

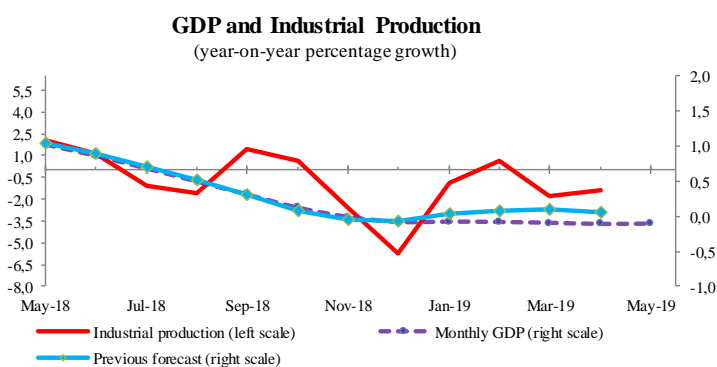
Monthly GDP: May 2019

GDP growth is expected almost flat in 2Q2019

The revised estimate for monthly GDP growth traces a weaker momentum as the April figure is slightly lower than the previous estimate and the new projection for May points to a further reduction of 0.02% m/m (-0.12% y/y). The revision is mainly driven by the final GDP print for 1Q19, which came in one-tenth of a percentage point lower than the flash one (0.12% q/q form 0.23% q/q), and by the worse than expected industrial production figure for April (-0.7% m/m).

As for the manufacturing sector, weakness is widespread to all sub-sectors except energy, with instrumental goods (-2,5% m/m) and durable goods (-1.8% m/m) recording the most marked drop.

Soft indicators point to a modest growth also in May, both for manufacturing and service sector, the latter being a bit more resilient according to sectoral PMIs and Istat surveys. In both sectors firms ascribe the dip in output mainly to a reduction in new orders, especially the foreign ones.



(*) Monthly GDP estimate is based on the model documented in Fralle 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)
May-18	0,4	0,00	-0,02
Jun-18	0,2	-0,02	-0,04
Jul-18	-1,8	-0,05	-0,05
Aug-18	1,8	-0,05	-0,05
Sep-18	-0,2	-0,06	-0,05
Oct-18	-0,2	-0,07	-0,05
Nov-18	-1,6	0,00	-0,01
Dec-18	-0,7	0,06	0,03
Jan-19	1,8	0,13	0,07
Feb-19	0,7	0,08	0,04
Mar-19	-1,0	0,04	0,01
Apr-19	-0,7	-0,01	-0,02
May-19			-0,02