

Monthly GDP: March 2024

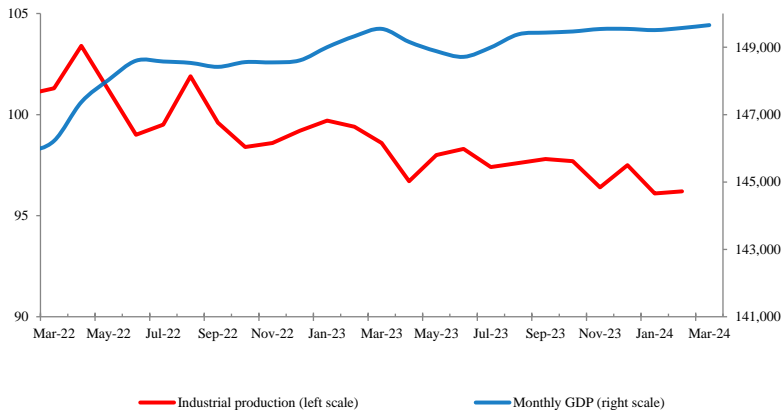
In March, moderate real GDP growth (0.1% m-o-m) confirms the resilience of the economy

In March, the update of the monthly estimate of real GDP posted a slight increase in economic activity (0.1% m-o-m) after the stability in February (the figure was revised downwards by -0.1pp compared to the previous estimate). On an annual basis, the expansionary phase (0.1%) - that has been underway for two years -continued, albeit at a slightly slower pace than in the previous month (0.2%). On average, in Q1 2024 GDP grew by 0.1% q-o-q, reflecting the boost from services and construction, despite continued weakness in manufacturing.

In February, industrial production returned to marginally grew (0.1% m-o-m) after the contraction in the previous month (-1.4% m-o-m); however, at the end of the quarter there was a fall in electricity consumption by energy-intensive companies and heavy traffic. On the other hand, the positive signals coming from high-frequency data and qualitative surveys suggest the start of a recovery phase in manufacturing activity in the months ahead. In fact, together with the increase in business confidence in the sector, in March the PMI returned above the expansion threshold after a year (50.4, from 48.7 in February). The improvement is linked to more favourable production and new order expectations.

At the same time, the indicators related to services confirm the positive cycle in the sector. In March, in fact, the sectoral PMI increased for the third consecutive month, reaching 54.6 (from 52.2 in February); both the business confidence in market services (100.7, from 100.2) and retail trade (104.6, from 100.8) increased. The latter was anticipated by the increase in retail sales in volume (0.1% m-o-m) in February, supported by the recovery in household purchasing power.

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



	Industrial Production (ISTAT)	Monthly GDP (updated estimate)	Monthly GDP (previous estimate)
	(1)	(2)	(3)
Dec-21	-2.0	0.0	0.0
Jan-22	-3.3	-0.1	-0.1
Feb-22	4.1	0.2	0.2
Mar-22	0.3	0.2	0.2
Apr-22	2.1	0.8	0.8
May-22	-2.1	0.4	0.4
Jun-22	-2.2	0.4	0.4
Jul-22	0.5	0.0	0.0
Aug-22	2.4	0.0	0.0
Sep-22	-2.3	-0.1	-0.1
Oct-22	-1.2	0.1	0.1
Nov-22	0.2	0.0	0.0
Dec-22	0.6	0.0	0.1
Jan-23	0.5	0.3	0.3
Feb-23	-0.3	0.2	0.2
Mar-23	-0.8	0.1	0.1
Apr-23	-1.9	-0.3	-0.3
May-23	1.3	-0.2	-0.2
Jun-23	0.3	-0.1	0.0
Jul-23	-0.9	0.2	0.2
Aug-23	0.2	0.3	0.2
Sep-23	0.2	0.0	0.0
Oct-23	-0.1	0.0	0.0
Nov-23	-1.3	0.0	0.1
Dec-23	1.1	0.0	0.1
Jan-24	-1.4	0.0	0.1
Feb-24	0.1	0.0	0.1
Mar-24		0.1	

(*) 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.