

Recovery in main international economies is proceeding. Short-term indicators have improved further and GDP forecasts have been revised upwards in many countries for this year and the next.

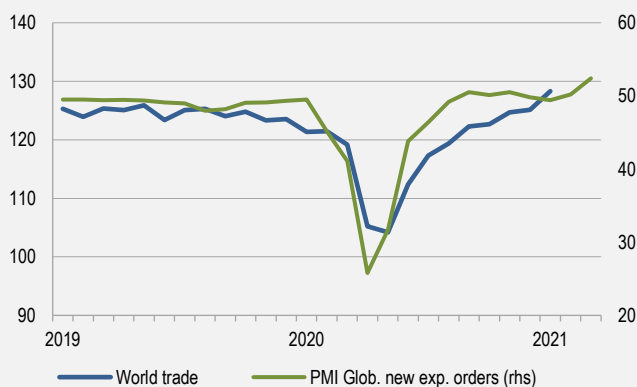
In Italy, manufacturing, driven by exports, and constructions are recovering.

In February, the number of employed persons was substantially stable compared to January, whereas a slight decline was recorded for both the number of persons inactive and unemployed. It is worth to underline that, as from January 2021, Labour Force survey has been carried out following a new European regulation.

In March, the rate of change of Italian consumer price index for the whole nation (NIC) accelerated. Inflation continued to be slower in Italy than in euro area.

Latest data on confidence remained favourable. In March, business climate improved while consumer confidence remained characterised by high uncertainty.

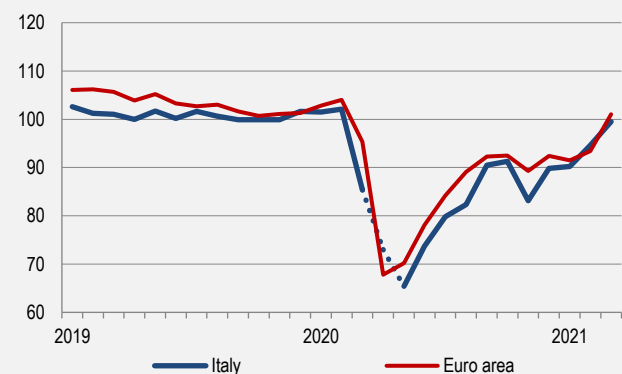
### 1. MERCHANDISE WORLD TRADE IN VOLUME AND PMI GLOBAL COMPOSITE NEW EXPORT ORDERS



Source: CPB e IHS

### 2. ECONOMIC SENTIMENT INDICATOR (a)

(base 2010=100; seasonally adjusted)



Source: DG ECFIN

(a) In April the survey for Italy was not observed

## THE INTERNATIONAL ENVIRONMENT

Recovery in main international economies is proceeding heterogeneously due to differences in the vaccine campaigns speed and effectiveness of Governments support measures. Short term indicators have improved further and GDP forecasts have been revised upwards in many countries for this year and the next. According to latest IMF estimates, global economy is projected to grow at 6% this year, moderating to 4.4% in 2022. World merchandise trade in volume continued to grow in January, with 2.6% compared to December 2020, leading to the highest level of World trade since October 2018 (source: CPB). This acceleration is driven by growth of imports and exports in China. The PMI Global composite new business orders index of March was above the expansion threshold for the second month in a row (Figure 1), suggesting that World trade recovery will continue over the coming months.

The perspectives for euro area remain positively oriented. In February, the seasonally adjusted volume of retail trade rose by 3.0% while in March the Economic Sentiment Indicator (ESI) increased sharply (+7.6 points) drove by improving confidence in all surveyed business sectors (i.e. industry, services, retail trade, construction) and among consumers (Figure 2). The increases were of a remarkable magnitude. Amongst the largest EU economies, Germany stood out with the largest monthly improvement of its ESI on record (+7.9) and is currently the only main country where sentiment returned to above its long-term average. The monthly increases in sentiment were nevertheless very significant in the other big countries too: Spain (+6.2), France (+5.4) and Italy (+4.9).

According to the Eurozone Economic Outlook (EZEO, source: IFO KOF and Istat), economic activity in the area dropped less than expected in Q4 2020 and the recovery will start in Q2 this year but the scenario is subject by high uncertainty.

## THE ECONOMIC SITUATION IN ITALY

In the fourth quarter of 2020, the Gross Domestic Product (GDP) and value added decreased by 1.9% with respect to the previous quarter.

Industrial production in February increased marginally (0,2% with respect to January) and the index of retail trade augmented by 7.2% in volume terms in the month on month series. In the three months to February 2021, despite the monthly growth, volume of sales fell by 2.6% when compared with the previous three months.

As for foreign trade, in January, seasonally-adjusted data, compared to December 2020, increased by 2.3% for outgoing flows and by 1.2% for incoming flows. Exports rose for both EU countries (+4.0%) and non EU countries (+0.4%). Imports increased by 2.6% for EU countries and fell by 0.8% for non EU countries. In February, according to preliminary data, exports to non-EU27 countries decreased by 7.3% and imports decreased by 3.0% compared with the same month of the previous year.

In 2020, gross disposable income of consumer households decreased by 2.8% with respect to the previous year, while their final consumption expenditure decreased by 10.9%. The saving rate of consumer households was 15.8%, 7.6 percentage points higher than in the previous year.

In February, the number of employed persons was substantially stable, whereas a slight decline was recorded for both inactive and unemployed people. The unemployment rate declined marginally to 10.2%. It is worth to underline that, starting from January 2021, Labour Forces data are recorded following a new European regulation.

Preliminary estimates show that in March 2021 the rate of change of the Italian consumer price index for the whole nation (NIC) was +0.3% on monthly basis and +0.8% on annual basis (from +0.6%). The slight speed up of all-item index was mainly due to the trend reversal of prices of Non-regulated energy products (from -3.6% to +1.7%) and, to a lesser extent, to prices of Services related to transport (from +1.0% to +2.2%). Both core inflation (excluding energy and unprocessed food) and inflation excluding energy were +0.8% (down from +0.9% in the previous month).

In March, the consumer confidence index decreased. Compared to the previous survey, all its components indicated a slight decrease. As for the business confidence climate, the index increased (from 93.3 to 93.9).

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### FOR TECHNICAL AND METHODOLOGICAL INFORMATION:

**Fabio Bacchini**  
bacchini@istat.it

**Roberta De Santis**  
rdesantis@istat.it