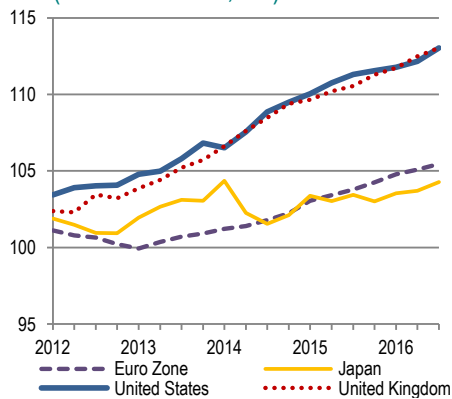
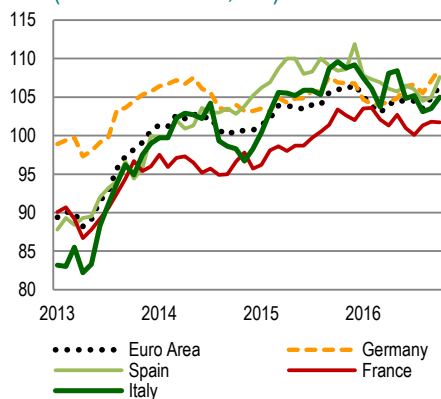


1. GDP Eurozone, United States, Japan, United Kingdom (base 2010=100, SA)



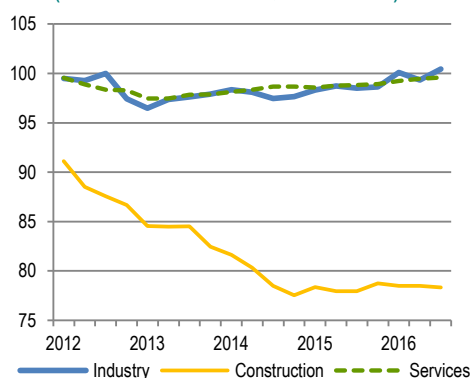
Source: Oecd

2. Economic Sentiment Indicator (base 2010=100, SA)



Source: Dg Ecfm

3. Value added by sector (chain linked volume, 2010=100)



Source: Istat

The US economy continues to grow at a faster rate than the euro area. In Italy the increase in GDP in the third quarter was characterized by the improvement of the value added in the manufacturing sector and the recovery in investment. The recovery in the leading indicator shows a perspective stabilization of the economy's growth pace.

The international environment

The growth of the US continued at a rapid pace. The second estimate of GDP for the third quarter of 2016, confirms a very positive annualized quarterly change (+3.2 %, Figure 1), following the increase of 1.4% recorded in the second quarter. Net exports, along with spending on household consumption and inventories contributed positively to GDP growth, while the contraction in residential investment continued. The expansion phase is expected to consolidate in the coming months: the leading indicator for October increased slightly (+0.1%) outlining a positive trend for 2017. In the same month, non-farm payroll employment registered a growth rate of 161,000 units, down from the previous month while the unemployment rate improved (4.9% from 5%). Consumer confidence, following the decline in October, grew significantly in November due to the positive opinions on the current situation and medium-term prospects.

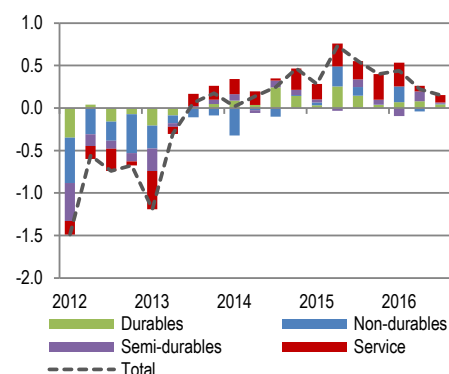
In the euro area however, the phase of moderate growth (+0.3% q-o-q in Q3) continued, in the presence of a continuation of the current pace of growth in the fourth quarter, it would lead to an increase in GDP for the current year at +1.6%. The positive performance of the labor market and low inflation continued to support households disposable income, by encouraging private consumption. Signs of recovery with regard to growth prospects seem to come from the leading and business cycle indicators. The economic sentiment indicator rose in November for the third consecutive month as a result of an improvement in particular in services and in the construction industry (Figure 2). Consumer confidence has moderately increased affected by a greater optimism about the future families' economic situation. In October, the unemployment rate declined further, reaching 9.8%. In November, Euro-US exchange rate marked a depreciation reaching an average of 1.08 (compared to the average of 1.10 in the previous month). In the same month the price of Brent has fallen (\$46.9 per barrel). However, it resulted in recovery compared to the summer months, outlining in perspective a rise in crude oil prices. In Q3 the Central Plan Bureau data showed a rise of world trade in volume, which amounted to +0.5% despite the decline recorded in September.

The economic situation in Italy

Businesses

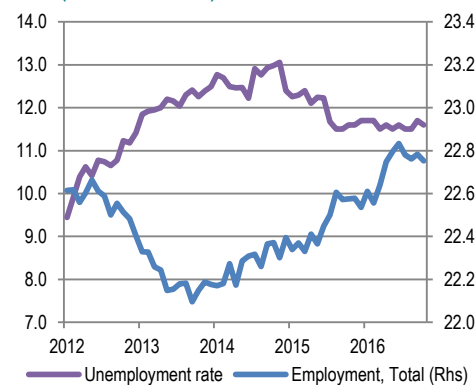
In the third quarter of 2016 the GDP, seasonally and calendar adjusted, recorded a positive quarterly change +0.3% q-o-q, in acceleration compared to the slight growth in the second quarter (+0.1%). The net foreign demand yielded a negative contribution (-0.1 percentage points) driven by an increase in imports of 0.7% compared with a 0.1% export increase. Domestic demand excluding inventories, recorded a positive contribution (0.3 percentage points). The dynamics of domestic demand was characterized by a general increase in both the national final consumption and gross fixed investment (respectively +0.2% and +0.8% q-o-q).

4. Households' consumption expenditure (m-o-m % change and index)



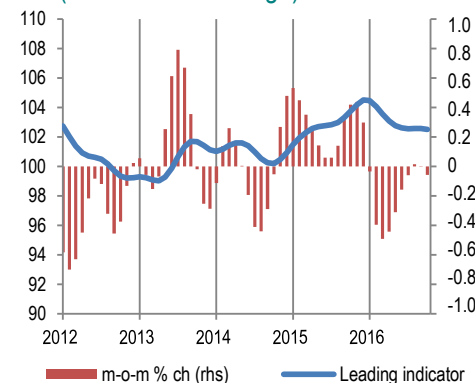
Source: Istat

5. Employment and unemployment (million and %)



Source: Istat

6. Leading indicator (index and % change)



Source: Istat

The investment component in construction recorded a slight decline (-0.2%) while the machinery and equipment and other products grew (+0.7%).

After the sharp drop recorded in the second quarter of 2016 (-0.7% q-o-q), the manufacturing sector excluding construction showed signs of recovery in the third quarter recorded a significant increase in value added (+1.1% compared to second quarter, Figure 3). In the third quarter the total industrial orders also showed a significant increase (+1.7%), as synthesis of a marked increase for those on the domestic market (+6.6%) and a contraction of foreign markets (-4.4%). The service sector recorded in Q3 a positive change (+0.1 q-o-q) as well, continuing the positive trend of recent quarters, albeit with mixed performances across the various sectors. In Q3 the value added in construction marked a decrease of -0.2% over the previous quarter.

Households and labour market

In the third quarter of 2016, final consumption expenditure showed a slightly positive change (+0.2% q-o-q) following the increase of both households (+0.1%) and government consumption expenditure (+0.2%). Within the components of household spending the positive trend for durable goods continued (+0.6%, Figure 4). In the same period the volume of retail sales decreased by 0.6% (q-o-q). In November the consumer confidence climate remained broadly stable with a deterioration of consumer expectations on the future.

In October there was a slight reduction in employment (Figure 5). The employed decreased (-0.1% m-o-m, -30 thousands): employees recorded a more pronounced decline (-0.3%). The unemployment rate fell by a tenth respect to the previous month, reaching a value of 11.6%. The unemployment rate of young people aged 15-24 improved reaching the levels of four years ago. In the third quarter the vacancy rate seasonally adjusted also improved (+0.1 percentage points from the previous quarter), as a result of the marked improvement in the services. In November, the expectations of employers on employment trends for the last quarter of the year mainly showed stable trends.

Prices

Consumer price inflation continues to fluctuate around zero. In November the index for the whole nation recorded a positive change (+0.1% y-o-y, flash estimate); core inflation also has shown some signs of recovery (+0.4% from +0.2% in October), especially in service sector. In addition to discount the weak trend of consumer demand, low inflation in goods reflects the lack of strong upward pressure in the upstream of the final distribution stage. Producer prices of consumer goods for the domestic market have recovered a growth rate slightly positive after a year of decline (+0.1% in October), although the trend remains negative in some sectors.

The Outlook

In November, the climate of business confidence deteriorated returning to the September levels. The opinions on orders recorded a decrease only partially offset by the improvement in production expectations. Even for construction sector a decline in consumer confidence is recorded in November in the presence of an improvement in the opinions on orders.

The recovery in the leading indicator shows a perspective stabilization of the economy's growth pace (Figure 6).