

Italy's economic outlook

Years 2016-2017

In 2016 GDP is expected to increase by 0.8 percent in real terms. The domestic demand will contribute to the growth for 1.2 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 (-0.2 percentage points). In 2017 GDP is estimated to increase by 0.9 percent in real terms driven by the contribution of domestic demand (1.1 percentage points).

In 2016, exports will increase by 1.6 percent and imports will grow by 2.4 percent. Residential households consumption expenditure is expected to grow by 1.2 percent in 2016 and by 1.1 percent in 2017. 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 (+2.0 percent) and in 2017 (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 0.9 percent in 2016 and by 0.6 in 2017. At the same time, the rate of unemployment will decrease at 11.5 percent in the current year and at 11.3 in 2017.

TABLE 1. FORECAST FOR THE ITALIAN ECONOMY - 2013-2017
(% change on previous year)

	2013	2014	2015	2016	2017
Gross Domestic Product	-1.7	0.1	0.7	0.8	0.9
Imports of goods and services (fob)	-2.4	3.3	6.0	2.4	3.8
Exports of goods and services (fob)	0.7	2.9	4.3	1.6	2.7
DOMESTIC DEMAND (INCLUDING INVENTORIES)	-2.6	0.1	1.1	1.0	1.1
Residential households consumption expenditure	-2.5	0.4	1.5	1.2	1.1
Government Consumption	-0.3	-0.9	-0.6	0.6	0.3
Gross fixed capital formation	-6.6	-3.0	1.3	2.0	2.7
CONTRIBUTION TO GDP					
Domestic demand (net of Inventories)	-2.8	-0.4	1.0	1.2	1.1
Foreign balance	0.9	0.0	-0.4	-0.1	-0.2
Inventories	0.2	0.6	0.1	-0.2	-0.1
Households consumption expenditure deflator	1.2	0.2	0.0	0.0	1.0
Gross domestic product deflator	1.2	0.9	0.6	0.9	0.8
Compensation of employees per full-time equivalent	1.4	0.2	0.5	0.6	0.6
Full time equivalent employment	-2.4	0.2	0.8	0.9	0.6
Unemployment rate	12.1	12.7	11.9	11.5	11.3
Trade balance (level as % of GDP)	2.3	2.9	3.1	3.6	3.4

For more details please refer to the Italian version

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