# News Release

Embargoed until 0945 CET (0845 UTC) 01 February 2023

# S&P Global Italy Manufacturing PMI®

## Italian manufacturing economy returns to marginal growth in January

### Key findings

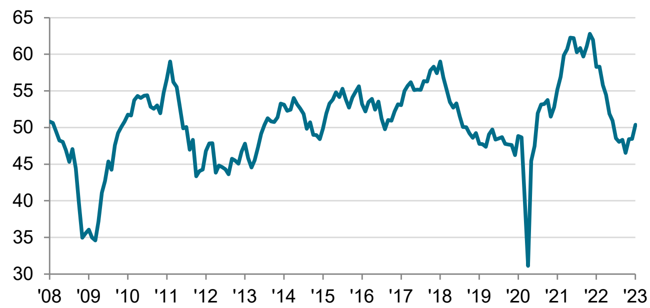
Modest rise in production but orders decline again

Further growth in employment amid bounce in confidence

Inflation rates head lower

Italy Manufacturing PMI

sa, >50 = growth since previous month




Source: S&P Global.

Data were collected 12-24 January 2023.

Italy's manufacturing economy showed signs of stabilisation in January. Output returned to marginal growth, orders fell to a much lesser degree and employment rose again. Expectations about the future improved noticeably since the end of 2022, whilst cost inflation sank to its lowest level in nearly two-and-a-half years.

The seasonally adjusted S&P Global Italy Manufacturing Purchasing Managers' Index® (PMI®) registered 50.4 in January, moving up from 48.5 in December, and snapping a six-month run of below 50.0 readings. Although indicative of marginal growth, January's reading was the best recorded by the survey since June 2022.

Supporting the PMI in January was a return to growth in production, albeit to only a modest degree. It was the first increase in output recorded by the survey since last June, and the improvement reflected both a relative strengthening in component availability in product markets and an expansion of employment. Average staffing levels were reported to have risen again at the start of 2023, extending the current run of growth to 29 months. Moreover, the rate of increase was the best seen since July 2022. Based on anecdotal evidence, firms sought to position themselves for business growth in the months ahead by adding to staff numbers in managerial and marketing positions.

Production was nonetheless limited by ongoing falls in incoming new orders, with latest data showing a fall for a ninth month in succession at the start of 2023. Panellists signalled that underlying demand remained soft, both at home and abroad, although sales were not declining to the same degree as typically seen during the second half of 2022. With production and employment up, but sales down, Italian manufacturers subsequently made notable inroads into their backlogs of work during January.

Manufacturers also remained somewhat cautious with regards to their buying activity, cutting their purchasing for

### Comment

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

*"Italy's manufacturing economy returned to expansion territory in January and, although modest and broadly indicative of a stagnant sector, seen through the prism of the dramatic deteriorations likely to have played out under a harsh winter and potential energy shortages, it's hard not to see the latest data in a positive light.*

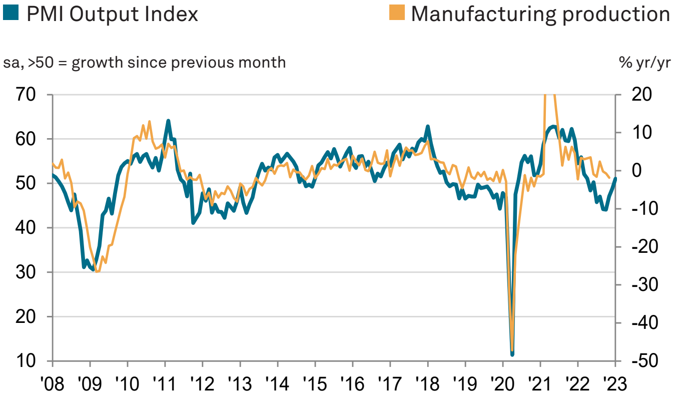
*"Although demand continues to decline, trends are improving in a relative sense, and firms are hiring additional workers. This is adding to the sense that labour shortages remain a continual challenge for firms, although they are also looking to the future more positively. Especially as cost inflation continues to tumble and input supply moves closer in line with demand.*

*"However, many firms are looking to claw back margins through chunky upticks in their own output charges, and with labour market conditions remaining tight, core inflationary pressures could become a major concern in the months ahead."*

an eighth successive month and again to a marked degree. The preference amongst several firms was again to utilise existing inventories, and stocks of inputs overall fell for a second month running. Challenges in sourcing inputs from vendors was also a determining factor in destocking, although there were again signs that supply chain difficulties were easing. Average lead times for the delivery of goods to manufacturers may have lengthened during January, but they did so to the least extent since September 2020.

As demand and supply move closer in line, price inflation continues to move lower. January's survey highlighted that cost inflation dropped to its softest since August 2020 and, although some residual inflationary pressures persist, there were reports of lower energy and petrochemical prices pushing down on the overall level of cost inflation. There was also a slower degree of charge inflation registered, with prices rising to the lowest degree for two years. However, charge inflation was noticeably higher than that of inputs, as firms sought to claw back their margins following a sustained period of rising costs.

Finally, confidence amongst Italian manufacturers strengthened noticeably during January, hitting its highest level since February 2022. Companies signalled hopes for an economic recovery, and general expectations for a more stable business environment in the coming months.




Sources: S&P Global, ISTAT.

*+43.0% in March '21
+89.3% in April '21
+24.5% in May '21

## Contact

Paul Smith
Economics Director
S&P Global Market Intelligence
T: +44-1491-461-038
paul.smith2@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 (0) 7967 447030
sabrina.mayeen@spglobal.com



**Survey methodology**

The S&P Global 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@ihsmarkit.com.

**About S&P Global**

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. www.spglobal.com.

**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.



PMI® by S&P Global