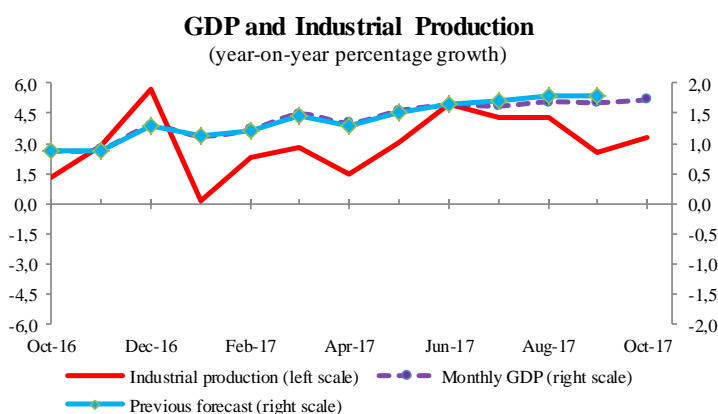


Monthly GDP: October 2017

The Italian economy stays the course as the year comes to a close

GDP growth for 3Q17 was revised marginally down to +0.4% qoq (from the first estimate of +0.5%), as it appeared the service sector might have grown less than expected. GDP was still up a robust 1.7% yoy, driven by exports (+5.3% yoy, which shows that Italian companies are now gaining market share around the world) and investment (+4.6% yoy). Industrial production returned to expansion at healthy pace in October (+0.5% m/m), after weakness seen in September: the increase was broad based across sectors, with the positive contribution of energy component (+1.7% m/m), intermediate goods (+1.0% m/m) and capital goods (+0.7% m/m). Therefore, the updated GDP estimate for October remains well oriented (+0.15% m/m) pointing to a robust growth of +1.84% on a year on year base, also in line with the most recent surveys confirming that the growth momentum should be sustained in Q4 too. November composite PMI, in fact, surprised to the upside, rising to 56.0 (+2.0 points), a four month high, with the services sector that drove most of the rise, increasing to 54.7 (+2.6 points).



(*) 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.

	Industrial production (ISTAT)	Monthly GDP (previous monthly estimate)	Monthly GDP (revised estimate)
	(1)	(2)	(3)
Oct-16	-0,2	0,11	0,11
Nov-16	0,7	0,18	0,18
Dec-16	1,5	0,34	0,33
Jan-17	-2,2	0,06	0,07
Feb-17	1,0	0,18	0,19
Mar-17	0,5	0,20	0,21
Apr-17	-0,3	-0,02	0,00
May-17	0,6	0,18	0,17
Jun-17	1,1	0,12	0,09
Jul-17	0,1	0,15	0,09
Aug-17	1,1	0,23	0,20
Sep-17	-1,3	0,07	0,07
Oct-17	0,5		0,15