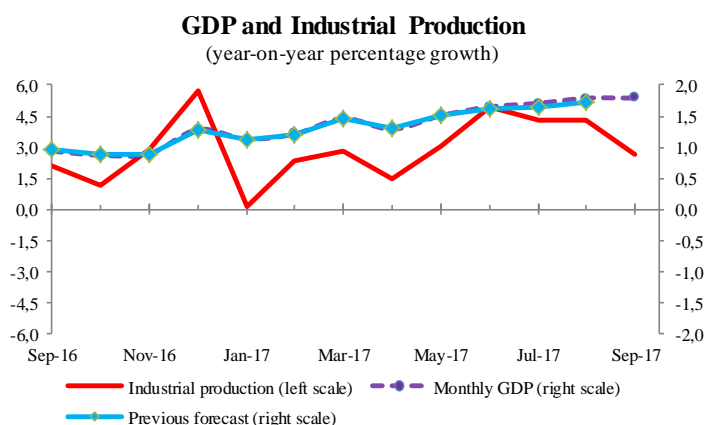


## Monthly GDP: September 2017

### GDP growth accelerates in Q3.

After rising by 0,3% q/q in Q2, Istat preliminary estimate on GDP growth in Q3 shows an expansion of 0.5% q/q (+1.8% y/y), in line with consensus expectations. Together with 1Q17 it is the strongest quarterly reading since 4Q10 (1Q11 for the yoy change), i.e. since the government debt crisis. Growth is expected to remain resilient in the coming quarters as well, thanks to the positive trend of industrial activity and the encouraging signals coming from surveys and production indicators. Although industrial production contracted slightly more than consensus expectation in September (-1,3% m/m), it was consistent with a quarterly acceleration of 1.5% in Q3 (+1.2% in Q2). The drop was mainly due to the energy component (-6.3% m/m), capital goods (-2.0% m/m) and intermediate consumption (-3.0% m/m), all erasing their last month's rise. Economic indicators in October point to the expansion of the industrial activity also in next months: PMI index jumped to a six-and-a-half-year high to 57.8 (+1.5 point). The rise was driven by a significant increase in new orders, supported by strong external demand, and in particular solid orders from Germany.

Overall, the new GDP estimate for September points at flat m/m profile (+0.07% m/m) with year on year growth of +1.79%.



(\*) Monthly GDP is an average of results obtained from different models as documented in Frale, C., and Monteforte, L., "FaMIDAS: A mixed frequency factor model with MIDAS structure", MEF and Department of the Treasury Working Paper Series n. 3/2010.

	Industrial production (ISTAT)	Monthly GDP (previous monthly estimate)	Monthly GDP (revised estimate)
	(1)	(2)	(3)
Sep-16	0,3	0,04	0,07
Oct-16	-0,3	0,10	0,11
Nov-16	0,9	0,16	0,18
Dec-16	1,5	0,32	0,34
Jan-17	-2,2	0,05	0,06
Feb-17	1,0	0,18	0,18
Mar-17	0,5	0,20	0,20
Apr-17	-0,3	-0,01	-0,02
May-17	0,7	0,18	0,18
Jun-17	1,0	0,12	0,12
Jul-17	0,1	0,15	0,15
Aug-17	1,2	0,27	0,23
Sep-17	-1,3		0,07