

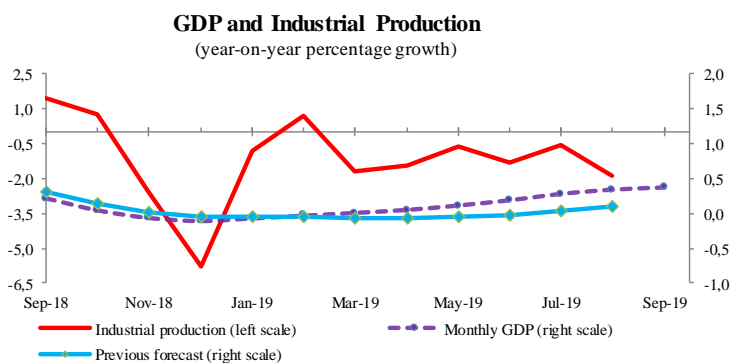
## Monthly GDP: September 2019

### Still weak momentum but with some signs of improvement

Economic activity momentum remains weak in 3Q, pointing to a modest expansion in line with the 1H19 dynamic. Nonetheless, on the base of the new quarterly GDP profile provided by Istat and thanks to the better than expected industrial production print in August, monthly real GDP estimate has been revised slightly upwards at +0.03% m/m.

Industrial production rebounded by 0.3% m/m in August, coming slightly above expectations, following a decline of -0.8% m/m in July. Results were mixed across the board: durable consumer goods and investment goods posted the highest gains (1.0% m/m and 0.4% m/m respectively), while the energy component decreased by 0.9% m/m followed by a reduction in intermediate goods (-0.5% m/m).

Manufacturing PMIs, in contractionary territory since a year ago, contracted further in September at 47.8 and also forward-looking indicators worsened, suggesting the overall outlook is unlikely to improve much in the coming months. On the other hand, service and construction sectors recorded a modest improvement. Service PMI index rebounded at 51.4 from 50.6 in August, while confidence climate in construction sector stayed the course as the 3Q came to a close.



(\*) 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 (updated estimate)	Monthly GDP (previous estimate)
	(1)	(2)	(3)
Sep-18	-0,2	0,00	-0,04
Oct-18	-0,2	0,03	-0,04
Nov-18	-1,7	0,03	-0,01
Dec-18	-0,7	0,04	0,03
Jan-19	1,8	0,05	0,07
Feb-19	0,7	0,04	0,04
Mar-19	-1,0	0,03	0,02
Apr-19	-0,8	0,02	0,00
May-19	1,0	0,02	0,00
Jun-19	-0,3	0,03	0,01
Jul-19	-0,8	0,03	0,01
Aug-19	0,3	0,03	0,01
Sep-19		0,03	