

Monthly GDP: July 2019

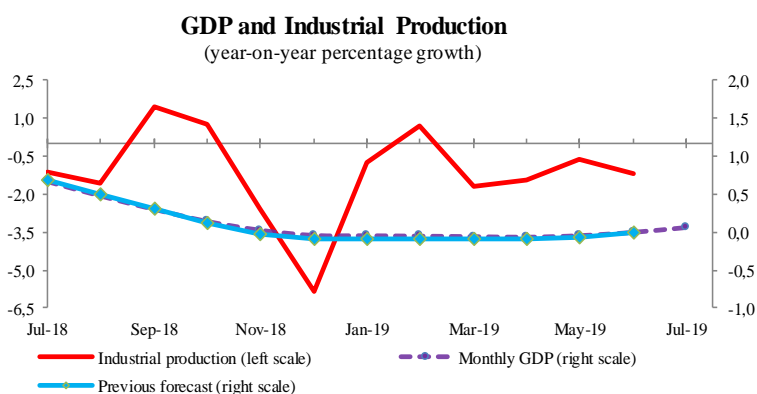
The flash estimate confirmed expectation of flat GDP growth in 2Q2019

According to Istat flash unadjusted estimate, real GDP growth was flat in 2Q2019 (+0.02% q/q from 0.1% q/q in 1Q), consistent with business and consumer surveys indicating persistent weakness in growth momentum. The positive contribution of service sector was offset by a decline both in manufacturing and agriculture.

At the start of 3Q2019, monthly real GDP is estimated virtually unchanged in July 0.01% m/m (-0.05% y/y), as hard and soft indicators suggest that the underlying momentum is still subdued.

Industrial production came in below expectation in June, edging down by 0.2% m/m, after a rebound in May (+0.6% m/m). Weakness was widespread to all sub-sectors except energy, with consumption goods and intermediate goods declining by 0.7% and 0.6% m/m respectively.

Business surveys imply a poor start to 3Q19 for the manufacturing sector, with PMI index virtually unchanged at 48.5 in July (from 48.4 in June), while services could turn out more resilient as the corresponding index strengthened to 51.7 from 50.5 in June.



(*) 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 (updated estimate)	Monthly GDP (previous estimate)
	(1)	(2)	(3)
Jul-18	-1.9	-0.06	-0.05
Aug-18	1.8	-0.05	-0.05
Sep-18	-0.2	-0.04	-0.05
Oct-18	-0.1	-0.03	-0.05
Nov-18	-1.7	0.00	-0.01
Dec-18	-0.7	0.03	0.03
Jan-19	1.9	0.07	0.07
Feb-19	0.7	0.04	0.05
Mar-19	-1.0	0.02	0.02
Apr-19	-0.8	0.00	0.00
May-19	1.0	0.00	0.01
Jun-19	-0.2	0.00	0.01
Jul-19		0.01	