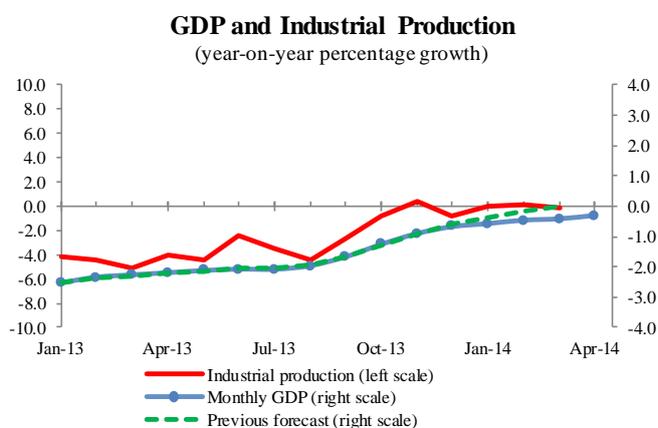


Data and comment

Monthly GDP: The business cycle weakens

According to the preliminary estimate, GDP fell by 0.1% q/q in 1Q14 missing consensus expectations. Industrial production also fell unexpectedly by 0.5% m/m in March (-0.4% m/m in February), lowering the growth rate to 0.1% q/q in 1Q14. Moderately positive signals come from the business confidence indicator, from export volumes and from loans to enterprises. The latest data on GDP and industrial production have induced a downward revision of our growth estimates. The current projection foresees a substantial stability of GDP for April (0.01% m/m) and the annual growth rate is estimated at -0.3% y/y, increasing from -0.4% y/y in March.



(*) 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)
Jan-13	0.1	-0.16	-0.16
Feb-13	-0.5	-0.17	-0.17
Mar-13	-0.3	-0.11	-0.13
Apr-13	-0.2	-0.10	-0.09
May-13	0.2	-0.06	-0.05
Jun-13	0.4	-0.05	-0.04
Jul-13	-0.5	-0.10	-0.08
Aug-13	-0.3	0.01	0.00
Sep-13	0.3	0.00	-0.01
Oct-13	0.7	0.05	0.03
Nov-13	0.1	0.01	0.04
Dec-13	-0.8	-0.01	0.07
Jan-14	1.0	-0.06	0.08
Feb-14	-0.4	-0.06	0.03
Mar-14	-0.5	-0.06	0.04
Apr-14	-	0.01 <i>f</i>	-

f=forecast