

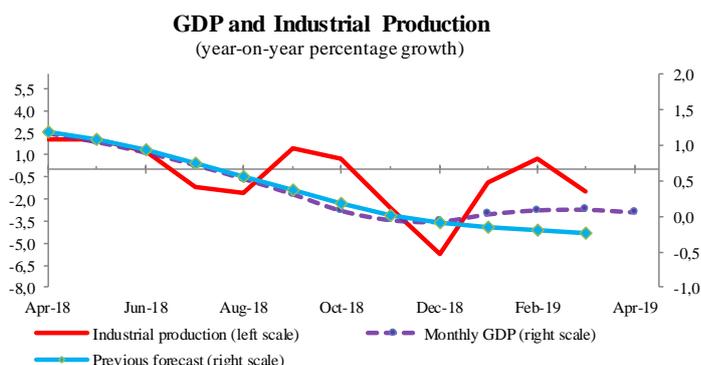
Monthly GDP: April 2019

Activity stagnates in April following positive surprise in 1Q19

According to Istat flash unadjusted estimate, real GDP growth surprised to the upside in 1Q2019 (+0.23% q/q from -0.1% q/q in 4Q2018), supported by net exports, while domestic demand (including inventories) contribution was negative. More details will be provided with the final print to be released on 31 May.

In the meanwhile it can be assumed that, on the supply side, manufacturing should have contributed positively, as industrial production expanded by 1.0% t/t over the same period. Nonetheless, industrial activity dipped in March posting a -0.9% m/m after two consecutive months of robust expansion. The breakdown shows broadbased weakness, with capital goods being the only positive component (+0.1% m/m), while consumption goods (-2.3% m/m), energy (-0.4% m/m) and intermediate goods (-0.3% m/m) contracted.

Monthly GDP growth should come in virtually unchanged in April: latest projections foresee a marginal decrease of -0.01% m/m (+0.05% y/y). According to business surveys, economic activity is expected to be subdued at the start of Q2: climate in manufacturing sector is recovering but still weak, while services recorded a drop in confidence, with PMI index back to 50.4, as in February.



(*) 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)
Apr-18	-1,4	0,03	0,03
May-18	0,6	0,00	0,00
Jun-18	0,3	-0,03	-0,02
Jul-18	-1,9	-0,07	-0,05
Aug-18	1,9	-0,06	-0,05
Sep-18	-0,2	-0,05	-0,06
Oct-18	-0,1	-0,04	-0,07
Nov-18	-1,7	-0,03	0,00
Dec-18	-0,6	-0,01	0,06
Jan-19	1,8	0,00	0,13
Feb-19	0,8	0,00	0,08
Mar-19	-0,9	0,00	0,04
Apr-19			-0,01