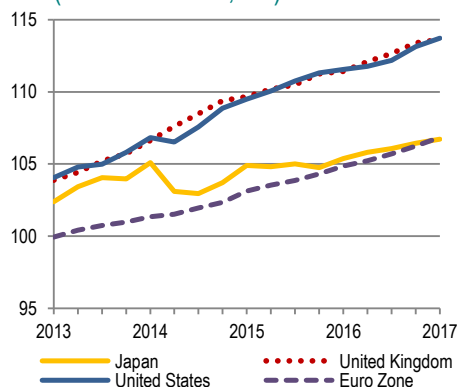
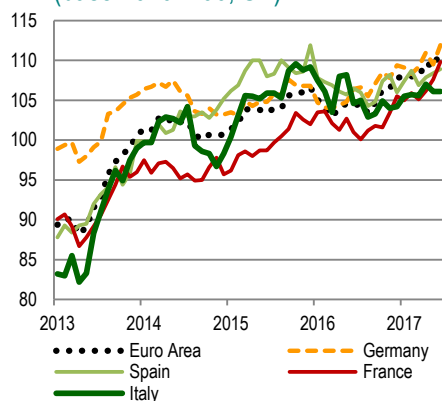


### 1. GDP Eurozone, United States, Japan, United Kingdom (base 2010=100, SA)



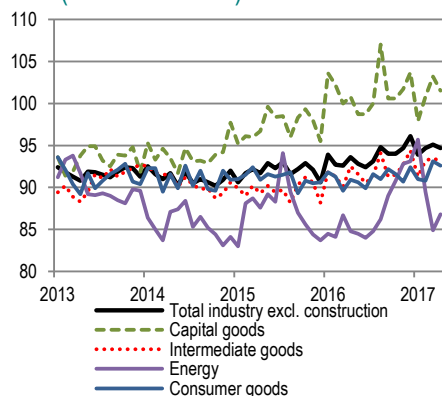
Source: Oecd

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



Source: Dg Ecfm

### 3. Production indexes (base 2010=100)



Source: Istat

The US economy is slowing down whereas the Euro Area is growing stronger. Last available indicators in Italy show a positive trend regardless an interruption in manufacturing, investment and employment growth. In the last months the Italian Consumer Price Index increases less than Consumer Price Index for the Eurozone. Consumer and business confidence improved and the leading indicator remains positive.

#### The international environment

The slowdown in the US economy was confirmed by the third release of the GDP estimate (+0.4% q-o-q compared to +0.5% in Q4, Figure 1). The GDP deceleration, driven by a decrease in household consumption and public expenditure, is only partially offset by a recovery in exports and non-residential fixed investment. The labour market is slowing down as well. In May, the number of non-farm payroll workers grew compared to the previous month (+138 thousand) but at a slower rate even if the unemployment rate showed an improvement (4.3% compared with 4.4% in April). The economy is expected to continue to grow at moderate pace as suggested by only a slight increase in both the leading indicators (+0.3% in May) and consumer confidence (with negative expectations on medium-term economic outlooks) according to Conference Board.

The economic growth in the Euro Area is getting stronger. In the first quarter of 2017 GDP accelerated (+0.6% q-o-q compared to +0.5% Q4 2016) sustained by the positive contribution of household consumption expenditure and gross fixed investments (+0.2 and +0.3 percentage points respectively). In May, the labour market continued to show a positive performance: the unemployment rate was 9.3%, the lowest since March 2009. Leading and coincident economic indicators attest to a robust expansion of the Euro area. The economic sentiment indicator in June was the highest since August 2007 (+1.9% m-o-m) driven by a general improvement in consumer confidence and business confidence (Figure 2). In June the Euro-Coin indicator rose slightly due to a persistent business optimism only partially offset by the negative effects of the appreciation of the euro against the dollar.

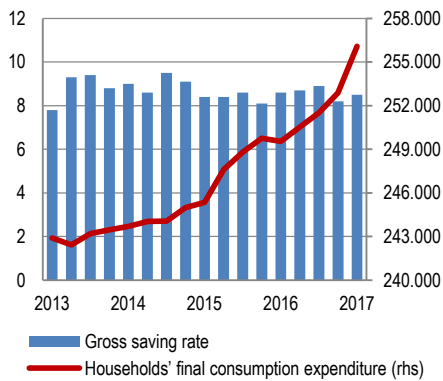
In June, the Euro-dollar exchange rate increased by +5.5%, consolidating the positive movement started at the beginning of the year. In the same month, Brent price fell sharply (-7.5%) dropping to \$47.6 per barrel. According to Central Plan Bureau data, world trade growth showed a slowdown in April (-2.1%) driven by the negative change in trade volume for emerging economies.

#### The economic situation in Italy

##### Businesses

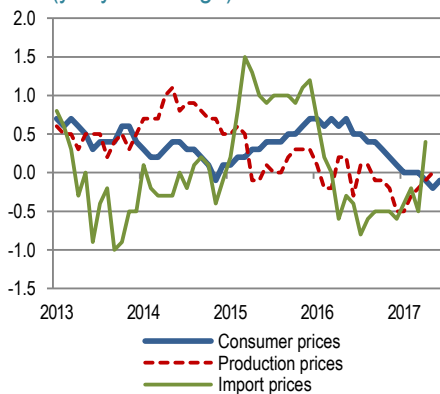
In April the industrial production index decreased (-0.4% m-o-m, Figure 3) even if for the February-April quarter all the main industrial group indices remained positive with the exception of production in the energy sector (-7.2%). Overall, the general index showed a slight decrease (-0.1%). Industrial turnover index followed a similar path. The downturn in April (-0.5%) was associated with growth for February-April quarter (+0.6% q-o-q), the result of an improvement in both domestic and foreign sales (+0.7% and +0.2% respectively).

## 4. Gross saving rate and households' final consumption expenditure (million of euro and %)



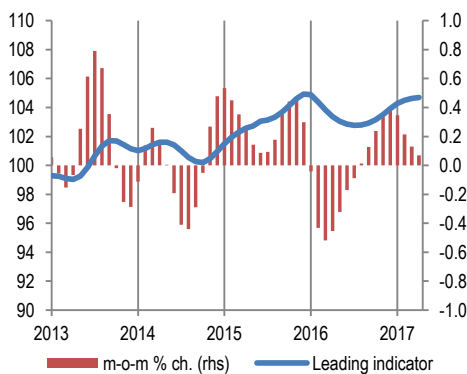
Source: Istat

## 5. Non energy industrial goods prices (y-o-y % change)



Source: Istat, Eurostat

## 6. Leading indicator (index and % change)



Source: Istat

In the same period, industrial new orders increased (+0.8% q-o-q) due to a positive trend in foreign market component (+4.8%) which was only partially offset by the decline in orders in the domestic market (-2.0%).

Foreign trade was characterized by a positive dynamic for both imports and exports: in the February-April quarter both exports (+1.1%) and imports (+1.9%) increased. The positive performance of exports was more due to the EU countries (+1.8%) than to the non-EU area (+0.4%). However, growth in foreign trade with non-EU countries continued in May with a more marked increase in imports (+4.3%) than exports (+2.2%).

The production in the construction sector, although falling in April (-4.1%), showed an increase over the February-April quarter with respect to the previous three months (+0.9%).

In Q1 the gross profit share of non-financial corporations (defined as gross operating surplus divided by gross value added) was unchanged with respect to the previous quarter due to a downturn of both gross operating surplus and gross value added. Gross fixed capital formation also experienced a downturn (-2.9%), following strong increases in the last two quarters of the previous year (+3.5%, +3.6% respectively).

### Households and labour market

In the first quarter of 2017 final consumption expenditure increased by 1.3% supported by an improvement in disposable income (+1.5%, Figure 4). Consequently, the household saving rate increased (+0.3% q-o-q) reaching a level of 8.5%. In May, the labour market exhibited a slowdown after the improvements reported in the previous months. In the presence of a decline in employment (-0.2% over the previous month), the employment rate remained at around the highest level of the latest period (57.7%). The unemployment rate recorded a slight increase to 11.3%, close to the lowest recorded in April (11.2%). The increase in people who are looking for a job was related to men and was higher in the age class 25-34 (+28 thousand). Entrepreneurs expectations about employment for the coming months remain positive, except in the case of construction firms. In June, expectations of market services and manufacturing firms improved compared to the previous month, while retail trade confidence index recorded a slight deterioration.

### Prices

In June, the slowdown in inflation persisted. According to the preliminary estimate, the Consumer Price Index (NIC) has marked an annual increase (+1.2%). Deceleration is due to a decrease in energy products and unprocessed foods for the recent months. By contrast, core inflation has showed an increase (+0.9% m-o-m from +0.7% in May); nevertheless non energy industrial goods are still in deflation (-0.1%, Figure 5). The slowdown in prices also affected Eurozone countries but with different intensity with respect to Italian economy.

### The Outlook

In June both the consumer confidence climate index and the composite index of business confidence rose. For consumers the economic climate and future climate recorded the most marked increases. The improvement in the composite index of businesses was with regard to all sectors of the economy except for the retail sector. The positive outlook for economic activity in the next months is confirmed by the leading indicator which shows a further positive move albeit a slowdown compared to the previous months (Figure 6).