

# ITALY'S ECONOMIC OUTLOOK 2018

In 2018 GDP is expected to increase by 1.4 percent in real terms. The domestic demand will provide a contribution of 1.5 percentage points, slightly conterbalanced by the negative contribution of inventories (-0.1 pp) while the foreign demand will account for a null contribution.

In 2018 exports will increase by 4.3 percent and imports by 4.7 percent. Residential households consumption expenditure is forecasted to increase by 1.2 percent fostered by the positive dynamic of wages. Investment are expected to strengthen the recovery in 2018 (+4.0%) driven by the persistently favourable financial credit conditions.

The labour market is expected to keep an increasing trend over the forecasting period. Employment will increase by 0.8 percent in 2018. At the same time, the rate of unemployment will decrease at 10.8 percent.

This projections take into account the more favourable international framework and the fiscal benefits for the firms established by the plan Industria 4.0.

**TABLE 1: FORECAST FOR THE ITALIAN ECONOMY - 2015-2018**  
(% change on previous year)

	2015	2016	2017	2018
Gross Domestic Product	1.0	0.9	1.5	1.4
Imports of goods and services (fob)	6.8	3.5	5.3	4.7
Exports of goods and services (fob)	4.4	2.4	5.4	4.3
DOMESTIC DEMAND (INCLUDING INVENTORIES)	1.5	1.1	1.3	1.5
Residential households consumption expenditure + NPISH	1.9	1.4	1.4	1.2
Government Consumption	-0.6	0.6	0.1	0.1
Gross fixed capital formation	2.1	3.2	3.8	4.0
CONTRIBUTION TO GDP				
Domestic demand (net of Inventories)	1.4	1.5	1.5	1.5
Foreign balance	-0.5	-0.2	0.2	0.0
Inventories	0.1	-0.4	-0.2	-0.1
Households consumption expenditure deflator	0.2	0.2	1.2	1.2
Gross domestic product deflator	0.9	0.8	0.6	1.1
Compensation of employees per full-time equivalent	1.9	0.7	0.2	1.4
Full time equivalent employment	0.7	1.2	0.9	0.8
Unemployment rate	11.9	11.7	11.2	10.8
Trade balance (level as % of GDP)	2.9	3.3	3.1	3.2

**For more details please refer to the Italian version**

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