

## Monthly GDP: August 2019

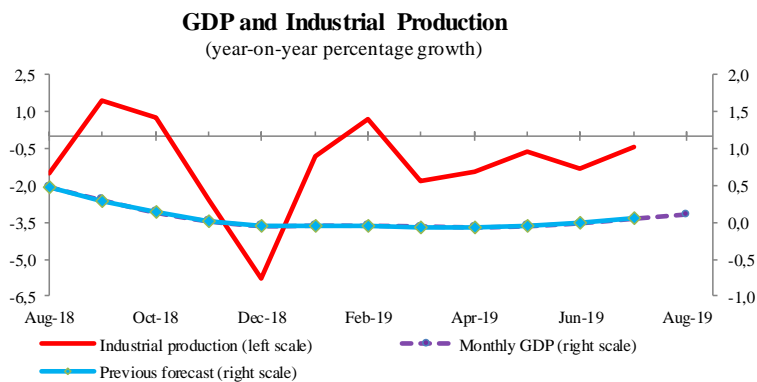
### Weak IP could imply flat growth also in Q3

The updated monthly real GDP estimate confirms a persisting weak path in 3Q: in August real GDP is expected almost flat (+0.01% m/m) for the sixth month in a row.

Istat final unadjusted estimate confirmed that real GDP growth was flat in 2Q2019 (+0.03% q/q from 0.1% q/q in 1Q) and latest economic indicators support an unchanged picture also in 3Q.

Industrial production contracted further by 0.7% m/m in July, coming in below consensus expectations, following a decline of 0.3% m/m in June. Results were mixed across the board: investment goods posted the greatest fall (-1.6% m/m) followed by a decrease in nondurable consumer goods (-0.6% m/m) and intermediate goods (-0.2% m/m), while energy component continued to increase by 1.3% m/m and durable consumer good expanded by 0.9% m/m.

Incoming data, including business surveys, indicate that weakness in the manufacturing sector remains in place: PMI index, although slightly recovering, is still under the expansionary threshold (48.7 in August), as well as the foreign orders component (49.5 from 48.8 in July). Services weakened as the corresponding index edged lower to 50.6 from 51.7 in July, affected by the drop in German industrial activity.



(\*) Monthly GDP estimate is based on the model documented 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. GDP figures incorporate monthly forecasts of the Italian industrial production index obtained by bridge models.

	Industrial production (ISTAT)	Monthly GDP (updated estimate)	Monthly GDP (previous estimate)
	(1)	(2)	(3)
Aug-18	1,6	-0,05	-0,05
Sep-18	-0,2	-0,04	-0,04
Oct-18	-0,2	-0,04	-0,03
Nov-18	-1,7	-0,01	0,00
Dec-18	-0,7	0,03	0,03
Jan-19	1,8	0,07	0,07
Feb-19	0,7	0,04	0,04
Mar-19	-1,0	0,02	0,02
Apr-19	-0,8	0,00	0,00
May-19	1,0	0,00	0,00
Jun-19	-0,3	0,01	0,00
Jul-19	-0,7	0,01	0,01
Aug-19		0,01	