

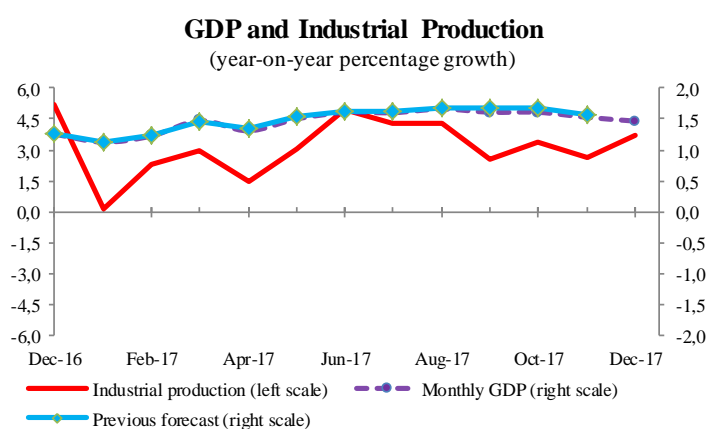
Monthly GDP: December 2017

Economic activity picked up at year-end

According to the preliminary unadjusted estimate based on quarterly data, Italy's real GDP rose by 1.4% in 2017 with respect to the previous year, the highest print since 2010. In the last quarter of 2017, the economy expanded by 0.3% q/q, a bit softer than previous quarter's and market expectations. The breakdown of GDP growth will only be released on 2nd March, but according to the qualitative decomposition provided by ISTAT, the strongest drivers were domestic and external demand.

The new estimate of monthly GDP foresees an increase of 0.22% m/m in December and the annual growth rate is estimated at 1.47% y/y, from 1.56% y/y in November.

The Italian economy seems poised to accelerate further this year: industrial production expanded in December by posting strong growth of 1.6% m/m, following an increase in November of 0.2% m/m and coming significantly above consensus. Buoyant January business surveys suggest strong growth momentum is likely to continue in 1Q18: the composite PMIs increased to 59.0 (+2.5 points), the strongest reading since summer 2006.



(*) Monthly GDP is an average of results obtained from different models as documented in Frale, C., and Monteforte, L., "FaMIDAS: A mixed frequency factor model with MIDAS structure", MEF and Department of the Treasury Working Paper Series n. 3/2010.

	Industrial production (ISTAT)	Monthly GDP (previous monthly estimate)	Monthly GDP (revised estimate)
	(1)	(2)	(3)
Dec-16	0,5	0,31	0,28
Jan-17	-1,7	0,08	0,10
Feb-17	1,1	0,19	0,19
Mar-17	0,5	0,19	0,20
Apr-17	-0,4	0,02	-0,01
May-17	0,7	0,15	0,16
Jun-17	1,1	0,09	0,10
Jul-17	0,1	0,10	0,12
Aug-17	1,2	0,19	0,19
Sep-17	-1,3	0,06	0,02
Oct-17	0,6	0,12	0,09
Nov-17	0,2	0,07	0,09
Dec-17	1,6		0,22