

NEWS RELEASE  
MARKET SENSITIVE INFORMATION  
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# HCOB Italy Services PMI<sup>®</sup>

## Italian service sector upturn loses pace in July

### Key findings:

Activity and new business rise at slower rates

Business confidence weakest in 2024 so far

Cost inflation trends upwards, while charge inflation cools

Data were collected 11-26 July 2024.

The growth trend seen across the Italian service sector in 2024 continued into July, marking the seventh consecutive month of expansion in output. The upturn lost momentum, however, as activity, new business and employment all increased at slower rates.

As cost pressures continued to build and selling price inflation continued to cool, pressure on companies' margins persisted. Meanwhile, confidence in the future remained upbeat, but was the dullest of the year so far.

The headline index from the report, the **HCOB Italy Services PMI<sup>®</sup> Business Activity Index** fell from 53.7 in June to 51.7 in July. Though continuing the growth trend seen in each month of 2024 so far, the latest upturn was the slowest for six months and modest. Where higher activity was recorded, firms attributed this to improved demand conditions and an influx of new customers.

July survey data signalled a further uplift in new business across the Italian services economy, thereby marking seven successive months of growth. Panellists cited stronger demand conditions and new client wins as drivers of the expansion. Nonetheless, July marked the fourth successive month of softening new business growth. Similarly, new export sales picked up at a slower rate in July and one that was only fractional.

Italian services firms considered their workloads when making employment decisions. Jobs growth was sustained for a ninth successive month, but the rate was the slowest since March and moderate. At the same time, there was again evidence of spare capacity as the level of outstanding business dropped, continuing the trend seen since October last year.

Turning to prices, cost pressures faced by service providers in Italy remained historically elevated. July data also signalled the fiftieth consecutive month of increased input prices. Inflated staffing, fuel and raw material costs were mentioned in anecdotal evidence.

Meanwhile, firms in the Italian services economy were less aggressive in their price setting in July. Having eased for three successive months, the rate of charge inflation was the softest since last November and only modest.

Finally, the latest data revealed a relatively subdued year-ahead outlook for activity among Italian services firms. Though on balance companies were confident of a rise in activity, the degree of optimism was its weakest of 2024 so far. Positive sentiment largely stemmed from hopes of new customer wins and greater new business inflows as well as improved geopolitical conditions, however.

## Comment

Commenting on the final PMI data, Dr Tariq Kamal Chaudhry, Economist at Hamburg Commercial Bank, said:

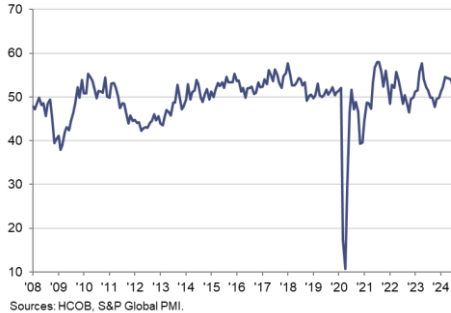
*“Services drives the Italian economy amid concerns of slowing growth. The service sector remains the main engine of the Italian economy, yet recent indicators suggest potential headwinds. The headline HCOB Italy Services PMI stood at 51.7 in July, marking a significant decline from the previous month. This represents the weakest activity growth since January 2024.*

*“Prices remain elevated. Service providers continue to grapple with sharply rising input costs, which are outpacing output price hikes. According to surveyed companies, this increase reflects higher labour, fuel, and material costs.*

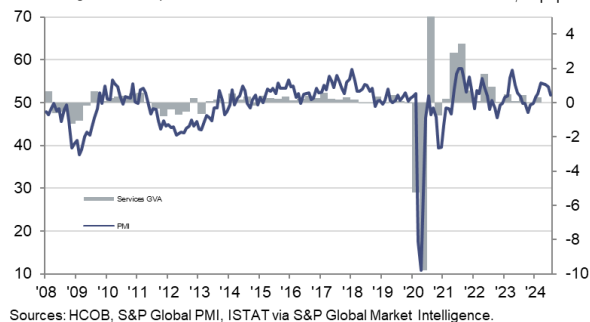
*“Stagnating orders worry service providers. Of particular concern is the trend of slowing order growth compared to previous months this year, raising fears of a loss in growth momentum. The demand slowdown is more pronounced in international business than in domestic markets.*

*“Future outlook loses momentum. While employment growth remains robust, future output expectations have slipped significantly below the historical average. Optimism is sustained by hopes for new customers and a stronger influx of new business, as well as a more stable geopolitical environment. However, the escalating tensions in the Middle East will be crucial to monitor, as market participants will assess its impact in the coming months.”*

**HCOB Italy Services PMI Business Activity Index**  
sa, > 50 = growth since previous month



**Services PMI Business Activity Index**  
sa, > 50 = growth since previous month



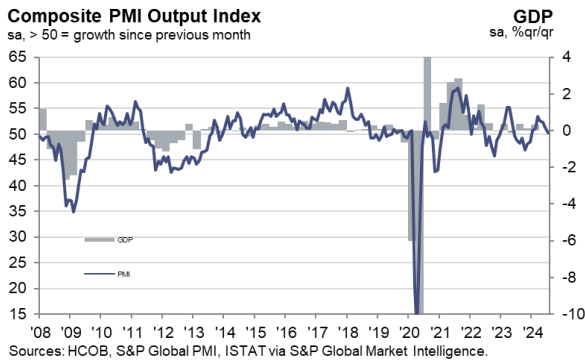
## HCOB Italy Composite PMI<sup>®</sup>

### Italian economy grows only fractionally following demand stagnation

The **HCOB Italy Composite PMI Output Index\*** fell from 51.3 in June to 50.3 in July, to signal the slowest rate of activity growth of 2024 so far. The slowdown reflected a softer services expansion, despite the manufacturing downturn easing. Meanwhile, new order inflows stagnated, with a further rise in new business at service providers offset by a downturn at manufacturers.

Despite the subdued demand environment, private sector firms continued to take on more staff in July. Job creation was the least pronounced for six months, however. The slower pace of increase in staffing numbers was linked to softer growth at services firms as manufacturers cut jobs at a marginal rate again. Capacity remained sufficient, however, as backlogs of work fell again. The decrease was broad-based across both services and manufacturing, though notably quicker in the latter.

Input costs rose at a substantial and historically elevated rate across the Italian economy. Sharper cost pressures were recorded across both monitored sectors. Meanwhile, output charges rose marginally. Manufacturers opted to cut prices again, while services fees rose at a softer pace than in June.



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## Note to Editors

The HCOB Italy Services PMI<sup>®</sup> 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@spglobal.com](mailto: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.

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