

ITALY'S ECONOMIC OUTLOOK – 2014-2016

■ During the last months of 2013, the international business cycle has gradually recovered, though following divergent patterns: economic growth improved in the most advanced countries, while it slowed down in the emerging economies. Against this background, oil price is expected to reach 105.8 dollars per barrel in 2014, and to fall further to 102.3 dollars per barrel in the following year. In 2014, world trade is expected to expand by 4.7 percent in real terms (up from 2.7 percent in 2013) increasing to 5.5 percent in 2015. In this scenario, the euro/dollar exchange rate would reach 1.35 in 2014 with a slight depreciation in 2015 (1.30) and 2016 (1.26).

■ GDP is expected to increase by 0.6 percent in 2014, reaching 1.0 percent in 2015 and growing by 1.4 percent in 2016 in real terms. The recovery will be mainly driven by domestic demand.

■ Domestic consumption is foreseen to increase by 0.2 percent and by 0.5 percent in 2014 and in 2015 respectively (reaching a growth rate of 1.0 percent in 2016). In 2014, capital accumulation is expected to expand at 1.9 percent per year, reaching 3.5 percent in 2015 and 3.8 percent in the following years. This reflects softer credit conditions and an improvement in general economic sentiment.

■ In 2014, the unemployment rate is foreseen to remain high at 12.7 percent and to decrease to 12.4 percent the following year and to 12.0 percent in 2016.

FORECAST FOR THE ITALIAN ECONOMY. 2014-2016 (% CHANGE ON PREVIOUS YEAR)

	2012	2013	2014	2015	2016
Gross Domestic Product	-2.4	-1.9	0.6	1.0	1.4
Imports of goods and services (fob)	-7.0	-2.8	2.4	4.2	4.5
Exports of goods and services (fob)	2.1	0.1	2.7	4.2	4.4
DOMESTIC DEMAND (INCLUDING INVENTORIES)	-5.0	-2.7	0.4	0.9	1.3
Residential households consumption expenditure	-4.0	-2.6	0.2	0.5	1.0
Government Consumption	-2.6	-0.8	-0.2	0.0	-0.1
Gross fixed capital formation	-8.0	-4.7	1.9	3.5	3.8
CONTRIBUTION TO GDP					
Domestic demand (net of Inventories)	-4.5	-2.6	0.4	0.9	1.3
Foreign balance	2.7	0.8	0.2	0.1	0.1
Inventories	-0.6	-0.1	0.0	0.0	0.0
Households consumption expenditure deflator	2.7	1.3	0.7	1.3	1.6
Gross domestic product deflator	1.6	1.4	1.0	1.3	1.6
Compensation of employees per full-time equivalent	1.2	1.4	1.3	1.5	1.6
Full time equivalent employment	-1.1	-1.9	-0.1	0.6	0.8
Unemployment rate	10.7	12.2	12.7	12.4	12.0
Trade balance (level as % of GDP)	1.1	2.5	2.9	3.1	3.5

For information

Econometric studies and economic forecasts

Istat – Italian National Institute of Statistics

Fabio Bacchini

ph. +39 06 4673.3645

bacchini@istat.it