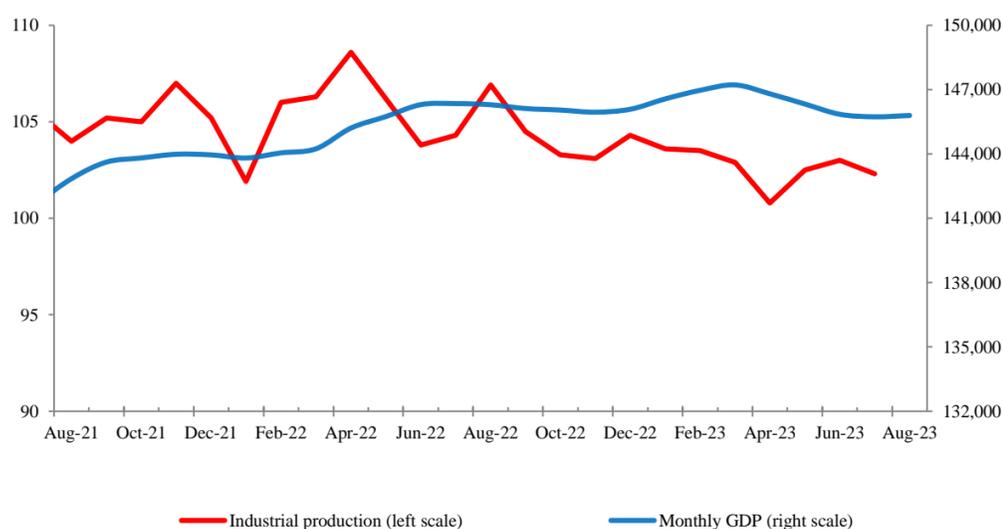


## Monthly GDP: August 2023

### GDP stabilizes in August after repeated economic downturns.

The update of the estimate of real monthly GDP for August prefigures a zero change in GDP on a monthly basis, the dynamics of which stabilizes after four months of declines. On an annual basis there is still a negative change (-0.3%), albeit lower than that of July; the latter, in turn, is affected by a downward revision compared to the previous estimate (from -0.2% to -0.4%). Regarding this forecast update, it is noted that, in a still uncertain cyclical framework, the positive signals coming from some indicators stabilized economic activity in August. Although industrial production posted a new decline in July (-0.7% m/m) after the strong expansion in May (1.7% m/m) and June (0.5% m/m), the acquired growth in Q3 is positive (0.2% q/q), points to a possible recovery in coming months. In fact, in August, high-frequency indicators indicate an increase in electricity consumption by energy-intensive companies (2.1% m-o-m), together with a growth in electricity production (0.9% m-o-m). In the same month, a strong recovery of rail traffic is marked (3.7% m-o-m), albeit in the face of the fall in heavy vehicle traffic (-1.0% m/m) and motorway traffic of cars (-1.5% m/m). Soft indicators point to a broad-based worsening in business confidence in August, but particularly significant for industry. However, despite the continuing difficulty in the manufacturing, common to other European countries, the new recovery of the manufacturing PMI in August (45.4, from 44.5 in July) moved the index away from the minimum levels reached in June, opening the door to a change in prospects for the months ahead thanks to improved production and new orders. At the same time, in August services lost momentum, as captured by the decrease in the PMI index (to 49.8, from 51.5 in July) and the confidence climate in market services and retail trade, these the latter decreasing after the increase in July. While the deceleration in inflation continues, uncertainty weights on household's expectations: in August, in fact, confidence climate slightly decreased for the second consecutive month. However, except for June and July it still stands at the highest levels since February 2022.

**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)
Mar-21	0.3	0.7	0.7
Apr-21	1.6	0.9	0.8
May-21	-1.6	0.9	0.9
Jun-21	1.9	1.1	1.1
Jul-21	0.7	1.0	1.0
Aug-21	-1.4	0.8	0.9
Sep-21	1.2	0.5	0.6
Oct-21	-0.2	0.1	0.1
Nov-21	1.9	0.1	0.1
Dec-21	-1.7	0.0	0.0
Jan-22	-3.1	-0.1	-0.1
Feb-22	4.0	0.2	0.2
Mar-22	0.3	0.1	0.1
Apr-22	2.2	0.7	0.6
May-22	-2.2	0.4	0.4
Jun-22	-2.3	0.4	0.4
Jul-22	0.5	0.0	0.1
Aug-22	2.5	0.0	0.0
Sep-22	-2.2	-0.1	-0.1
Oct-22	-1.1	0.0	0.0
Nov-22	-0.2	-0.1	0.0
Dec-22	1.2	0.1	0.1
Jan-23	-0.7	0.3	0.3
Feb-23	-0.1	0.3	0.3
Mar-23	-0.6	0.2	0.2
Apr-23	-2.0	-0.3	-0.3
May-23	1.7	-0.3	-0.3
Jun-23	0.5	-0.3	-0.3
Jul-23	-0.7	-0.1	0.0
Aug-23		0.0	

(\*) 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.