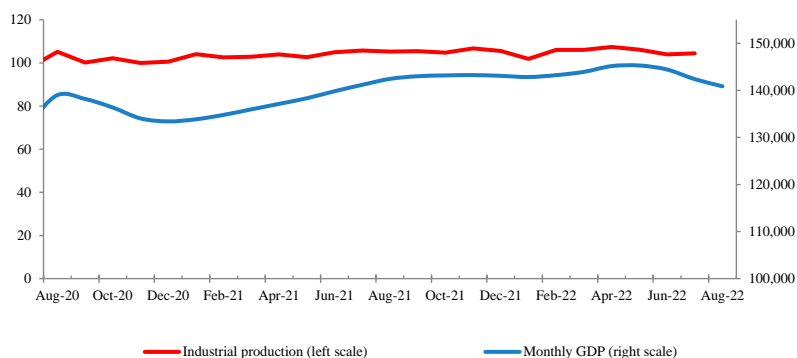


GDP declines further in August

The update of the monthly real GDP estimate indicates a significant decline in August (-1.1% m-o-m) which is accompanied by a marked downward revision of the July figure (from -0.7% to -1.4% m-o-m) and an increase in the estimates for April and May. On an annual basis, the August GDP marks a decline, equal to -1.1%, after the 0.8% in July. The extent of the reduction in monthly GDP is largely explained by the impact of high energy costs on the manufacturing industry: in fact, in addition to the reduction in the confidence climate, there was a new, significant drop in electricity consumption by energy-intensive sectors and the decline of commercial vehicle traffic. In this context, the unexpected increase in industrial production in July (0.4% m-o-m from -2.0% in June) mitigated the contraction in GDP. Looking ahead, the Istat business surveys for August outline a macroeconomic scenario conditioned by the persistence of the phase of uncertainty, fostered by inflationary pressures. At a sectoral level, the confidence climate of firms in construction, industry and market services continues to reduce. The retail sector was the only exception, showing an increase. The sectoral heterogeneity can also be deduced looking at PMI indicators: while the phase of contraction in manufacturing activity continued for the second consecutive month, there was a recovery in the services sector, where the index rose back above the 50 level. Also on a relatively positive note, consumer confidence rose in August, though remaining well below the average recorded in the first five months of the year.

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



(*) 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	0.3	0.9	0.8
Apr-21	1.1	0.9	0.8
May-21	-1.3	0.9	1.0
Jun-21	2.1	1.1	1.2
Jul-21	0.8	1.0	0.9
Aug-21	-0.5	0.9	0.8
Sep-21	0.2	0.4	0.2
Oct-21	-0.7	0.1	0.3
Nov-21	1.9	0.0	0.1
Dec-21	-1.1	-0.1	-0.3
Jan-22	-3.4	-0.2	0.0
Feb-22	4.0	0.3	0.3
Mar-22	0.0	0.5	0.5
Apr-22	1.3	0.9	0.8
May-22	-1.2	0.1	0.0
Jun-22	-2.0	-0.6	-0.5
Jul-22	0.4	-1.4	-0.7
Aug-22		-1.1	