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In November, the Italian industrial production, after two following falls, increased marginally (+0.1% from October).

In November, the estimate of employed people increased, reaching an historical peak. The employment growth was the result of an increase among women and a marginal improvement among men. The unemployment rate remained at 9.7%.

In December the Italian consumer price index for the whole nation (NIC) raised but on average, in 2019, Italian price dynamics was about the half of its main European partners' ones.

Recent qualitative indicators gave positive signals: both consumer and business confidence improved.

The leading indicator remained on a negative path, suggesting that the short-term perspectives for Italian production are still weak

1. LEADING INDICATOR

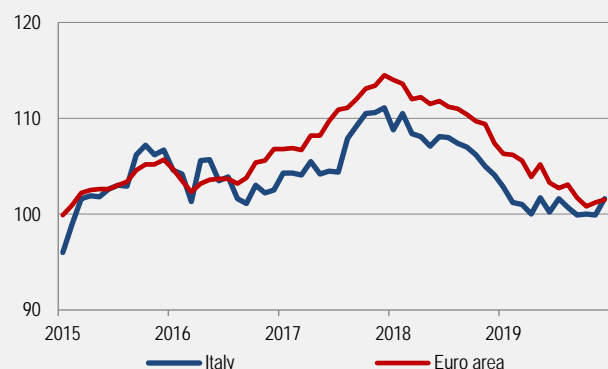
(base 2005=100 and % change)



Source: Istat

2. ECONOMIC SENTIMENT INDICATOR

(base 2010=100; seasonally adjusted)



Source: DG ECFIN

THE INTERNATIONAL ENVIRONMENT

Global economy remained on a moderate growth path. Recently, however, the international framework changed due, on the one hand, to better prospects for China–US trade conflict resolution and the Brexit process and on the other hand, to the escalation of geopolitical turbulences in the Middle East. The economic impact of these changes are now difficult to be quantified.

According to latest Central Planning Bureau data, the volume of merchandise World trade increased 0.4% m-o-m in October, having decreased 1.2% in September. The expansion of GDP in the euro area continued to be modest in Q3 (+0.2%, as in Q2) driven by private consumption. The contribution of net exports, consistent with the weak external demand, was slightly negative. Industrial production remained on a downward trend influenced by the weakness in the automotive sector.

In December, the qualitative indicators suggested that growth prospects for the euro area remain moderate. The €-coin stabilised and the Economic Sentiment Indicator (ESI) increased marginally (+0.3, Figure 2). The ESI's dynamics resulted from markedly higher confidence in services, construction and, to a lesser extent, retail trade, while confidence worsened among consumers and remained virtually unchanged in industry. Amongst the largest euro-area economies, the ESI increased significantly in Italy (+1.7) and Spain (+1.3) and edged up in Germany (+0.4), while it remained broadly unchanged in France (-0.2).

According to the Eurozone Economic Outlook (EZE) elaborated by IFO, KOF and Istat, GDP growth in the euro area is forecast to increase slightly faster than in Q3. In Q4 2019 and the first two quarters of 2020 it is expected to be +0.3%. For the year 2019, this determines an increase of GDP by 1.2% compared to the year 2018. Private consumption is likely to continue to be the main driver of GDP growth, as labor markets remain resilient to the downturn in industrial production

THE ECONOMIC SITUATION IN ITALY

In November, the Italian industrial production, after two following falls (-0.5% and -0.3% respectively in September and October) increased marginally (+0.1% from October). In the third quarter of 2019, The gross investment of non-financial corporations increased substantially with respect to the previous quarter (+1.3%), the gross investment rate was 0.1 percentage points higher than in Q2.

As for external trade, in October seasonally-adjusted data, compared to September increased for outgoing flows (+3.1%) and decreased for incoming flows (-2.3%). Exports rose for both non EU countries (+6.1%) and EU countries (+0.7%). In November, in seasonally adjusted terms and according to preliminary estimates, exports and imports for non-EU countries decreased in comparison to October 2019 (-8.1% and -0.9% respectively).

In November, the estimate of employed people reached an historical peak (since 1977). The employment growth was the result of an increase among women and a marginal improvement among men. The unemployment rate remained at 9.7%.

In December, according to preliminary estimates, the Italian consumer price index for the whole nation (NIC) increased by 0.5% with respect to the previous year (+0.3% pp with respect to November). On average, in 2019 Italian price dynamics was about the half of its main European partners' ones.

THE OUTLOOK

In December, the consumer confidence index went up. The improvement in confidence reflected the positive trend of all its components. In addition, the business confidence climate improved.

The leading indicator remains on a negative path, suggesting that the short-term perspectives for Italian production are weak (Figure 1).