

Monthly GDP: January 2024

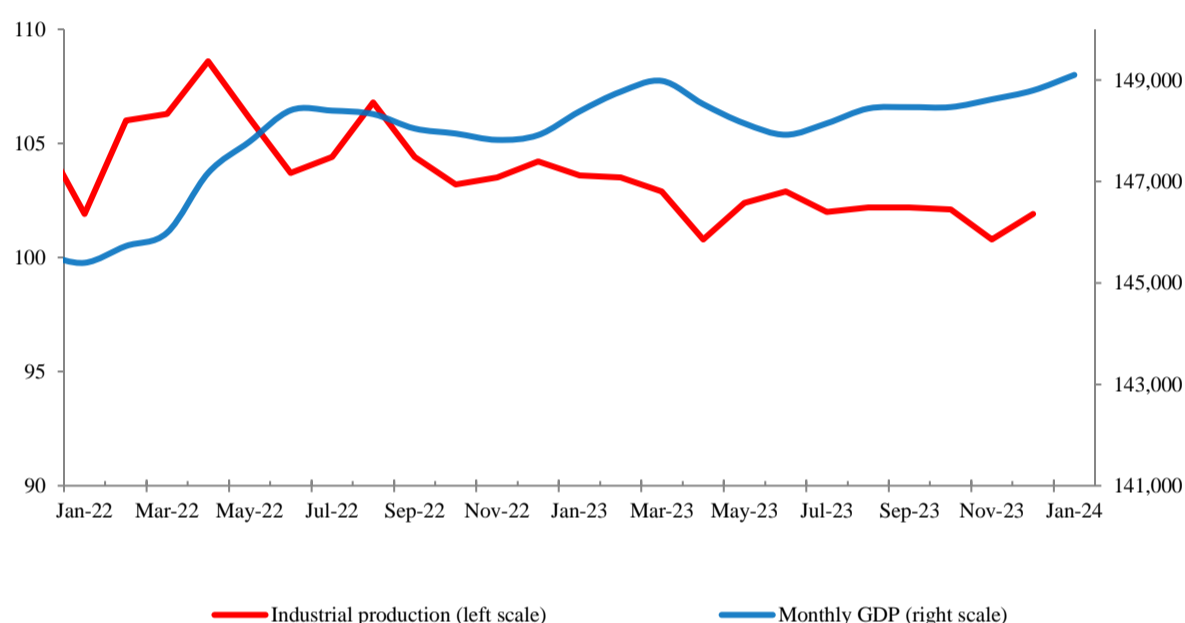
At the beginning of the year, the growth phase of economic activity consolidates, with GDP moderately accelerating compared to December.

In January, the update of the monthly real GDP estimate points to a growth in activity (0.2% m/m), moderately accelerating compared to December 2023 (0.1% m-o-m, revised upwards by 0.2pp in respect to the December projections). The expansionary phase underway since November consolidates, with real GDP reaching its highest value since the 2008 crisis. Furthermore, on an annual basis GDP marked the sixth increase in a row (0.5%, from 0.6% previously).

The strengthening of activity is captured by the signs of recovery in industry and in the renewed dynamism of services. In fact, in December industrial production grew more than expected (1.1% m-o-m), recovering to a large extent the decline of the previous month (-1.3%). For the coming months, the positive dynamics of manufacturing activity would be confirmed by the improvement in high-frequency indicators. In January, the rise in consumption and production of electricity was accompanied by the recovery in demand for gas for industrial use; at the same time, both motorway freight and rail traffic returned to increase. Qualitative data also outline a picture of recovery, albeit against a backdrop of underlying weakness: together with the improvement in PMI (48.5, from 45.3 in December), in January the confidence climate of manufacturing companies posted the first uptick since April 2023, led by orders and production expectations.

In addition to industry and construction, the improvement in sentiment also characterized the tertiary sector. The new rise in confidence in the services sector - which returned to June 2022 levels - was accompanied by the increase in the related PMI, which at the beginning of the year returned to expansion territory (51.1, from 49.8) after a semester. Despite the decrease in the volume of retail sales in December (-0.5% m-o-m), expectations of a boost in demand contributed to the new rise in retail confidence. In line with this evidence, together with the deceleration in inflation and improvement in household's assessments of the economic conditions, the consumer sentiment index experienced a further increase - placing itself above the 2023 average.

GDP and industrial production
(values in billions of euros and index 2015=100)



	Industrial Production (ISTAT)	Monthly GDP (updated estimate)	Monthly GDP (previous estimate)
	(1)	(2)	(3)
Dec-21	-2.0	0.0	0.0
Jan-22	-3.1	-0.1	-0.1
Feb-22	4.0	0.2	0.2
Mar-22	0.3	0.2	0.2
Apr-22	2.2	0.8	0.8
May-22	-2.3	0.4	0.4
Jun-22	-2.3	0.4	0.4
Jul-22	0.7	0.0	0.0
Aug-22	2.3	0.0	-0.1
Sep-22	-2.2	-0.2	-0.1
Oct-22	-1.1	-0.1	0.0
Nov-22	0.3	-0.1	-0.1
Dec-22	0.7	0.1	0.1
Jan-23	-0.6	0.3	0.3
Feb-23	-0.1	0.3	0.3
Mar-23	-0.6	0.1	0.1
Apr-23	-2.0	-0.3	-0.3
May-23	1.6	-0.3	-0.3
Jun-23	0.5	-0.2	-0.2
Jul-23	-0.9	0.2	0.1
Aug-23	0.2	0.2	0.2
Sep-23	0.0	0.0	0.1
Oct-23	-0.1	0.0	0.1
Nov-23	-1.3	0.1	0.0
Dec-23	1.1	0.1	-0.1
Jan-24		0.2	

(*) 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.