

ITALY'S ECONOMIC OUTLOOK 2020-2021

■ After a strong recovery of production and trade during the Summer, new containment measures of contagions, which are recently increasing in many countries, put a drag on international recovery perspectives.

■ In 2020 Italian GDP is expected to decrease by 8.9% in real term and then increase in 2021 (+4.0%, Table 1). This year, the domestic demand net of inventories will provide a negative contribution (-7.5 p.p.) together with foreign demand (-1.2 p.p) and inventories (-0.2 p.p). In 2021 the domestic demand will provide a positive contribution (+3.8 p.p) together with net exports (+0.3 p.p.) while inventories will contribute negatively to GDP growth (-0.1 p.p.).

■ Labour market conditions will follow GDP evolution over the forecast period with a sharp fall in 2020 (-10.0%) and a recovery in 2021 (+3.6%). At the same time, the rate of unemployment will decrease at 9.4% in the current year and will increase at 11.0% in 2021.

TABLE 1: FORECAST FOR THE ITALIAN ECONOMY - 2018-2021
(% change on previous year)

	2018	2019	2020	2021
Gross Domestic Product	0.9	0.3	-8.9	4.0
Imports of goods and services (fob)	3.5	-0.6	-14.0	10.0
Exports of goods and services (fob)	2.2	1.0	-16.4	10.2
DOMESTIC DEMAND (INCLUDING INVENTORIES)	1.3	-0.1	-8.0	3.9
Residential households consumption expenditure	0.9	0.4	-10.0	4.5
Government Consumption	0.2	-0.2	2.0	0.1
Gross fixed capital formation	3.1	1.6	-10.1	6.2
CONTRIBUTION TO GDP				
Domestic demand (net of Inventories)	1.1	0.5	-7.5	3.8
Foreign balance	-0.3	0.5	-1.2	0.3
Inventories	0.1	-0.7	-0.2	-0.1
Households consumption expenditure deflator	1.0	0.5	0.0	0.6
Gross domestic product deflator	1.0	0.7	1.1	0.8
Compensation of employees per full-time equivalent	1.7	1.2	1.1	0.3
Full time equivalent employment	0.7	0.2	-10.0	3.6
Unemployment rate	10.6	10.0	9.4	11.0
Trade balance (level as % of GDP)	2.4	3.1	3.0	3.4

For more details please refer to the Italian version

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