

Monthly GDP: June 2024

GDP continues to slightly expand in June, confirming the monthly pace of growth since the beginning of 2024

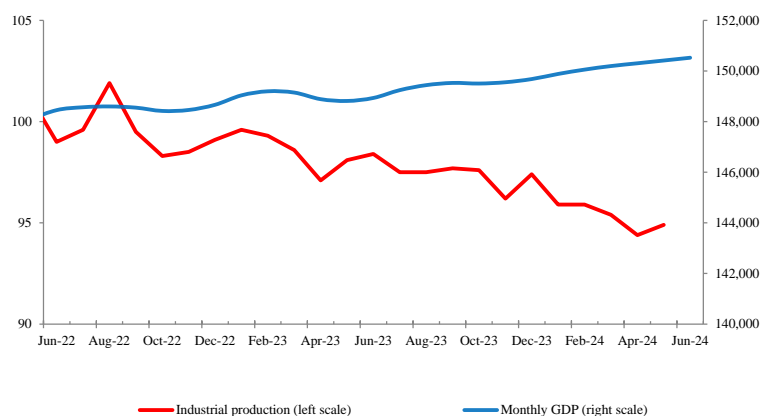
The update of the monthly real GDP estimates for June points to a slight expansion in activity (0.1% m-o-m), in line with that of the first five months of the year. On an annual basis, GDP growth rate was 1.1%. On average, in Q2 2024 GDP grows by 0.2% q-o-q, reflecting the greater dynamism in services, offset by a lower liveliness in construction and levels of production in manufacturing still below the Q1 average, even if signals of recovering are emerging in the industrial sector.

In this regard, in May industrial production records the first increase since the beginning of the year (0.5% m/m), a result higher than internal forecasts. In June, business confidence in manufacturing declines again (to 86.8 from 88.2) after the growth of the previous month and the manufacturing PMI remains broadly stable yet still in negative territory (to 45.7 from 45.6). On the other hand, in the same month, there is an increase in heavy vehicle motorway traffic (0.5% m/m), in the electricity consumption index of energy-intensive companies (1.4% m/m) and in the use of gas for industrial purposes (2.2% m/m). Despite the decrease in rail freight traffic (-3.1% m/m), there is room for a recovery for the sector. In summary, while qualitative surveys point to weakness in the sector, most recent high-frequency data suggest that the phase of moderate recovery in manufacturing activity may continue in the months to come.

At the same time, despite some indications of a slowdown, the services sector continues to support overall growth. In June, the sectoral PMI continues to expand, standing at 53.7 (from 54.2 in May); on the other hand, the slight decline in both business confidence in market services (97.1 from 97) and retail trade (102.2 from 102.8) continues for the third consecutive month. With reference to quantitative indices, in the same month light vehicle traffic decreases by 3.0% m/m, partly affected by the June 2nd holiday which fell on a Sunday.

On the household side, the stabilization of inflation at low levels and the prospects of easing financing conditions are contributing to improve of the overall picture, anticipating a livelier dynamic in consumption also in Q3. The rise in consumer confidence in June, which reached the highest level (98.3 from 96.4) since February 2022, as well as the increase in the volume of retail sales in May (0.2 % m/m), point to a similar direction.

GDP and industrial production
(values in billions of euros and index 2021=100)



(*) 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)
Jan-22	-3.3	-0.1	-0.1
Feb-22	4.1	0.2	0.2
Mar-22	0.3	0.4	0.4
Apr-22	2.4	0.7	0.7
May-22	-2.4	0.5	0.5
Jun-22	-2.2	0.3	0.3
Jul-22	0.6	0.1	0.1
Aug-22	2.3	0.0	0.0
Sep-22	-2.4	0.0	0.0
Oct-22	-1.2	-0.1	-0.1
Nov-22	0.2	0.0	0.0
Dec-22	0.6	0.1	0.1
Jan-23	0.5	0.3	0.3
Feb-23	-0.3	0.1	0.1
Mar-23	-0.7	0.0	0.0
Apr-23	-1.5	-0.2	-0.2
May-23	1.0	0.0	0.0
Jun-23	0.3	0.1	0.1
Jul-23	-0.9	0.2	0.2
Aug-23	0.0	0.1	0.1
Sep-23	0.2	0.1	0.1
Oct-23	-0.1	0.0	0.0
Nov-23	-1.4	0.0	0.0
Dec-23	1.2	0.1	0.1
Jan-24	-1.5	0.1	0.1
Feb-24	0.0	0.1	0.1
Mar-24	-0.5	0.1	0.1
Apr-24	-1.0	0.1	0.1
May-24	0.5	0.1	0.1
Jun-24		0.1	