

## Italy

### Construction activity contracts in December

- **Rate of decline in activity little-changed from November**
- **Civil engineering worst performing sector**
- **Input price inflation at 11-month high**

The level of activity in Italy's construction sector contracted in December amid a further reduction in new order intakes. The downturn was again broad-based across the three categories of activity monitored by the survey and led to further reductions in employment and purchasing activity. Constructors meanwhile faced the sharpest rise in average purchase prices for 11 months.

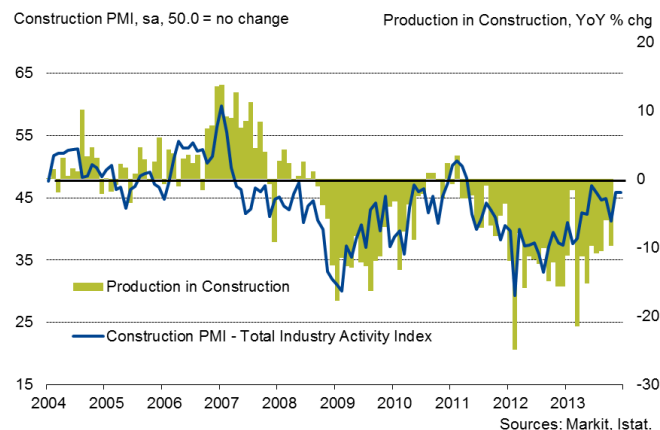
The Markit Italy Construction Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>) read 45.9 in December, up fractionally from 45.8 one month earlier. The headline index recorded a slightly lower average in the final quarter (44.3) than in the three months to September (45.1), signalling a continued drag on GDP in Q4 from the construction sector.

Civil engineering was the worst performing sub-sector over the final month of the year, as activity contracted at a sharp and accelerated rate. The latest decreases in housing activity and commercial building work were meanwhile slower than those recorded in the previous month, but solid nevertheless.

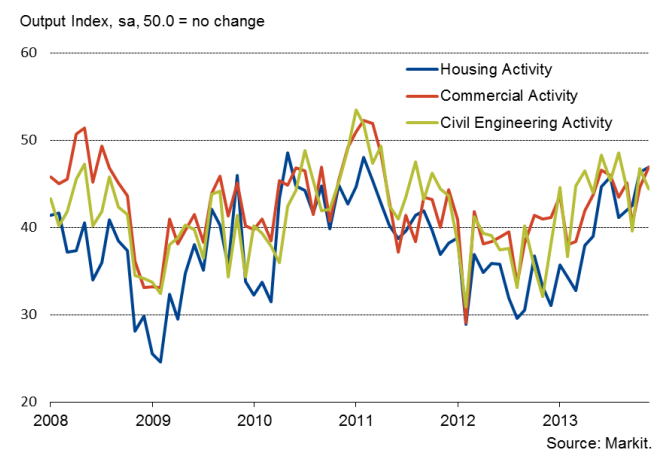
December's survey pointed to a further fall in employment at constructors. In line with the trend recorded for total industry activity, the rate of decline in staffing levels was solid and broadly unchanged from that observed in the preceding survey period.

Contributing to December's downturn was a further reduction in the level of new business placed with constructors. Furthermore, the rate at which new orders decreased was the fastest since September. Despite the steeper decline in incoming new orders, businesses (on balance) remained mildly optimistic of a return to growth in business activity in the forthcoming year.

#### Construction PMI vs. Official data



#### Construction sectors



On the supply-side, constructors faced an increase in average purchase prices and a further deterioration in delivery times from vendors in December. Furthermore, the rate of input price inflation was the fastest since January, having accelerated for the fourth month in a row.

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