

Italy's economic outlook

Year 2017

In 2017 GDP is expected to increase by 1.0 percent in real terms. The domestic demand will provide a contribution of 1.1 percentage points to GDP growth in 2017. The foreign demand will account for a slightly negative contribution (-0.1 percentage points) and inventories for 0.0 percentage points. Exports and imports are expected to accelerate (3.5% and 4.4% respectively) in 2017 driven by the recovery of the world economy projected to pick up markedly over the following months.

Residential households consumption expenditure is expected to grow by 1.0 percent in 2017, slowing down slightly compared to 2016. The further improvement of labor market dynamics only partially counterbalanced by the increasing trend of consumer's prices, is projected to support households purchasing power. Gross fixed capital formation is expected to increase by 3.0% in 2017 sustained by the favourable credit conditions eased by the ECB's accommodative monetary policy.

Employment rate will continue to increase in 2017 (+0.7% in Full time equivalent units) but slowing down slightly compared to the previous years. The rate of unemployment will decrease at 11.5%.

TABLE 1 - FORECAST FOR THE ITALIAN ECONOMY – Years 2014-2017

(% change on previous year)

	2014	2015	2016	2017
Gross Domestic Product	0.1	0.8	0.9	1.0
Imports of goods and services (fob)	3.2	6.8	2.9	4.4
Exports of goods and services (fob)	2.7	4.4	2.4	3.5
DOMESTIC DEMAND (INCLUDING INVENTORIES)	0.2	1.4	1.0	1.2
Residential households consumption expenditure	0.3	1.6	1.4	1.0
Government Consumption	-0.7	-0.7	0.6	0.1
Gross fixed capital formation	-2.3	1.6	2.9	3.0
CONTRIBUTION TO GDP				
Domestic demand (net of Inventories)	-0.4	1.1	1.4	1.1
Foreign balance	-0.1	-0.5	-0.1	-0.1
Inventories	0.6	0.2	-0.5	-0.0
Households consumption expenditure deflator	0.2	0.0	0.0	1.4
Gross domestic product deflator	1.0	0.7	0.8	0.8
Compensation of employees per full-time equivalent	0.2	0.4	0.7	0.9
Full time equivalent employment	0.2	1.0	1.4	0.7
Unemployment rate	12.7	11.9	11.7	11.5
Trade balance (level as % of GDP)	2.9	2.9	3.5	2.9

For more details please refer to the Italian version

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