

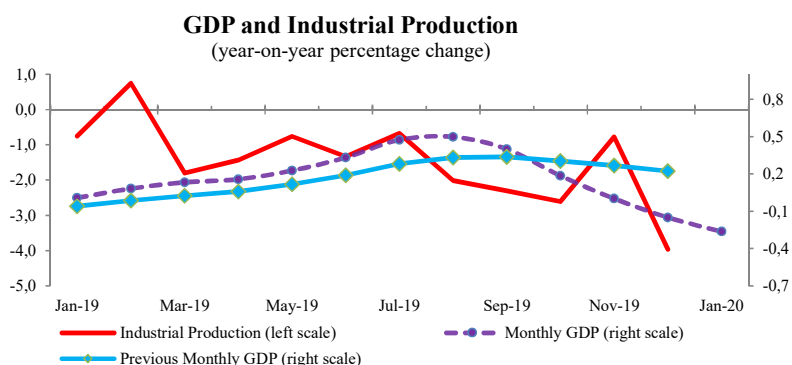
Monthly GDP: January 2020

Nil growth in January amid manufacturing weakness and global uncertainty

According to the preliminary estimate issued by ISTAT for 4T2019, GDP contracted by 0.34 % t/t as a result of a decline of manufacturing and agriculture value added against a substantial stagnation in services. Industry's difficulties are confirmed by the negative industrial production figures of December, with the index decreasing by 2.7 % m/m due to a decline in production spread to all sectors.

Looking ahead, the weakness of the economic activity at the end of last year leads to a downward revision of the forecast of monthly real GDP, which now projects a decrease of 0.02 % m/m in January (-0.26 % y/y).

Nevertheless, preliminary surveys for January show signs of slight improvement in economic dynamics. In particular, both the PMI index and ISTAT survey on production expectations signal a slight recovery for the manufacturing sector and also the latest indicators for services point to a consolidation of growth. However, surveys do not yet capture the impact on the expectations of businesses and consumers of the emergency connected to the occurrence of the coronavirus.



(*) The monthly GDP estimate is based on the methodology published 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. 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-19	1,2	0,10	0,05
Feb-19	0,6	0,06	0,04
Mar-19	-1,2	0,03	0,02
Apr-19	-0,8	0,00	0,01
May-19	0,8	0,02	0,02
Jun-19	-0,3	0,04	0,02
Jul-19	-0,9	0,06	0,02
Aug-19	0,2	-0,01	0,02
Sep-19	-0,4	-0,09	0,01
Oct-19	-0,4	-0,17	0,01
Nov-19	0,0	-0,12	0,00
Dec-19	-2,7	-0,07	0,00
Jan-20		-0,02	