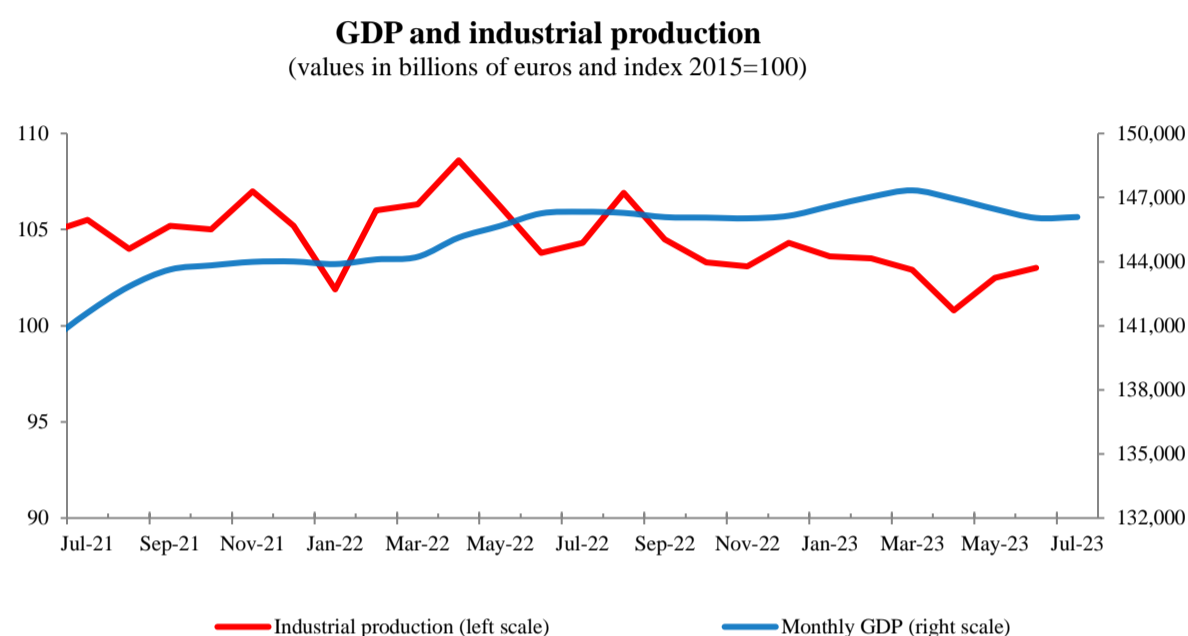


Monthly GDP: July 2023

GDP dynamics was flat in July, after the drop in activity in Q2 (-0.3%)

The update of the monthly real GDP estimate points to an unchanged dynamic in activity in July, however such as to determine a slight drop on an annual basis, to -0.2% from -0.1% in June. The latter figure was downward revised following the publication of ISTAT's preliminary reading of GDP for Q2 2023 (-0.3% q-o-q), which also led to a substantial revision of the GDP growth rate of April and May. The stability of activity in July reflects a macroeconomic framework characterized by a cyclical slowdown, common to other European countries, in which - however - some encouraging signs are emerging. Firstly, in June industrial production marked a significant increase (+0.5% m-o-m) after the more substantial one in May (revised upwards by 0.1pp to 1.7%). Furthermore, an increase in electricity production was observed in July (3.2% m-o-m), despite the fall in the electricity consumption of energy-intensive companies (-0.7% m-o-m), however still positive on annual basis (+1.1%). Qualitative surveys concerning July indicate an improvement in business confidence, despite the persistence of the weak momentum in manufacturing. At the same time, positive indications come from the increase in production expectations and the slight recovery in manufacturing PMI index (44.4, from 43.8 in June). Regarding services, in July the "soft indicators" posted contrasting signals: the decrease in the PMI index (to 51.5 from 52.2 in June) is contrasted by the rise in confidence climate in market services and retail trade after the June setback. The still high inflation, albeit easing, affects household demand, causing a decline in consumer confidence in July.



(*) 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)
Mar-21	0.3	0.7	0.7
Apr-21	1.6	0.8	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	0.9	0.9
Sep-21	1.2	0.6	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	0.6	0.6
May-22	-2.2	0.4	0.3
Jun-22	-2.3	0.4	0.4
Jul-22	0.5	0.1	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	0.0	0.0
Dec-22	1.2	0.1	0.0
Jan-23	-0.7	0.3	0.2
Feb-23	-0.1	0.3	0.3
Mar-23	-0.6	0.2	0.3
Apr-23	-2.0	-0.3	-0.1
May-23	1.7	-0.3	-0.2
Jun-23	0.5	-0.3	-0.3
Jul-23		0.0	