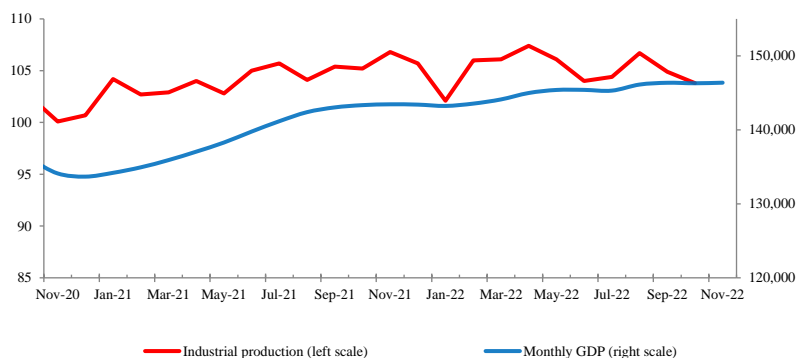


GDP up slightly in November

In November, the real GDP estimate points to a slight recovery in economic activity, with a 0.1% m-o-m increase following a flat reading in October, revised up by 0.1 pp from last month's estimate. The key driver of the revision to the October GDP reading is that the official industrial production data for October showed a smaller decrease than expected (-1.0% m/m versus -1.5% m/m). The decline in industrial production in October follows a -1.7% m-o-m drop in September, taking the index back below the June low. However, the reduction in energy prices probably led to a recovery in industrial production in November. Indeed, electricity consumption by energy-intensive firms rose in November, as did commercial vehicle traffic. The latest 'soft indicators' are consistent with improving economic conditions in November. The ISTAT consumer confidence index rose to 98.1 from nine-year low of 90.1 in October, thanks in particular to an improvement in households' expectations on the economy and inflation. According to the ISTAT survey, business confidence too rose in November in industry, the service sector and retail trade – with only the construction sector showing a decline. The composite PMI also improved in November, to 48.9 from 45.8 in October, with the service sector PMI rising to 49.5, from 46.4 in October. Unlike in the ISTAT survey, the construction PMI rose in November, to 52.0, returning into expansion territory after four monthly readings below the 50 level.

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



(*) 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.

	Industrial Production (ISTAT)	Monthly GDP (updated estimate)	Monthly GDP (previous estimate)
	(1)	(2)	(3)
Mar-21	0.2	0.7	0.7
Apr-21	1.1	0.8	0.9
May-21	-1.2	0.9	1.0
Jun-21	2.1	1.1	1.1
Jul-21	0.7	1.0	1.0
Aug-21	-1.5	0.9	0.9
Sep-21	1.2	0.5	0.4
Oct-21	-0.2	0.2	0.2
Nov-21	1.5	0.1	0.1
Dec-21	-1.0	0.0	0.0
Jan-22	-3.4	-0.1	-0.2
Feb-22	3.8	0.2	0.2
Mar-22	0.1	0.4	0.4
Apr-22	1.2	0.6	0.6
May-22	-1.2	0.3	0.3
Jun-22	-2.0	0.0	0.1
Jul-22	0.4	-0.1	-0.1
Aug-22	2.2	0.6	0.6
Sep-22	-1.7	0.2	0.2
Oct-22	-1.0	0.0	-0.1
Nov-22		0.1	