

ITALY'S ECONOMIC OUTLOOK - 2013-2014

■ Starting from the second semester of 2013, global economic growth has improved but the advanced economies are forecast to accelerate only gradually. Oil is expected to reach 108.6 dollars per barrel in 2013 and decreasing to 104.4 dollars per barrel in the following year. In 2014, the world trade is expected to expand at 4,9% in volumes, up from 2.9 in 2013. Against this background, the euro/dollar exchange rate should be stabilized at 1.32 in 2013 with a slight depreciation in 2014 (1.27).

■ In 2013, GDP is expected to fall by 1.8% in real terms mainly driven by a reduction in the domestic demand. This is only partially offset by the positive contribution of external demand, as import growth is projected to remain negative and export slightly increasing. Total investment should decline due to tight credit conditions and persistent negative economic sentiment.

■ In 2014, GDP is expected to return gradually to growth (+0.7%). Private consumption should appear positive and Investments will increase supported by Export. As a result, the contribution of domestic demand to output growth is estimated to be positive.

TABLE 1: FORECAST FOR THE ITALIAN ECONOMY - 2013-2014 (% CHANGE ON PREVIOUS YEAR)

	2010	2011	2012	2013	2014
Gross Domestic Product	1,7	0,5	-2,5	-1,8	0,7
Imports of goods and services (fob)	12,6	0,8	-7,4	-3,4	3,5
Exports of goods and services (fob)	11,4	6,2	2,0	0,3	3,7
Domestic demand (including inventories)	2,1	-0,9	-5,3	-2,9	0,6
<i>Residential households consumption expenditure</i>	1,5	-0,3	-4,2	-2,4	0,2
<i>Government Consumption</i>	-0,4	-1,1	-2,6	-0,7	-0,3
<i>Gross fixed capital formation</i>	0,6	-2,2	-8,3	-5,5	2,2
Households consumption expenditure deflator	1,5	2,8	2,8	1,5	1,6
Gross domestic product deflator	0,4	1,4	1,7	1,3	1,5
Compensation of employees per full-time equivalent	2,8	1,1	0,9	1,4	1,4
Full time equivalent employment	-1,1	0,1	-1,1	-1,6	0,1
Unemployment rate	8,4	8,4	10,7	12,1	12,4
Trade balance (level as % of GDP)	-1,9	-1,4	1,1	2,6	2,9
Contribution to GDP					
Domestic demand (net of Inventories)	0,9	-0,8	-4,7	-2,6	0,4
Foreign balance	-0,4	1,4	2,8	1,1	0,2
Inventories	1,1	-0,1	-0,7	-0,3	0,1