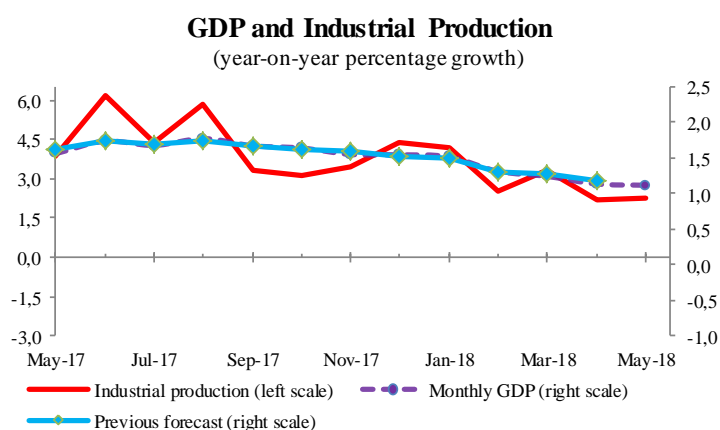


Monthly GDP: May 2018

Economic activity turns back to moderate expansion in May

Monthly GDP growth recovered in May, expanding 0.06% m/m and +1.12% yoy. Industrial production increased a seasonally adjusted 0.7% over the previous month (2,1% yoy), indicating a moderate recovery albeit below consensus expectations. The relatively weak rebound owed to a modest expansion in the consumption goods (+0,2% m/m), pushed down by durable goods (-1.2% m/m), whilst capital goods momentum continued, posting a sustained increase of +3.1% yoy. The IP growth rate in April has been revised down to -1.3% m/m (-0.1 pp) and the index is expected to remain flat in June, as manufactory PMI edged higher than the previous month but production expectations and confidence index, provided by Istat, continued to ease. Incoming data prospect a better outlook for the service sector, which is expected to grow at a moderate pace in 2Q18: PMI index and business surveys recorded a modest expansion in June, when the sector could benefit from the rebound of industrial production in Germany.



(*) 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)
May-17	0,6	0,17	0,08
Jun-17	1,2	0,11	0,15
Jul-17	-0,4	0,07	0,06
Aug-17	2,8	0,20	0,22
Sep-17	-2,8	0,04	0,02
Oct-17	0,5	0,11	0,13
Nov-17	0,8	0,13	0,11
Dec-17	2,0	0,18	0,20
Jan-18	-1,7	0,06	0,07
Feb-18	-0,6	0,02	0,02
Mar-18	1,2	0,14	0,08
Apr-18	-1,3	-0,03	0,00
May-18	0,7		0,06