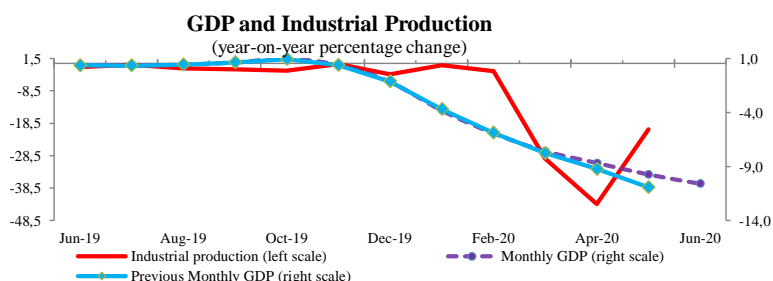


Indicator improves slightly as production rebounds

The reopening of activities and the gradual easing of containment measures have led to a rebound in economic activity. The updated monthly estimate of real GDP points to a softening of the rate of contraction in June (-0.8% m/m, -10.6% y/y).

Industrial production showed a rebound in May (42.1% m/m from -20.5% in April), surprising the consensus. However, the level of the seasonally adjusted index is still 20.3% lower than that recorded in May 2019. The improvement was widespread to all sectors: capital goods increased markedly (+65.8% m/m), followed by intermediate goods (+48.0% m/m), consumer goods (+30.8% m/m) and, with a less marked dynamics, energy (+3.4% m/m).

In June, the composite PMI index remained below the expansion threshold, reaching 47.6 (from 33.9 in May), showing a slowdown in the declining phase. In detail, compared to the slight growth recorded by the manufacturing PMI index (at 47.5 from 45.4 in May), the services indicator stands at 46.4 (from 28.9 in May), pointing to a much lower rate of contraction than in previous months.



(*) The monthly GDP estimate is based on the methodology published 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. The GDP estimate takes into account the forecasts of the industrial production made through a bridge model.

	Industrial Production (ISTAT)	Monthly GDP (updated estimate)	Monthly GDP (previous estimate)
	(1)	(2)	(3)
Jun-19	-0,4	-0,03	-0,04
Jul-19	-0,8	-0,09	-0,08
Aug-19	0,4	0,08	0,08
Sep-19	-0,4	0,24	0,23
Oct-19	-0,3	0,40	0,38
Nov-19	0,2	-0,52	-0,50
Dec-19	-2,8	-1,46	-1,41
Jan-20	3,7	-2,46	-2,40
Feb-20	-1,0	-1,94	-2,01
Mar-20	-28,4	-1,51	-1,69
Apr-20	-20,5	-0,97	-1,32
May-20	42,1	-0,96	-1,53
Jun-20		-0,80	