

## Monthly GDP: October 2024

### GDP is expected to grow slightly in October, after being stationary in Q3

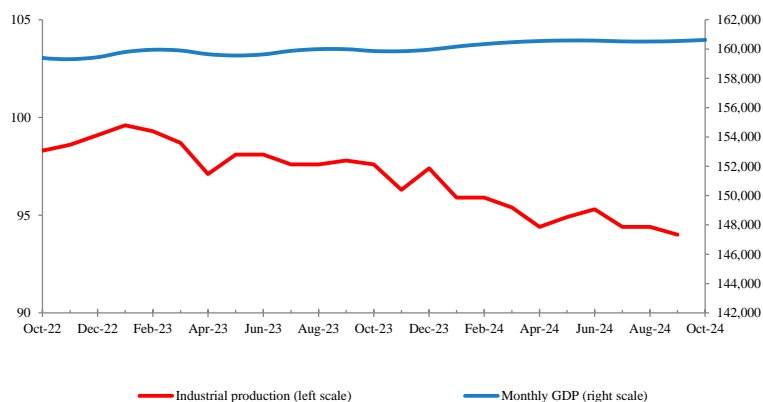
The update of the internal estimate of the monthly real GDP indicates a slightly less than 0.1% m/m increase, after a stationary growth in the third quarter (according to the preliminary estimate released by Istat). In October, our analyses point to a slight acceleration in the monthly dynamics, compared to both the summer period and to the same month of the previous year, with a year-on-year growth rate moving from 0.3% in September to 0.5%.

The improvement is mainly attributable to a greater dynamism in the services sector, whose growth rate is expected to remain solid, despite the heterogeneous indications given by qualitative surveys. In October, the services PMI, in expansionary territory since January, increased to 52.4 from 50.5, after a semester of declines, while the confidence climate in market services decreased to 95.3 from 100.4, following the pick-up recorded in September.

At the same time, there is room for a favourable rebound in the industrial sector, which closed the 3rd quarter with a 0.6% q/q decline in production. In this regard, signals supporting the recovery of production, which contracted by 0.4% m/m in September, come from most quantitative indicators, including the expansion in heavy vehicle traffic (2.0% m/m) and rail freight (6.8% m/m), as well as in electricity production (2.2% m/m) and natural gas used for industrial purposes (2.4% m/m). Conversely, the IMCEI, the monthly index of electricity consumption by energy-intensive companies, falls by 1.0% m/m in October. On the other hand, most recent qualitative indicators move in the opposite direction, signalling the continuation of the sector's difficulties and thus contributing to making short-term forecasts more uncertain. In particular, the sectoral PMI fell further, reaching 46.9 points (from 49.3 in September), as did the sentiment of manufacturing companies, albeit to a lesser extent (85.8 from 86.6).

On the household side, in the context of a modest uptick in consumer prices, the consumer confidence index declined slightly, reflecting expectations of an increase in unemployment and future inflation dynamics. Nevertheless, the good performance of retail sales and the ongoing increase in real wages suggest that the recovery trend in consumption is set to continue. This is also confirmed by the improvement in the retail trade confidence climate in October - the third consecutive increase.

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



(\*) 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.

	Industrial Production (ISTAT)	Monthly GDP (updated estimate)	Monthly GDP (previous estimate)
	(1)	(2)	(3)
Oct-22	98.3	159.4	159.3
Nov-22	98.6	159.3	159.3
Dec-22	99.1	159.4	159.5
Jan-23	99.6	159.8	159.9
Feb-23	99.3	160.0	160.0
Mar-23	98.7	159.9	160.0
Apr-23	97.1	159.6	159.7
May-23	98.1	159.6	159.5
Jun-23	98.1	159.6	159.6
Jul-23	97.6	159.9	159.8
Aug-23	97.6	160.0	159.9
Sep-23	97.8	160.0	159.9
Oct-23	97.6	159.9	159.9
Nov-23	96.3	159.9	159.9
Dec-23	97.4	160.0	160.0
Jan-24	95.9	160.2	160.2
Feb-24	95.9	160.3	160.3
Mar-24	95.4	160.5	160.4
Apr-24	94.4	160.5	160.5
May-24	94.9	160.6	160.6
Jun-24	95.3	160.6	160.7
Jul-24	94.4	160.5	160.8
Aug-24	94.4	160.5	161.0
Sep-24	94.0	160.5	161.1
Oct-24		160.6	