

Monthly GDP: August 2021

Strong momentum continues in 3Q

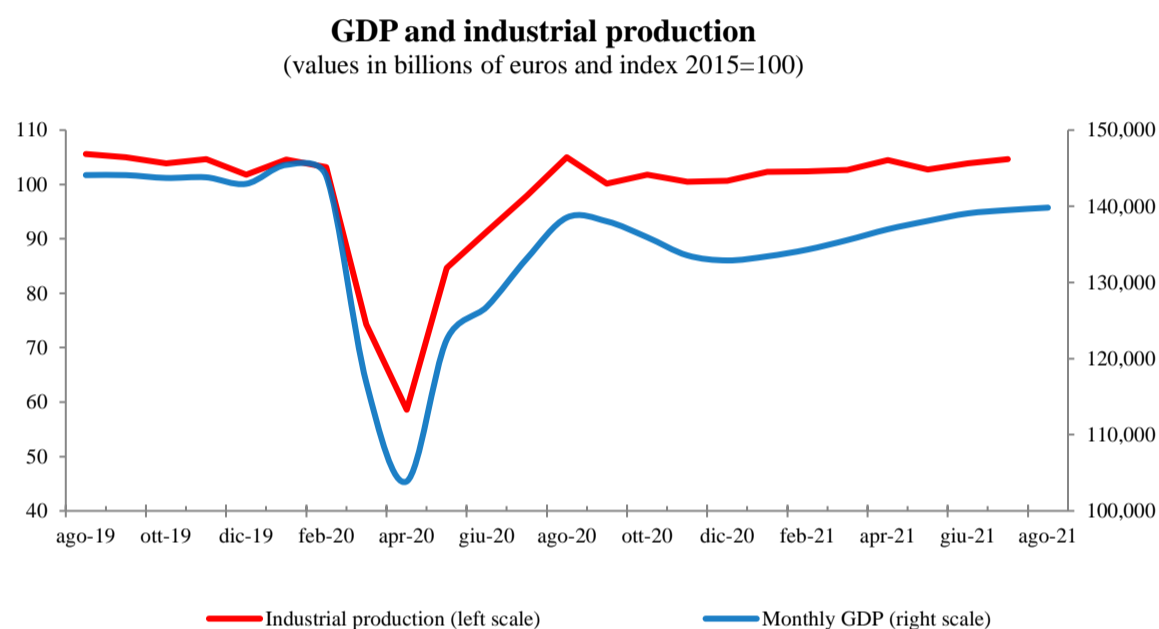
The final estimate published by ISTAT records a vigorous GDP growth in Q2 (2.7% q/q; 17.3% y/y), supported by the positive contribution of final national consumption (2.6 pp) and investments (0.5 pp). The contribution provided by net external demand is more contained (0.3 pp), while the contribution from inventories is negative (0.8 pp). On the supply side, the expansion is mainly driven by services and construction, and, to a lesser extent, by industry. This figure brings the level of economic activity to 3.8 points below the pre-crisis one.

The update estimate of the monthly real GDP indicates a growth rate of 0.2% m/m (0.9% y/y) in August, thanks to favorable economic conditions, although the uncertainty linked to the pandemic persists due to the circulation of variants.

In the production sector, the positive performance of industrial production continues also in July (0.8% m/m, following the 1.1% in June) which brings activity level 1.5pp above the pre-crisis one.

The surveys still outline a favorable picture in August, although some signs of difficulty emerge, essentially linked to the worsening of operating conditions and supply chain disruption. The climate of confidence of manufacturing companies retreated (to 113.4 from 115.2), however remaining at high levels. The sectoral PMI, on the other hand, starts to grow again (to 60.9 from 60.3), after having retraced in the previous month.

The performance of services also continues to be encouraging. The sector PMI for August stayed the course (at 58.0 points), as well as the climate of ISTAT confidence (at 111.8 points).



(*) The monthly GDP estimate is based on the methodology published in Fralle C. et al. "EUROMIND: A Monthly Indicator of the Euro Area Economic Conditions", Journal of the Royal Statistical Society: Series A, 174, 439- 470. The GDP estimate takes into account the forecasts of the industrial production made through a bridge model.

	Industrial Production (ISTAT)	Monthly GDP (updated estimate)	Monthly GDP (previous estimate)
	(1)	(2)	(3)
Aug-20	7.3	4.1	4.1
Sep-20	-4.6	-0.4	-3.1
Oct-20	1.6	-1.5	-0.2
Nov-20	-1.3	-1.8	-1.2
Dec-20	0.2	-0.5	-0.2
Jan-21	1.6	0.4	0.2
Feb-21	0.1	0.7	0.3
Mar-21	0.3	0.9	0.6
Apr-21	1.8	1.0	0.6
May-21	-1.6	0.8	0.6
Jun-21	1.1	0.7	0.5
Jul-21	0.8	0.3	0.2
Aug-21		0.2	