

Monthly GDP: June 2021

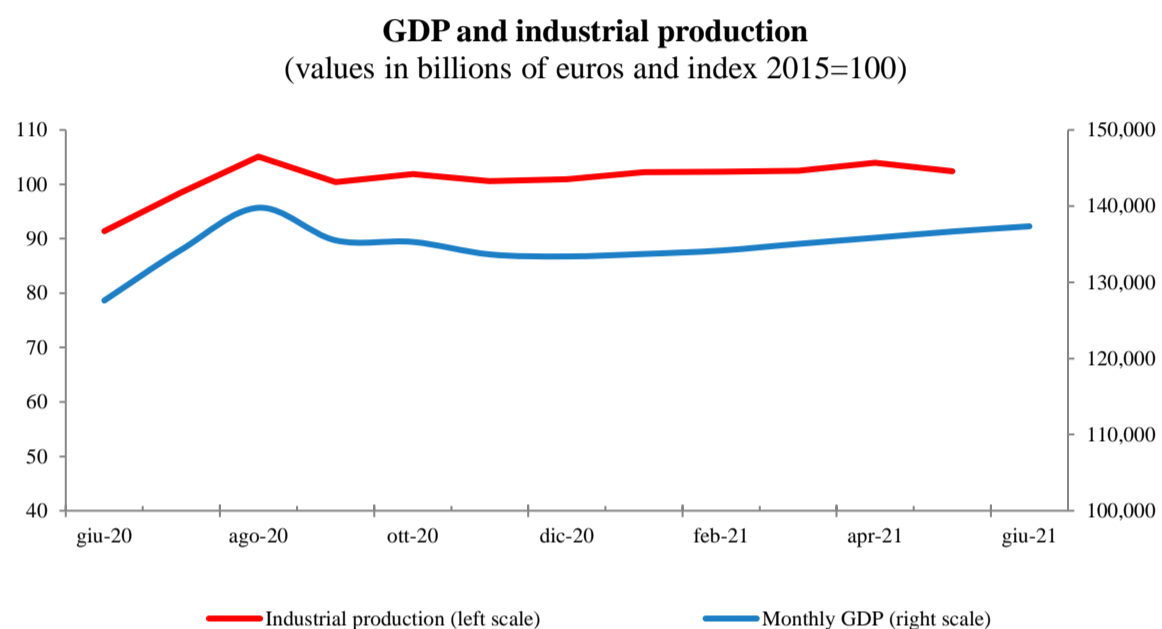
The recovery strengthens in Q2

The update estimate of monthly real GDP points to a growth of 0.5% m/m (7.6% y/y) in June, thanks to the improvements in both economic and health conditions, supporting expectation of a buoyant real GDP growth in Q2 (1.7% t / t).

The decline in industrial production observed in May (-1.5% m / m), which brought activity 0.8pp lower than its pre-crisis levels, is expected to be only temporary: Confindustra's survey indicates a rebound of 1.3% m/m in industrial production already in June.

The improvement in the epidemiological situation, supported by the advancement of the vaccination campaign, is underpinning the sentiment of consumers and enterprises. Business surveys signal that manufacturing sector is stabilising at elevated levels, notwithstanding difficulties linked to supply chain disruptions, as shown by the sector PMI (to 62.2 from 62.3) and the business confidence climate (to 114.8 from 110.9).

Services are leading the recovery and should expand further: the sector PMI posted a second robust improvement in June (to 56.7 from 53.1), and the ISTAT confidence climate (to 106.7 from 99.1) far exceeded the values observed before the outbreak of the pandemic.



	Industrial Production (ISTAT)	Monthly GDP (updated estimate)	Monthly GDP (previous estimate)
	(1)	(2)	(3)
Jun-20	8.2	4.4	4.4
Jul-20	7.8	5.2	5.2
Aug-20	6.7	4.1	4.1
Sep-20	-4.5	-3.1	-3.1
Oct-20	1.5	-0.2	-0.2
Nov-20	-1.3	-1.2	-1.2
Dec-20	0.3	-0.2	-0.2
Jan-21	1.3	0.2	0.2
Feb-21	0.1	0.3	0.3
Mar-21	0.2	0.6	0.6
Apr-21	1.5	0.6	0.6
May-21	-1.5	0.6	0.6
Jun-21		0.5	

(*) 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.