

Monthly GDP: May 2024

GDP is expected to expand slightly also in May, maintaining the growth rate of the previous five months.

The update of the monthly real GDP estimate (*) for May points to a further, slight expansion in activity (0.1% m-o-m). This increase consolidates the series of rises in GDP marked since December 2023. GDP advanced further also on a trend basis, accelerating slightly compared to April (1.1%, from 1.0%). The analysis of available indicators delivers a similar picture to that of April, in which the dynamism of services offsets the ongoing declining phase in manufacturing. In April, in fact, the second consecutive fall in industrial production (-1.0% m-o-m) reflects the fragility of the manufacturing sector, which was probably negatively affected by the weakness of the sector in the main European economies.

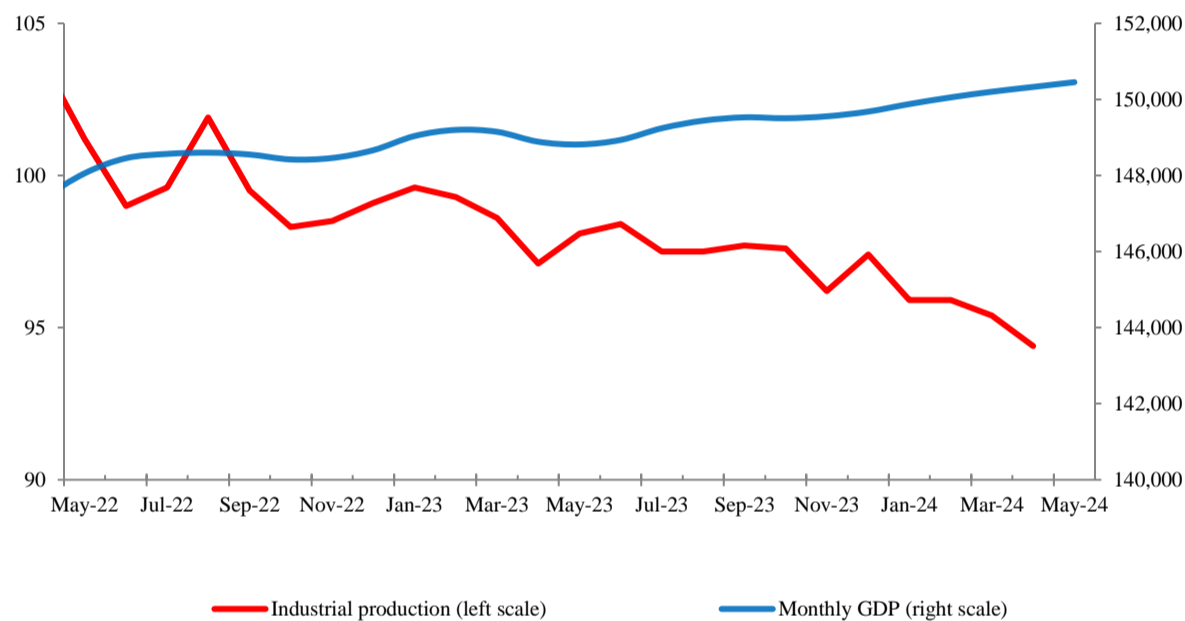
In this regard, the sector's prospects still appear uncertain, as suggested by the heterogeneous signals coming from the most recent economic indicators. The rise in manufacturing business confidence in May (88.4 from 87.7), supported by the amelioration in production expectations, contrasted with the second consecutive drop in PMI (45.6 from 47.3), due to a contraction in new orders. On the other hand, in the same month, the reduction in heavy vehicle traffic (-0.3% m-o-m) and in the electricity consumption index of energy-intensive companies (-0.2% m-o-m) was accompanied by the growth in rail freight traffic (1.2% m-o-m).

At the same time, services continue to perform quite solidly, although their expansionary dynamic appears to have stabilised. In May, the sectoral PMI grew for the fifth consecutive month, standing at 54.2 (from 54.3 in April), despite the business confidence in market services decreased again (97.8 from 99.5). The index for retail trade, however, remained broadly stable (102.8 from 102.9). Concerning quantitative data, in the same month light vehicle traffic decreased by 0.4% m-o-m, after the marked increase of the previous month.

On the household side, the new deceleration in inflation led to an increase in consumer confidence (96.4 from 95.2). That said, despite the decline in volume retail sales in April (-0.3% m/m), the expected increase in wages and the slowdown in inflation should support the path of recovery in consumption.

(*) The monthly GDP series were revised due to a different calibration of the forecasting model parameters.

GDP and industrial production
(values in billions of euros and index 2021=100)



	Industrial Production (ISTAT)	Monthly GDP (updated estimate)	Monthly GDP (previous estimate)
	(1)	(2)	(3)
Dec-21	-2.0	0.0	-0.1
Jan-22	-3.3	-0.1	-0.1
Feb-22	4.1	0.2	0.1
Mar-22	0.3	0.4	0.6
Apr-22	2.4	0.7	0.6
May-22	-2.4	0.5	0.5
Jun-22	-2.2	0.3	0.2
Jul-22	0.6	0.1	0.1
Aug-22	2.3	0.0	0.0
Sep-22	-2.4	0.0	0.0
Oct-22	-1.2	-0.1	-0.1
Nov-22	0.2	0.0	0.0
Dec-22	0.6	0.1	0.2
Jan-23	0.5	0.3	0.3
Feb-23	-0.3	0.1	0.1
Mar-23	-0.7	0.0	0.0
Apr-23	-1.5	-0.2	-0.2
May-23	1.0	0.0	0.0
Jun-23	0.3	0.1	0.1
Jul-23	-0.9	0.2	0.2
Aug-23	0.0	0.1	0.1
Sep-23	0.2	0.1	0.1
Oct-23	-0.1	0.0	0.0
Nov-23	-1.4	0.0	0.0
Dec-23	1.2	0.1	0.1
Jan-24	-1.5	0.1	0.1
Feb-24	0.0	0.1	0.2
Mar-24	-0.5	0.1	0.0
Apr-24	-0.5	0.1	0.1
May-24		0.1	

(*) The monthly GDP estimate is based on the methodology published in Frate 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.