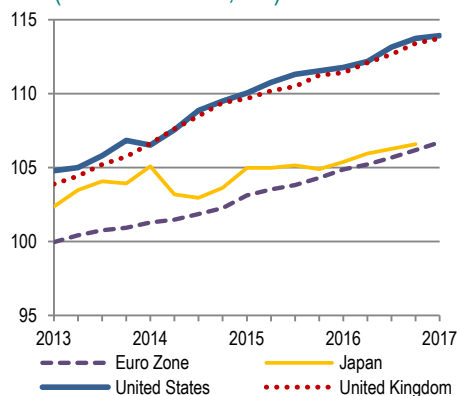
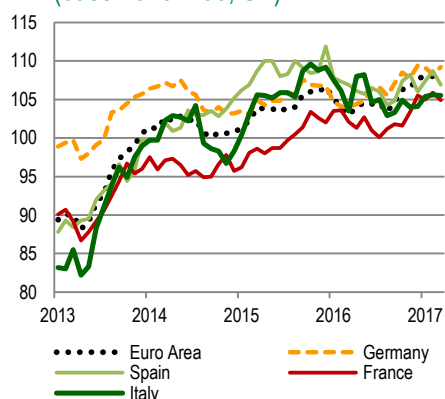


1. GDP Eurozone, United States, Japan, United Kingdom (base 2010=100, SA)



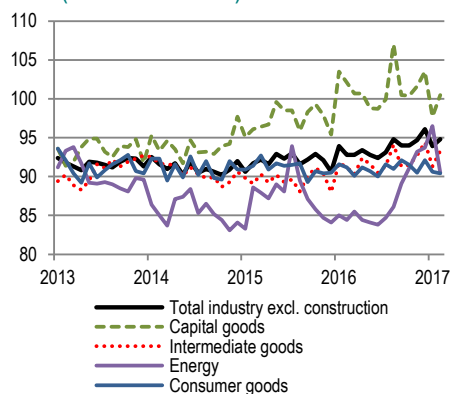
Source: Oecd

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



Source: Dg Ecfm

3. Production indexes (base 2010=100)



Source: Istat

US economy slows down and the Euro area consolidates the growth. In Italy, last evidences from the supply side and foreign trade remains weak. Employment is stable and prices rise again. The leading indicator remains positive but highlights a deceleration.

The international environment

The preliminary estimate of GDP for the first quarter of 2017 confirmed the slowdown in the US economy: the annualized growth rate was +0.7% (+2.1% in Q4, Figure 1). Consumer spending, fixed investments and exports contributed positively to GDP growth, while private inventory and public spending provided a negative contribution. Growth in personal consumption expenditures slowed down (+0.3% in Q1 2017 compared to +3.5% in Q4) while fixed investment accelerated (+10.4% in Q1 2017 compared with +2.9% in Q4).

Growth in employment has been moderate: in March, non-farm payroll workers grew by 98,000 units compared to the sharp growth in the previous months (+216,000 in January and +219,000 in February). However, the unemployment rate improved (4.5% in March compared to 4.7% in February). The evolution of the US economy is expected to continue at moderate pace: according to the Conference Board, the leading indicator increased in March with lower intensity than previous months. Consumer confidence declined in April following negative expectations both in the current situation and in the medium-term outlook.

In the first quarter of 2017, preliminary estimate showed a consolidation of Euro area growth (+0.5% compared to the fourth quarter of 2016). In particular, Spanish economy continued to grow sharply (+0.8%). In the Euro area labour market improvement continues as unemployment rate in March was stable compared to the previous period (9.5%, the lowest level in recent years). In April the economic sentiment indicator increased compared to the previous month as result of an improvement in the confidence climate of all economic sectors and consumer confidence (Figure 2); in the same period the Euro Coin indicator declined for the second consecutive month, staying however at high level.

The appreciation of the Euro-US exchange rate is going on (+2.5% in April compared to the previous month). During the same period, Brent's prices decreased (-2.1%) to \$53.9 per barrel on average. In the coming months, a moderate growth is expected correlated to the rise in prices in the euro area.

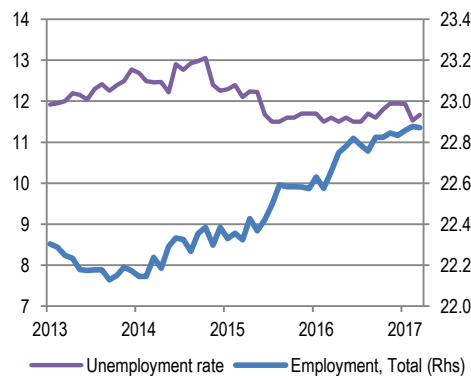
According to Central Plan Bureau data, world trade slowed down (-0.6% in February), as effect of a negative trend in imports from the advanced economies (in particular United States and Japan) and emerging countries.

The economic situation in Italy

Businesses

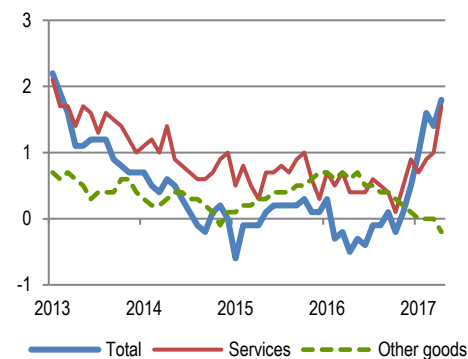
In February industrial production and turnover index increased following January fall. Industrial production increased by 0.7% in the average of December-February quarter compared to the previous quarter, driven by the positive performance of energy and intermediate goods (+2.7% and +1.3% respectively, Figure 3).

4. Employment and unemployment (million and %)



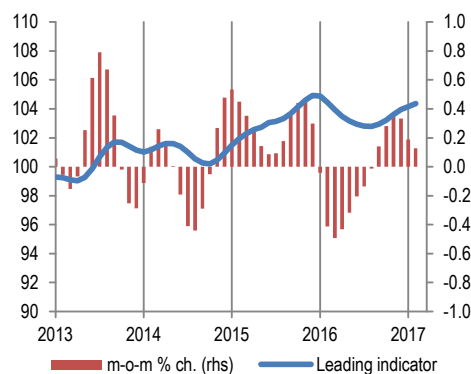
Source: Istat

5. Prices (y-o-y % change, SA)



Source: Istat

6. Leading indicator (index and % change)



Source: Istat

Industrial turnover, measured at current prices, rose over the quarter December-February (+2.6%) with similar intensity on domestic and non-domestic market (+2.5% and +2.9). All main industrial grouping increased with the exception of consumer goods (-0.2%). During the same period non-domestic market orders showed a stronger growth (+6.1%) than the domestic market component (+3.5%).

Foreign trade improved: over the period December to February, both exports (+3.7%) and imports (+5.6%) grew and especially with non-EU countries (+4.9% in exports). Exports in February declined after four months of continuous expansion.

In March, the growth in trade flows with non-EU countries continued, with a stronger increase in exports (+6.5%) than imports (+0.5%).

Recovery in the construction sector is still weak. In February, construction output increased by 4.6% compared to the previous month following the downturn in January (-4.0%). On the average for the quarter from December to February, production improved compared with the previous three months (+1.0%).

Households and labour market

In February, the volume of retail sales decreased by 0.7%, driven by the fall for food products (-2.0%). In the first quarter of 2017 employment continued to grow at moderate pace (+0.2% q-o-q, 35 thousand more than Q4, Figure 4). Permanent (+0.3%) and temporary employees (+1.3%) continues to grow while a decrease is recorded for independent employees (-0.7%).

In March the unemployment rate remained stable at 11.7%, a value far from that of the Euro Area (9.5%). In April, expectations for employment over the next three months was moderate with a slight deterioration in services, stability in manufacturing and improvement in trade and construction. Wages improvements were particularly low: in April the index of contractual wages per employee increased by 0.5% over the same month of the previous year.

Prices

In April, preliminary estimate of inflation showed a significant rebound, partly due to seasonal factors, following the slowdown recorded in March. Consumer price index for the whole nation (NIC) increased by 1.8% m-o-m (0.4 percentage points higher than March, Figure 5). Food prices slowed down while energy prices raised as effect of recent oil price rises on regulated items. Core inflation (calculated excluding energy, unprocessed food and tobacco) rose to 1.1%, the highest since the end of 2013, but the rise was exclusively due to services prices (+1.7% from +1.0% in March). Euro area inflation increased as well (+1.9% by +1.5% in March) but the increase has been smaller than in Italy (+2% in Italy for the harmonized price index). Since the beginning of 2016, for the first time has been reported an inversion in the sign of the inflation differential between Italy and the euro area.

Inflation expectations are still moderate: in April, the share of consumers expecting for the next twelve-month rising consumer prices slightly reduced compared to March.

The Outlook

In April, the consumer confidence climate index remained stable with a decline in the economic and the future climate. The composite index of the business confidence climate has shown significant and widespread improvements. The leading indicator increased moderately compared to the previous month (Figure 6).