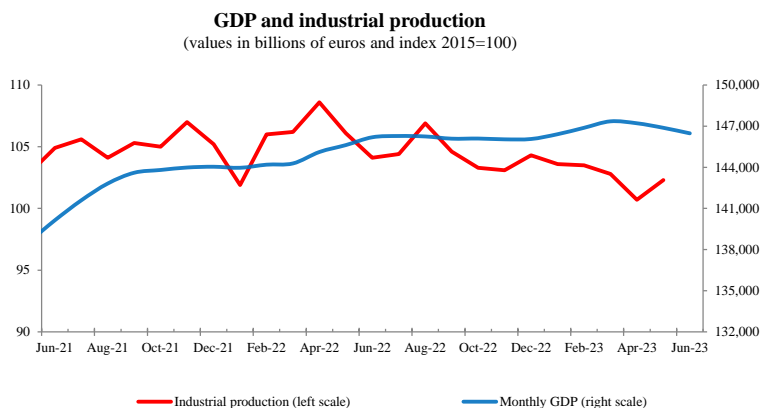# Monthly GDP: June 2023

GDP drops on a monthly basis in June, being stationary in the average of the second quarter

The update of monthly real GDP in June points to a new decline in GDP (-0.3 % m-o-m), such as to determine a slowdown of growth on annual basis to 0.2% from 0.9% in May. The drop in activity reflects a macroeconomic environment characterized a cyclical weakening, which is common to other European Countries. In fact, despite the higher-than-expected monthly increase in industrial production in May (1,6% m-o-m), signs of fragility in the manufacturing sector remain, such as the year-on-year decrease in production (-3,7% y-o-y) and, concerning June, the drop in energy intensive consumption of electricity (-4,9% y-o-y). Nonetheless, Italian economy proved to be resilient overall: according to the nowcasting model, GDP stabilized its growth in Q2 2023 after the robust rise in Q1. Looking forward, the latest surveys on firms confirm the unfavourable juncture for the industry. In June, the deterioration in production expectations in manufacturing firms went hand in hand with the significant worsening in PMI index (to 43.8, from 45.9 in May), which is in contractionary territory for the third consecutive month. Service sector, albeit livelier than industry, marked a loss in momentum in June, as shown by the reduction in PMI (to 52.2, from 54.0) and the climate of confidence in market services. However, signs of stabilisation stem from the evolution of household's demand: in May retail sales raise in volume by 0,2% m-o-m and in June the consumer confidence marked the higher level from March 2022.

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

— Industrial production (left scale) — Monthly GDP (right scale)

(*) 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	0.7	0.7
Apr-21	1.6	0.8	0.8
May-21	-1.6	0.9	0.9
Jun-21	2.0	1.1	1.2
Jul-21	0.7	1.0	1.1
Aug-21	-1.4	0.9	0.8
Sep-21	1.2	0.6	0.5
Oct-21	-0.3	0.1	0.2
Nov-21	1.9	0.1	0.2
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	0.2	0.1	0.1
Apr-22	2.3	0.6	0.6
May-22	-2.3	0.3	0.4
Jun-22	-1.9	0.4	0.5
Jul-22	0.3	0.1	0.0
Aug-22	2.4	0.0	0.0
Sep-22	-2.2	-0.1	-0.2
Oct-22	-1.2	0.0	0.0
Nov-22	-0.2	0.0	0.0
Dec-22	1.2	0.0	0.0
Jan-23	-0.7	0.2	0.2
Feb-23	-0.1	0.3	0.3
Mar-23	-0.7	0.3	0.4
Apr-23	-2.0	-0.1	0.0
May-23	1.6	-0.2	-0.3
Jun-23		-0.3	