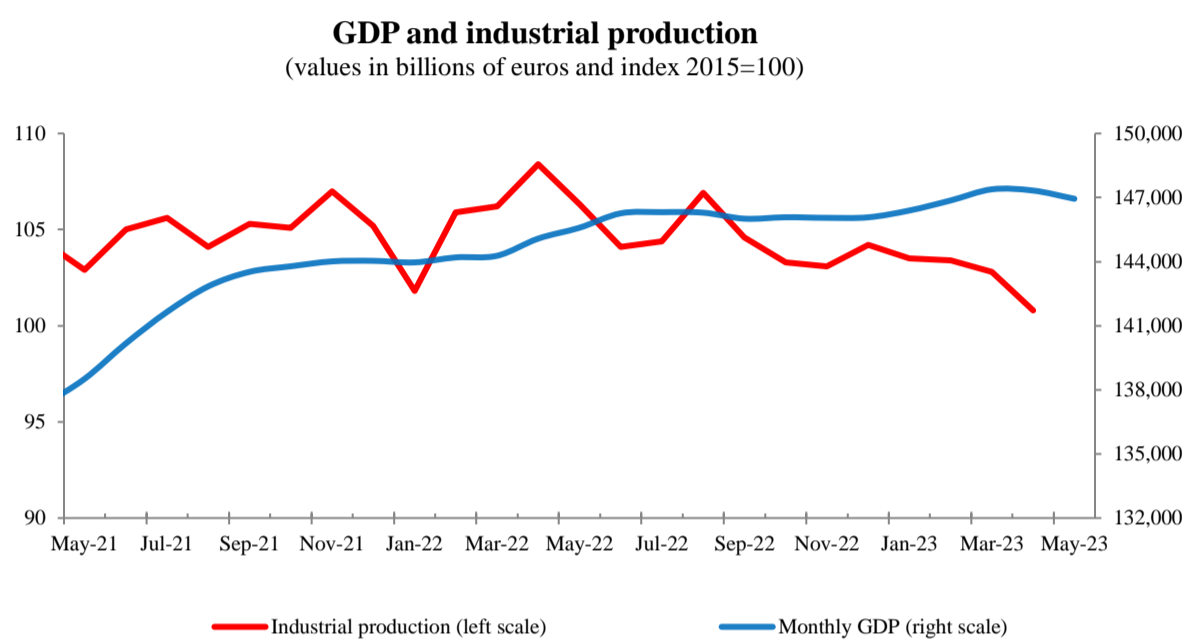


## Monthly GDP: May 2023

### In May GDP pauses expansive phase of 2023, marking the first monthly decline

The update of monthly real GDP in May points to the first decline in 2023 (-0.3% m-o-m) after the flat dynamic marked in April. Year-on-year change decelerates to 0.9% from 1.5%. The drop in May GDP reflects the persistent phase of weakness in manufacturing, captured by the fourth consecutive decrease in April industrial production (-1.9% m-o-m from -0.6%), wider than expected; furthermore, the decline in activity is also conditioned by the negative figure concerning industrial electricity consumption and the heavy vehicle traffic - the latter likely adversely affected by the flood-related traffic slowdown in Emilia-Romagna. The outlook is characterised by signs of weakening in activity, linked to the slowdown in European business cycle, and reflecting heterogeneous sectoral trajectories: Business soft indicators confirm the unfavourable moment for the manufacturing, as showed by the new fall in production expectations and in sectoral PMI, that is in contractionary ground for the second consecutive month (45.9 from 46.8). Services continue to show a higher dynamism, despite the drop in PMI index (54.0 from 57.6 in April) and of sectoral climate of confidence. The high level reached by prices continues to weight on households demand: the consumer confidence mildly retreats in May, together with the new decline in the confidence climate in retail trade in the same month and the reduction in the volume of sales in April (-0.2% m-o-m).



(\*) 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)
Mar-21	0.4	0.7	0.7
Apr-21	1.5	0.8	0.8
May-21	-1.4	0.9	0.9
Jun-21	2.0	1.2	1.2
Jul-21	0.6	1.1	1.0
Aug-21	-1.4	0.8	0.9
Sep-21	1.2	0.5	0.5
Oct-21	-0.2	0.2	0.2
Nov-21	1.8	0.2	0.2
Dec-21	-1.7	0.0	0.0
Jan-22	-3.2	-0.1	-0.1
Feb-22	4.0	0.2	0.2
Mar-22	0.3	0.1	0.1
Apr-22	2.1	0.6	0.6
May-22	-1.9	0.4	0.3
Jun-22	-2.1	0.5	0.4
Jul-22	0.3	0.0	0.0
Aug-22	2.4	0.0	0.0
Sep-22	-2.2	-0.2	-0.2
Oct-22	-1.2	0.0	0.0
Nov-22	-0.2	0.0	-0.1
Dec-22	1.1	0.0	0.0
Jan-23	-0.7	0.2	0.2
Feb-23	-0.1	0.3	0.3
Mar-23	-0.6	0.4	0.4
Apr-23	-1.9	0.0	0.1
May-23		-0.3	