

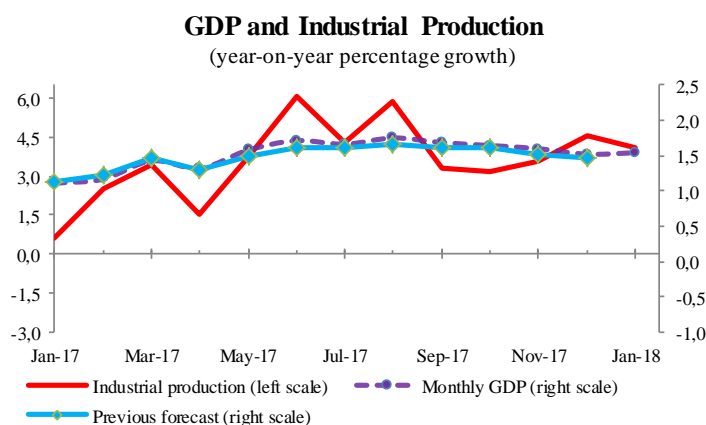
Monthly GDP: January 2018

Trend remains positive despite a dip in January

Industrial production came in below expectations in January, printing -1.9% m/m, from a very strong +2,1% m/m at the end of 2017. The drop was mainly due to the assessment of the working days during the Christmas holidays, but the index should rebound in February. With effect from this release, Istat revised the index's methodology, and the new base year 2015 was adopted. The reassessment of the time series led to an upward revision of the annual index for 2016 and 2017 (respectively from 1,2% to 1,4% y/y and from 2.5% to 3.1% y/y), signalling upside risk to real GDP growth's final estimation for both years.

According to the latest PMI surveys, Italy's manufacturing sector continued to expand at a strong pace during February, underpinned by further notable gains in output, orders and employment. Despite some softness pointed out by Istat business confidence index in March, indicators remain close to historical highs.

The new estimate for monthly real GDP foresees an increase of 0.08% m/m in January and the annual growth rate is estimated at +1.54% yoy.



(*) Monthly GDP is an average of results obtained from different models as documented in Frale, C., and Monteforte, L., "FaMIDAS: A mixed frequency factor model with MIDAS structure", MEF and Department of the Treasury Working Paper Series n. 3/2010.

	Industrial production (ISTAT)	Monthly GDP (previous monthly estimate)	Monthly GDP (revised estimate)
	(1)	(2)	(3)
Jan-17	-1,4	0,10	0,06
Feb-17	0,5	0,19	0,16
Mar-17	1,0	0,20	0,23
Apr-17	-0,8	-0,01	0,04
May-17	0,9	0,16	0,21
Jun-17	1,3	0,10	0,13
Jul-17	-0,4	0,12	0,09
Aug-17	3,0	0,19	0,22
Sep-17	-2,8	0,02	0,03
Oct-17	0,5	0,09	0,09
Nov-17	0,9	0,09	0,11
Dec-17	2,1	0,22	0,17
Jan-18	-1,9		0,08