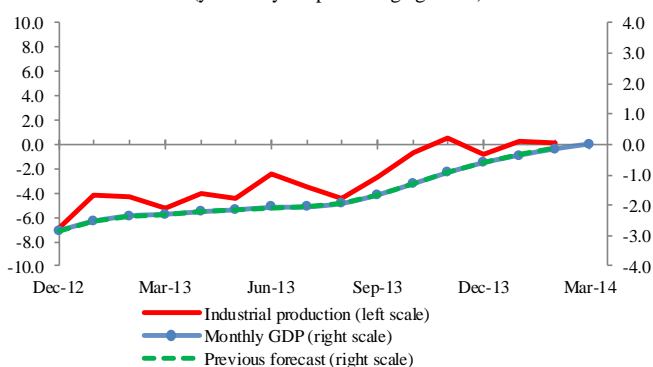


Data and comment

Monthly GDP: The economy grows at a modest pace

Industrial production fell by 0.5% m/m in February (+1.1% m/m in January), with a carry-over of 0.3% q/q for 1Q14. Main economic indicators give mildly positive signals on the short-term outlook. World demand increased at a sustained pace in January (0.6% m/m). With regard to the domestic economy, favourable signals come from the business climate index in the manufacturing sector and from paper and paperboard consumption. However, negative tendencies continue to emerge from electricity consumption and loans to enterprises. The current projection foresees a modest increase of GDP for March (0.04% m/m) and the annual growth rate is estimated at 0.0% y/y, increasing from -0.2% y/y in February.

GDP and Industrial Production
(year-on-year percentage growth)



(*) 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.

Monthly GDP
(month-on-month percentage growth)

	Industrial production (ISTAT)	Monthly GDP (current forecast)	Monthly GDP (previous forecast)
Dec-12	0.7	-0.25	-0.25
Jan-13	0.0	-0.16	-0.16
Feb-13	-0.4	-0.17	-0.18
Mar-13	-0.7	-0.13	-0.12
Apr-13	-0.1	-0.09	-0.10
May-13	0.2	-0.05	-0.04
Jun-13	0.5	-0.04	-0.04
Jul-13	-0.5	-0.08	-0.09
Aug-13	-0.3	0.00	0.01
Sep-13	0.4	-0.01	-0.01
Oct-13	0.7	0.03	0.02
Nov-13	0.1	0.04	0.04
Dec-13	-0.8	0.07	0.08
Jan-14	1.1	0.08 <i>f</i>	0.08
Feb-14	-0.5	0.03 <i>f</i>	0.06
Mar-14	-	0.04 <i>f</i>	-

f=forecast