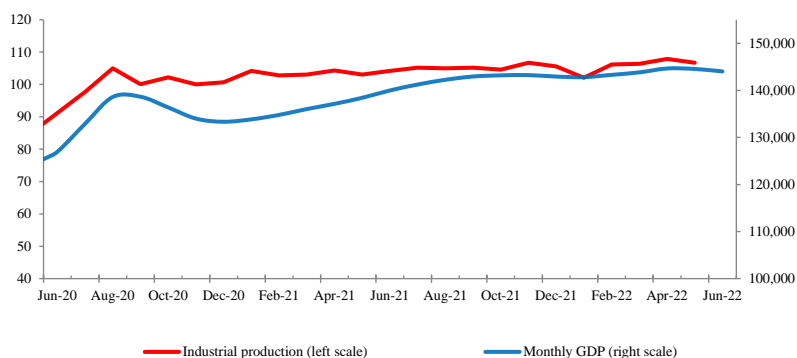


GDP edges down in June

The new estimates point to a decline in real GDP in June and a slight downward revision to the May figure (from 0,0% to -0.1% m/m), as y-o-y growth slows to 2.9% in June from 4.4% in May. Even so, the indicator is compatible with a 0.8% q/q increase in real GDP in Q2. The decline in the GDP indicator for June reflects both a decrease in energy consumption for industrial companies and a drop in industrial production in May. Ongoing inflationary pressures, fueled by tensions on the energy commodities market, could affect activity in the coming months. In this context, in May after three consecutive increases, industrial production experienced a drop, (-1.1% m-o-m), though remaining close to the post-pandemic high. Among the activity branches, with the exception of capital goods, there was a generalized reduction, with the energy sector posting the largest contraction. Also taking into account the downward revision of the April industrial production figure (1.4% m-o-m from 1.6%), acquired growth for Q2 is 2.1% q-o-q. Looking ahead, the June ISTAT surveys on confidence climate outline an overall positive picture while the PMI marked a loss of momentum of production. Indeed, while the phase of improvement in the confidence climate of manufacturing firms continued, there was a new reduction in the sector PMI Markit index (50.9 from 51, 9 in May), caused by a weakening of orders, especially foreign. On the services side there were mixed signals in June: the PMI pointed to a slowdown in the dynamics of the sector (51.6 from 53,7 in May), while the Istat index confidence showed a strong increase to 109.1 points (from the previous 103.8 points).

GDP and industrial production
(values in billions of euros and index 2015=100)



	Industrial Production (ISTAT)	Monthly GDP (updated estimate)	Monthly GDP (previous estimate)
	(1)	(2)	(3)
Mar-21	0.3	0.9	0.9
Apr-21	1.2	0.8	0.9
May-21	-1.2	0.9	0.9
Jun-21	1.1	1.1	1.1
Jul-21	1.0	0.9	0.9
Aug-21	-0.2	0.7	0.8
Sep-21	0.2	0.5	0.4
Oct-21	-0.6	0.2	0.2
Nov-21	2.0	0.0	0.1
Dec-21	-1.0	-0.2	-0.2
Jan-22	-3.3	-0.1	-0.1
Feb-22	4.0	0.3	0.4
Mar-22	0.2	0.4	0.3
Apr-22	1.4	0.6	0.6
May-22	-1.1	-0.1	0.0
Jun-22		-0.4	

(*) 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.