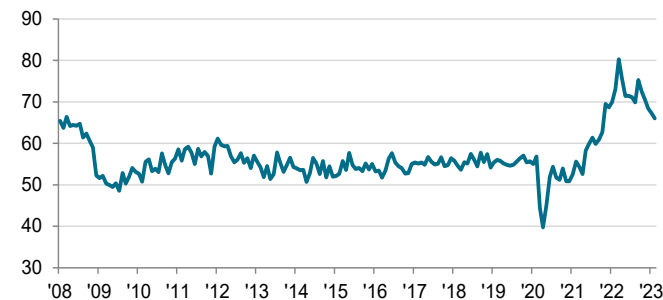
■ Manufacturing PMI Output Index  
■ Services PMI Business Activity Index  
 sa, >50 = growth since previous month



Source: S&P Global.

## Italy Services PMI Input Prices Index

sa, >50 = inflation since previous month



Source: S&P Global.

### Survey methodology

The S&P Global Italy Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in January 1998.

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 Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite 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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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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. [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html).

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