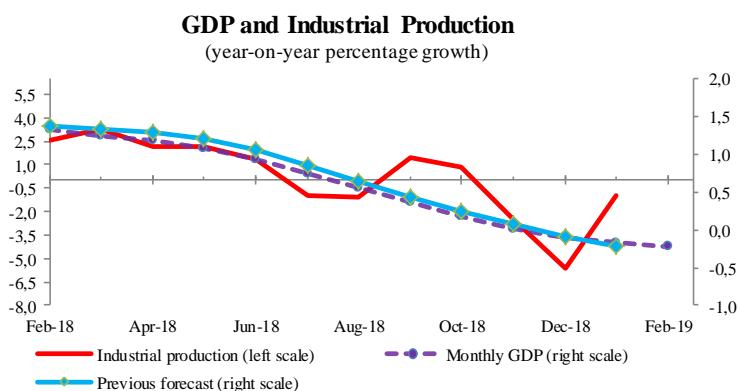


## Monthly GDP: February 2019

### Still a weak start of the year

Recent economic indicators support an upward revision of nowcasting estimates. The dynamic of economic activity should be less subdued than previously expected, with monthly real GDP at -0,01% m/m in February (-0,23% yoy). According to Istat final print for 4Q2018, real GDP growth was revised up by 0.1pp to -0.1% q/q. The contraction was primarily due to inventories, while core domestic demand returned to support growth after contributing negatively in Q3 (private consumption expanded 0.1% q/q and investments advanced 0.3% q/q after contracting 1.3% in Q3). Net exports provided a positive contribution to growth (0.2pp).

Industrial production printed a strong 1.7% m/m increase in January, significantly above consensus, following a decline of 0.7% m/m in December. The expansion was underpinned by recovering manufacturing output (+1.2% m/m) and buoyant energy production (+7.2% m/m). Industrial activity is expected to dip again in February, affected by a drop in the energy component. However, soft indicators offer positive signs: manufacturing PMI stabilised, signalling an improvement in foreign orders, while service PMI turned expansionary at 50.4.



(\*) Monthly GDP estimate is based on the model documented in Frale C. et al. "EUROMIND: A Monthly Indicator of the Euro Area Economic Conditions", Journal of the Royal Statistical Society: Series A, 174, 439- 470. GDP figures incorporate monthly forecasts of the Italian industrial production index obtained by bridge models.

	Industrial production (ISTAT)	Monthly GDP (previous monthly estimate)	Monthly GDP (revised estimate)
	(1)	(2)	(3)
Feb-18	-0,5	0,09	0,05
Mar-18	1,1	0,07	0,04
Apr-18	-1,4	0,04	0,03
May-18	0,6	0,01	0,00
Jun-18	0,3	-0,02	-0,03
Jul-18	-1,9	-0,05	-0,07
Aug-18	2,0	-0,07	-0,06
Sep-18	-0,4	-0,08	-0,05
Oct-18	-0,1	-0,09	-0,04
Nov-18	-1,7	-0,07	-0,03
Dec-18	-0,7	-0,04	-0,02
Jan-19	1,7	-0,01	-0,01
Feb-19			-0,01