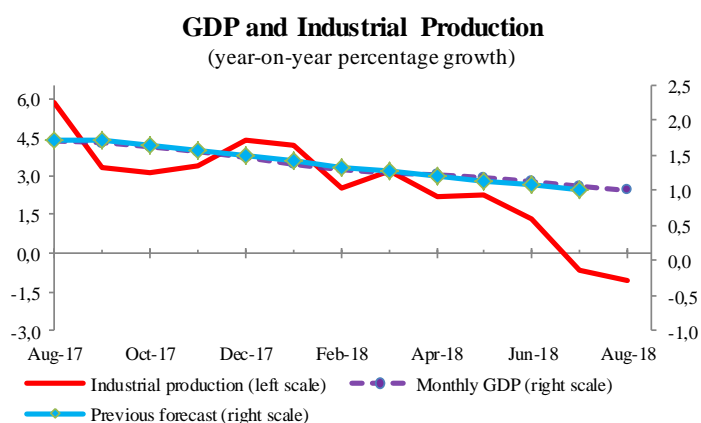


Monthly GDP: August 2018

GDP growth remains modest albeit the recovery of industrial production in August

Industrial production increased by 1.7% m/m in August, coming in significantly above consensus forecasts, offsetting the decline of 1.6% m/m in July (revised upward from the -1.8% of the previous estimate). The expansion was broadbased to all sectors, with instrumental goods printing the strongest rebound up to +3.6% m/m. Against the backdrop of softening business confidence (manufacturing PMIs entered modest contractionary territory in August-September), GDP growth is expected to remain on a moderate expansionary quarterly pace of 0.2% q/q in Q3 and Q4 this year. Consistent with this scenario, the revised estimate of monthly real GDP growth points to an expansion of 0.07% m/m in August (+1,0% yoy).



(*) 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 (previous monthly estimate)	Monthly GDP (revised estimate)
	(1)	(2)	(3)
Aug-17	2,1	0,12	0,13
Sep-17	-2,6	0,12	0,12
Oct-17	0,4	0,11	0,10
Nov-17	0,8	0,11	0,10
Dec-17	2,0	0,10	0,10
Jan-18	-1,7	0,10	0,09
Feb-18	-0,6	0,08	0,08
Mar-18	1,0	0,06	0,07
Apr-18	-1,2	0,05	0,06
May-18	0,7	0,05	0,06
Jun-18	0,3	0,05	0,07
Jul-18	-1,6	0,06	0,07
Aug-18	1,7		0,07