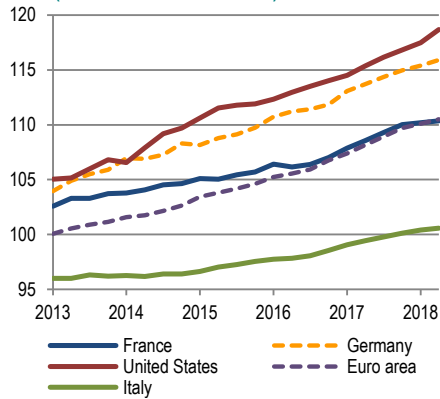
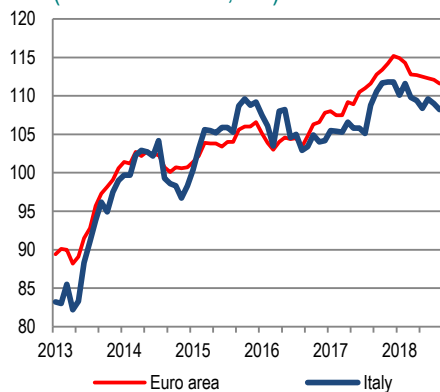


### 1. GDP Eurozone, United States, Germany, France and Italy (base 2010=100, SA)



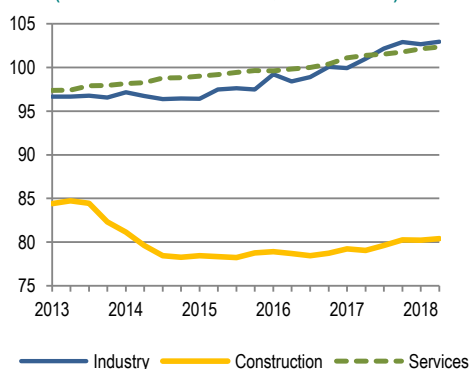
Source: Oecd

### 2. Economic Sentiment Indicator (base 2010=100, SA)



Source: Dg Ecfm

### 3. Value added by sector (chain linked volume, 2010=100)



Source: Istat

**US economy continues to strengthen whereas the euro area is slowing down. In the second quarter, Italian economic growth suffered from a negative contribution of net foreign demand and a decline in labor productivity only partially offset by the recovery of capital accumulation. The diffusion index decreased in manufacturing and remained constant in services. Inflation is recovering, at a slower pace than the euro area. The leading indicator suggests a moderate pace for the next months.**

### The international environment

US economy grew at a solid pace. Preliminary estimates for the second quarter 2018, indicate that US GDP increased by +1.0% (+0.5% Q1 2018, Figure 1). Real GDP growth benefitted from positive contributions of non-residential fixed investment, consumption expenditures and net exports. The favourable conditions of the labour market sustained household purchasing power (+1.0% in Q2). The US economy is expected to keep growing in the second half of 2018: in July the Conference Board leading indicator increased further and, in August, Consumer confidence continued to grow, driven by consumers' expectations about future situation.

The euro area in Q2 kept a moderate pace, GDP grew at the same rate as in Q1 (+0.4% Q2). Among the member economies, France and Italy remained below the rate of growth of the euro area (+0.2%), while Spain and Germany increased at a faster pace (+0.6% and 0.5% respectively). In July, the unemployment remained constant on the lowest value since November 2008 (8.2%), Both leading and coincident indicators for the business cycle suggest increasing uncertainty. In August, the Economic Sentiment Indicator (ESI) decreased slightly (Figure 2) driven by a deterioration of consumer confidence and a slighter decrease in the service sector. In August, the €-coin is marginally reduced, confirming the declining phase started in May.

At the same time, the euro-dollar exchange depreciated further compared to July (-1.3% m-o-m). The Brent price decelerated (-2.8% m-o-m) being on average at 74.2 dollars per barrel. According to CPB data, World trade stagnated in the second quarter, partly influenced by the introduction of the import tariffs from the US administration. In June the volume of the world trade decreased by 0.8% as a result of a slight decreasing trade in advanced countries (-0.5%), and a marked deceleration of emerging economies (-1.2%).

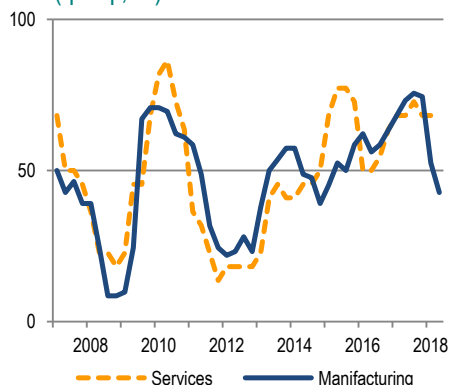
### The economic situation in Italy

#### Businesses

In Q2 Italian GDP increased by 0.2%, slightly decelerating compared to the previous quarter (+0.3% in Q1). Italian economic growth has been driven by domestic demand (0.6 percentage points). Investments and inventories provided a positive contribution (0.5 pp. and 0.2 pp respectively) partially counterbalanced by the negative contribution of foreign demand (-0.5 pp.). In Q2, imports were considerably more dynamic (+1.8% q-o-q) than exports (-0.2%).

## 4. Diffusion indexes : manufacturing and services sectors

(q-o-q, %)



Source: Istat

Investments growth is driven by the upsurge of machinery and equipment (+7.5%) and transport equipment (9.2%) only slightly counterbalanced by the decline of intellectual property assets (-1.1%). Over the first semester of 2018, exports growth in volume terms was relatively lower in extra-EU market (+0.5%) compared to the EU (+1.7%). Exports of non-durable consumer goods and intermediate goods increased substantially (+2.6% and +2.4% respectively), while exports of durable consumer goods decelerated (-1.1%). In Q2, value added in manufacturing, construction and services increased (+0.3% and +0.2% q-o-q respectively, Figure 3). In the first semester of 2018, the diffusion index, that measures the percentage of growing sectors out of the total, decreased in manufacturing and remained stable in services (Figure 4).

## Households and labour market

In the second quarter, final consumption expenditures slowed down (+0.1% q-o-q) driven by a similar rate of growth both for households and public government expenditures (+0.1%, Figure 5). The recent release of quarterly national accounts, suggests a slowdown of labor productivity driven by a bigger increase of full time equivalent (+0.4%) and hours worked (+0.7%) relative to GDP (-0.2% in terms of full time equivalent and -0.5% in terms of hours worked, compared to Q1). In July, the estimate of employed persons decreased slightly compared to the previous month (-0.1%) while the employment rate remained broadly stable (58.7%).

## Prices

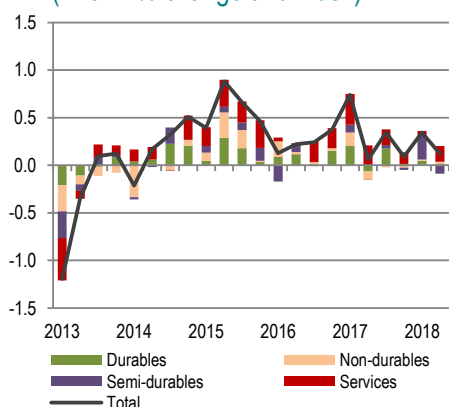
Inflation confirmed an upward trend for the fourth month. According to the preliminary estimate the consumer price index (NIC) increased by 1.7% y-o-y the highest figure since April 2017. The price dynamics continue to remain lower than the euro area average (+2.0%) while harmonized inflation ticked down to 1.7% (two tenths less than in July). Inflation rate was essentially affected by the increase in energy and food prices.

## The Outlook

In August, both consumer confidence and the composite business indicator declined, influenced respectively by the worsening of economic expectations and the climate in manufacturing sector, which is further affected by the decline in book orders and expectations on production. The leading indicator suggests a moderate pace for the next months, maintaining the same levels as the previous month (Figure 6).

## 5. Households' consumption expenditure

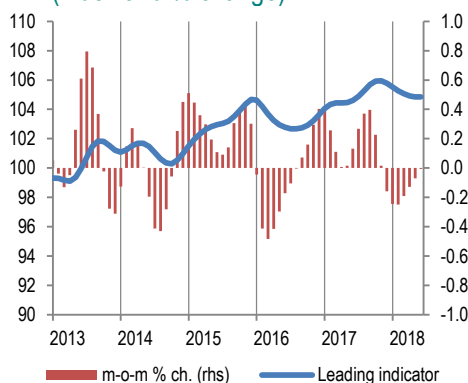
(m-o-m % change and index)



Source: Istat

## 6. Leading indicator

(index and % change)



Source: Istat