

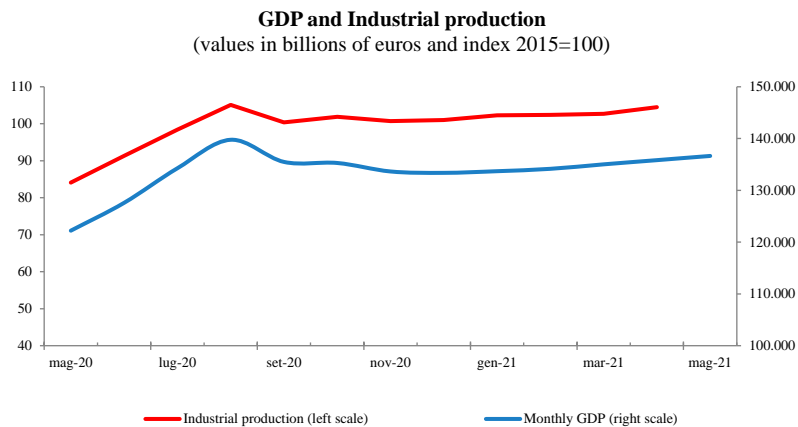
Monthly GDP: May 2021

Tangible signs of lively growth in Q2

Q1 GDP growth was revised notably higher by Istat, by 0.5pp to 0.14% q/q, overturning the preliminary estimate which recorded a decline of 0.4% q/q. The update estimate of monthly real GDP indicates a growth in May of 0.6% m/m (11.8% y/y), signaling that the positive momentum of the economy will strengthen in Q2 thanks to the improvement in health conditions following the decisive acceleration of the immunization campaign.

Industrial production index surprised to the upside in April (1.8% m/m) exceeding its pre-crisis levels by 1.2pp, performing far better than the other major Eurozone countries. The strength in industrial production is in line with the ongoing rise in manufacturing PMI index (at 62.3 from 60.7) and the business confidence of manufacturing firms (at 110.2 from 106).

Prospects are improving also for the service sector thanks to the gradual easing of restrictions. The sectoral PMI index in May returned above the expansion threshold (at 53.1 from 47.3), with levels not been observed since last July, and the ISTAT confidence climate (at 98.4 from 87.6) approached February 2020 values.



(*) The monthly GDP estimate is based on the methodology published 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. 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)
May-20	43,8	17,9	17,4
Jun-20	8,6	4,4	4,2
Jul-20	7,8	5,2	5,4
Aug-20	6,8	4,1	4,2
Sep-20	-4,5	-3,1	-3,1
Oct-20	1,5	-0,2	-0,2
Nov-20	-1,2	-1,2	-1,4
Dec-20	0,3	-0,2	-0,2
Jan-21	1,3	0,2	0,2
Feb-21	0,1	0,3	0,1
Mar-21	0,3	0,6	-0,5
Apr-21	1,8	0,6	0,5
May-21		0,6	