

S&P Global Italy Services PMI[®]

Italian service providers face strongest cost pressures since start of 2023

May 2026

Business activity falls for third month running

New business back in contraction

Rate of cost inflation hits 40-month high

A renewed fall in new business volumes pushed the Italian services economy deeper into contraction territory in May.

Although companies continued to contend with elevated cost burdens - a consequence of war in the Middle East - the pass-through to customers was comparatively limited. On a positive note, service providers continued to add jobs and confidence towards the coming 12-month picked up slightly (albeit still below historical standards).

The headline S&P Global Italy Services PMI[®] Business Activity Index is based on a single question asking how the level of business activity compares with the situation the month before. A reading above 50.0 signals expansion, and the further above 50.0 the faster the rate of growth signalled.

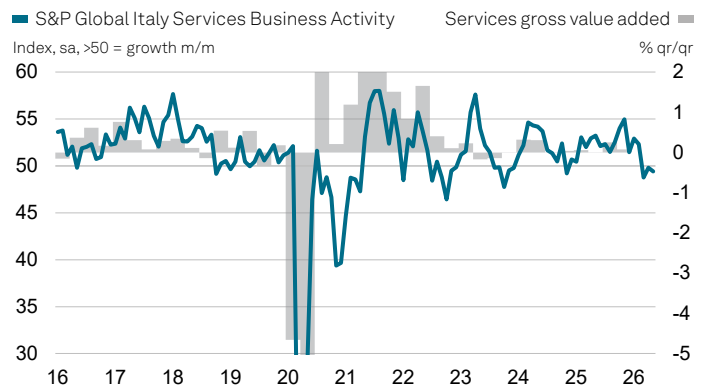
After having neared stabilisation at 49.8 in April, the headline Business Activity Index fell to 49.4 in May. Although only indicative of a marginal drop in output, this was one of the weakest performances in a year-and-a-half (ahead of only that seen in March). Where activity was lower, firms often mentioned that they had received fewer orders.

At the sub-sector level, only software & communication services and financials & real estate bucked the wider trend of decline. Nonetheless, rates of expansion eased in each.

There was a turnaround with respect to demand in May, as new business placed for the provision of Italian services decreased for the second time in three months. Although the reduction was not as strong as that seen in March and only modest, it was among the quickest seen in the past 18 months. Difficult economic conditions and steep price increases had reportedly discouraged sales. Some also noted concerns regarding the current geopolitical environment.

Renewed weakness in total new business can be largely attributed to a fresh downturn in the domestic market, as the decline in export sales lost pace in May. The overall drop in international orders was only marginal overall, amid some reports of increased sales to European customers.

Looking at jobs, May data marked the sixteenth month in a row in which employment numbers rose across the sector. The latest data meanwhile signalled the strongest increase



Data were collected 12-26 May 2026.

Sources: S&P Global PMI, ISTAT via S&P Global Market Intelligence. © 2026 S&P Global

Comment

Eleanor Dennison, Economist at S&P Global Market Intelligence:

"The Italian private sector continued to rely on the manufacturing boost brought on by panic-driven stockpiling to avoid a contraction in May. Although there was little change at the top level, if we lift the lid, we can see that the services economy is struggling in the face of external challenges, contributing to dampened demand, particularly from domestic customers.

"The fate of the services sector hangs on a multitude of factors, but most heavily on the length of the war in the Middle East. The subsequent impact on inflationary pressures has been significant, and we are yet to know if the prices have reached their peak.

"Glimmers of hope can be seen in the report's employment and confidence gauges, however. Jobs growth is yet to have been derailed, and tentative improvements were seen in business optimism for the year ahead."

S&P Global Italy Services PMI®

in three months, albeit one that was again only slight in nature. A sign that Italian service providers are working near capacity was the just fractional dip in backlogged orders.

Turning to prices, the impact of the Middle East war had a growing effect on Italian service providers' operating expenses in May. Amid reports of greater outlays on a wide variety of goods (largely energy and fuel-focused), the rate of cost inflation rose to its highest in 40 months. Despite signalling a robust increase in average cost burdens, the subsequent rise in prices charged was comparatively mild.

Italian service providers remained optimistic that they would see a rise in activity over the next 12 months. Of the 29% of firms that expressed a positive view, they pinned this on hopes for improved conditions, new customers wins and successful investment spends. The overall level of confidence was still far subdued when put into context of the series history, however.

S&P Global Italy Composite PMI®

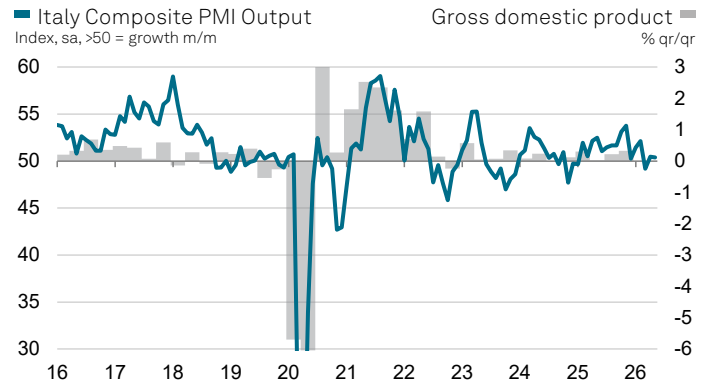
Sectoral divergence deepens in May

At 50.4 in May, the S&P Global Italy Composite PMI Output Index was broadly unchanged from April's 50.5. Beneath the headline figure, a steeper fall in services activity was met by faster growth in manufacturing output.

Overall, there was a slight drop in the volume of new business placed at private sector firms in Italy. In contrast to April, the decline was centred on the services economy.

Both broad sectors signalled marginal growth in employment and broadly stable backlogs of work.

Meanwhile, the rate of cost inflation hit its highest in just over three-and-a-half years, while of the pace of increase in charges was the sharpest in just over three years.



Sources: S&P Global PMI, ISTAT via S&P Global Market Intelligence. © 2026 S&P Global

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Methodology

The S&P Global Italy Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 450 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@spglobal.com.

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