After the decline in economic activity in 4Q20 (-1.9% qoq) due to the second wave of contagions, anti-Covid restrictions are expected to impact on GDP dynamic also in 1Q21. The updated estimate of monthly real GDP shows a decline in March of -0.7% m/m (+11.3% y/y), as many activities in the service sector are still closed, while manufacturing sector is proving more resilient.

Industrial production recorded a modest growth in February (0.2% from 1.1% in January) which, although lower than expected, stands out favorably in comparison with the other major European countries (Germany - 1.8%, France -4.7% and Spain 0.0%). Looking ahead, both PMI and ISTAT sectoral surveys (at 59.8 and 101.2 points respectively in March) outline a solid expansion in manufacturing, both of them printing well above their pre-crisis levels.

On the contrary, service indicators still show unfavorable conditions, although improving, as highlighted by the confidence index reported by ISTAT (85.3 from 85.7), still far from its pre-crisis records, and by the sectoral PMI index (48.6 points from 48.8), still below the expansionary threshold.