



The international economic recovery has continued, sustained by the effectiveness of vaccine campaigns and incomes support policies.

In Italy, in May the industrial production corrected by -1.5% with respect to the previous month after four increases in a row.

The labour market continued to show moderate improvements. In May, the number of employed persons increased, while a slight decline was recorded for both unemployed and inactive people.

According to preliminary estimates, in June the rate of change of the Italian consumer price index for the whole nation (NIC) was +1.3% on annual basis (the same as the previous month). The inflation differential with the euro area, although diminished, remained negative.

The business and consumer confidence in June continued to rise. The remarkable improvement was spread across all components and economic sectors.

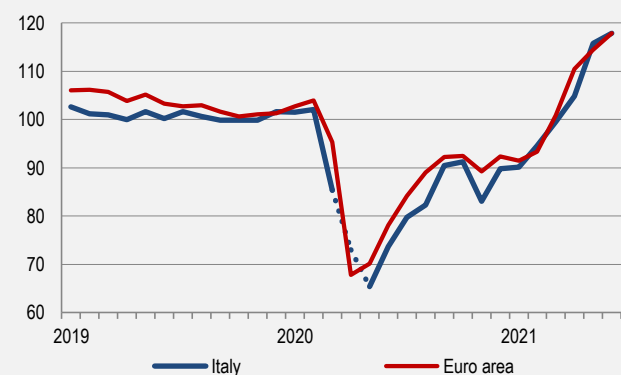
### 1. MERCHANDISE WORLD TRADE IN VOLUME AND PMI GLOBAL COMPOSITE NEW EXPORT BUSINESS



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

The international economic recovery has continued, sustained by the effectiveness of vaccine campaigns and income support policies. In April World merchandise trade in volume although decelerating increased further by 0.5% compared to March driven by the performance of China and other emerging Asia countries (source: CPB). The PMI Global composite new business orders index of June was above the expansion threshold for the fifth month in a row, suggesting that World trade recovery will continue over the coming months (Figure 1).

The perspectives for euro area remain positively oriented. In May, the seasonally adjusted volume of retail trade rose by 4.6%, the unemployment rate was 7.9%, down from 8.1% and in June, the Economic Sentiment Indicator (ESI) increased again strongly (+3.4 points) compared to May (Figure 2).

In June, the ESI by far exceeds its long-term average and pre-pandemic level, hitting a 21-year high. The increase was driven by improving confidence in the services sector, but all other surveyed business sectors (i.e. industry, retail trade, construction) and consumers recorded an improvement, too. At the country level, the ESI reached an all-time high in Germany and increased also in Italy and France while Spain saw a slight decline.

## THE ECONOMIC SITUATION IN ITALY

The Italian economy has been remaining on a recovery. Industrial production in May decreased by 1.5%, correcting the April +1.8%, with respect to the previous month. As for foreign trade, in April seasonally-adjusted data, compared to March, increased by +3.4% for outgoing flows and by +1.9% for incoming flows. Exports rose for non-EU countries (+7.4%) and slightly decreased for non-EU countries (-0.2%). Imports increased by +5.0% for non-EU countries and decreased by -0.3% for EU countries. In May, as for Italian trade with non-Eu27 in seasonally adjusted terms, exports decreased by 4.1% and imports by 1.5% compared with previous month.

In Q1, gross disposable income of Italian consumer households increased by 1.5% with respect to the previous quarter, while final consumption expenditure decreased by 0.6%. As a consequence, the saving rate was 1.8 percentage points higher than in the last quarter of 2020 (17.1%). However, in the last month consumption seems to have improved.

In May, estimates for seasonally adjusted index of retail trade slightly increased by 0.4% in volume terms in the month on month series driven by the purchase of Non-food goods (+2.2%). In May, the labour market continued to show moderate improvements, the number of employed persons increased, while a decline was recorded for both unemployed and inactive people. Employment went by 180 thousand compared to January. The unemployment rate decreased marginally (10.5%, -0.1 p. p. with respect to the previous month). Firms employment expectations in June remained favourable and on very high levels.

According to preliminary estimates, in June the rate of change of the Italian consumer price index for the whole nation (NIC) was +0.1% on monthly basis and +1.3% on annual basis (the same pace as the previous month). The growth on annual basis of NIC index was still driven by the prices of both regulated energy products and non-regulated ones. The inflation differential with the euro area inflation, although diminished, remained negative.

In June, both consumer and business confidence improved. The consumer confidence index increased from 110.6 to 115.1 and the improvement was diffused to all its components with particularly optimistic signals emerging from the economic climate and from the current one. With reference to the business confidence climate, the index increased from 107.3 to 112.8.

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