

ITALY'S ECONOMIC OUTLOOK 2016

In 2016 GDP is expected to increase by 1.1 percent in real terms. The domestic demand will contribute to the growth for 1.3 percentage points of GDP growth in 2016. The foreign demand will provide a slightly negative contribution (-0.1 percentage points) in 2016 as well as the inventories.

In 2016, exports will increase by 1.7 percent and imports will grow by 2.3 percent.

Residential households consumption expenditure is expected to grow by 1.4 percent in 2016. The positive evolution in employment and the wages increase that go along with the strong price reduction are expected to support households purchasing power. After the prolonged slowdown experienced since the financial crisis, the process of capital accumulation is expected to increase in 2016 (+2.7 percent). This projections take into account the more favourable credit conditions eased by the ECB's accommodative monetary policy and the fiscal benefits for the firms.

Labour market conditions are expected to improve over the forecasting period. Employment will increase by 0.8 percent in 2016. At the same time, the rate of unemployment will decrease at 11.3 percent in the current year.

TABLE 1: FORECAST FOR THE ITALIAN ECONOMY - 2013-2016
(% change on previous year)

	2013	2014	2015	2016
Gross Domestic Product	-1.7	-0.3	0.8	1.1
Imports of goods and services (fob)	-2.3	3.2	6.0	2.4
Exports of goods and services (fob)	0.6	3.1	4.3	1.7
DOMESTIC DEMAND (INCLUDING INVENTORIES)	-2.6	-0.4	1.1	1.3
Residential households consumption expenditure	-2.5	0.6	0.9	1.4
Government Consumption	-0.3	-1.0	-0.6	0.2
Gross fixed capital formation	-6.6	-3.4	0.8	2.7
CONTRIBUTION TO GDP				
Domestic demand (net of Inventories)	-3.0	-0.4	0.5	1.3
Foreign balance	0.9	0.1	-0.3	-0.1
Inventories	0.3	0.0	0.5	-0.1
Households consumption expenditure deflator	1.2	0.2	0.1	0.2
Gross domestic product deflator	1.2	0.8	0.8	0.8
Compensation of employees per full-time equivalent	1.4	0.2	0.6	0.8
Full time equivalent employment	-2.5	0.3	0.8	0.8
Unemployment rate	12.1	12.7	11.9	11.3
Trade balance (level as % of GDP)	2.3	2.9	3.2	3.6

For more details please refer to the Italian version

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