



International economy is on a recovery path, that is heterogeneous among countries meanwhile inflation is accelerating.

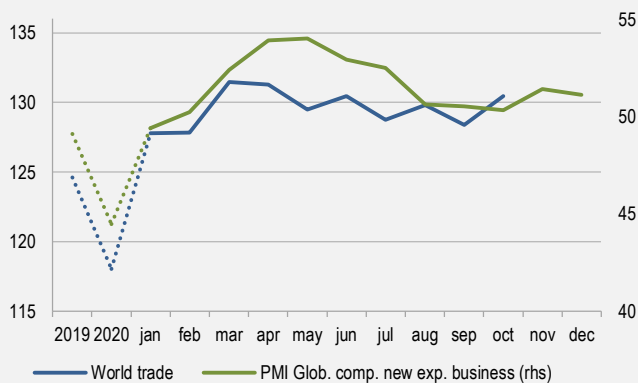
In November, the Italian industrial production increased following the rising in the production on construction the month before.

Labour market has improved. In November employment raised while unemployment and inactive people decreased.

According to preliminary estimates, in December, the Italian harmonised index of consumer prices (HICP) increased by 4.2% on annual basis. The differential with euro area inflation remains negative.

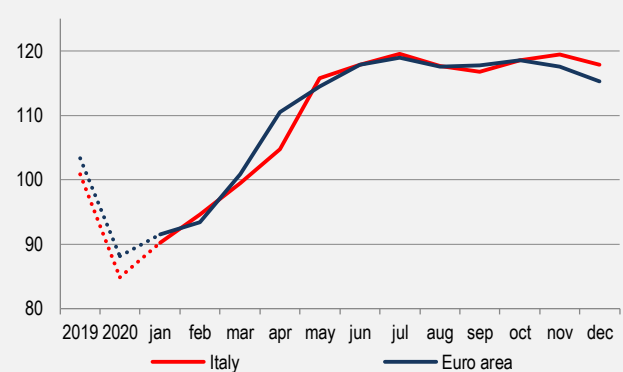
In December the consumer confidence index grew slightly and the small improvement was not common to all its components. As for the business confidence climate, the index decreased. Both the indexes remained at historically high levels.

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



Source: CPB e IHS

2. ECONOMIC SENTIMENT INDICATOR (base 2010=100; seasonally adjusted)



Source: DG ECFIN

THE INTERNATIONAL ENVIRONMENT

International economy at the end of the year confirmed to be on a stabilisation path with some fragilities. According to latest OECD estimates World GDP grew 5.6% in 2021 (-3.4% in 2020), reaching higher levels than in 2019. The global scenario is characterised by countries heterogeneous performances and rising inflation determined by increasing demand and supply constraints.

The World trade volume increased by 1.6% in October compared to September driven by the increase in exports of the US (+9.3%) and imports of China (+6.8%). The PMI Global composite new export business of December, despite being again above the expansion threshold, suggests that international trade will slow down over the next months (Figure 1).

After the very good performances in the central quarters of the year, euro area economic dynamics is decelerating. According to OECD estimates the GDP will decelerate in 2022 (+4.3%) compared to the previous year (+5.2%). In November, the euro area seasonally-adjusted unemployment rate was 7.2%, down from 7.3%, while the seasonally adjusted volume of retail trade increased by 1.0% and the industrial production increased by 2.3%. In December, according to preliminary data, annual inflation, still accelerating, was +5.0%, up from 4.9% in November.

Economic perspectives for the area as a whole stabilised. In December, the Economic Sentiment Indicator (ESI) in the euro area eased while remaining at historically high levels (Figure 2). The fall was driven by a decline in service, retail trade and consumer confidence. While sentiment improved in industry and construction. Amongst the largest economies, the ESI decreased in Spain (-0.8), France (-2.1), Italy (-1.6) and Germany (-2.8).

THE ECONOMIC SITUATION IN ITALY

In November, the Italian industrial production increased by 1.9% with respect to the previous month and on average in the period September-November the increase was 0.6%.

In October, seasonally-adjusted data, compared to the previous month, increased by 1.5% for outgoing flows and by 2.8% for incoming flows. Exports raised by 1.4% for EU countries and by 1.6% for non EU countries. Imports grew by 2.5% for EU countries and by 3.3% for non EU countries. Over the last three months, seasonally-adjusted data, compared to the previous three months, increased by 2.4% for exports and by 6.6% for imports.

As for foreign trade with non EU countries in November, in seasonally adjusted terms, exports increased by 2.9% and imports increased by 0.6% compared with October. Over the last three months, seasonally adjusted data, compared with the previous three months, showed steady outgoing flows and a 7.4% rise in incoming flows.

Estimates for seasonally adjusted index of retail trade in November fell in the month on month series by 0.6% in volume terms, after rising for three months in a row. Total employment increased, while a drop was recorded for both unemployed and inactive persons. Overall, the employment rate rose to 58.9% (+0.2 p.p.). The unemployment rate fell to 9.2% (-0.2 p.p. from October).

According to preliminary estimates, in December the Italian consumer price index for the whole nation (NIC) increased by 0.4% on monthly basis and by 3.9% with respect to December 2020 (from +3.7% in the previous month).

In 2021, the average annual rate of change of consumer prices, measured by NIC, was +1.9% (-0.2% in 2020); core inflation, excluding energy and unprocessed food, was +0.8% (from +0.5% in 2020) and inflation excluding energy was +0.7% (the same as in 2020). In the same month, the Italian harmonised index of consumer prices (HICP) increased by 4.2% on annual basis (from +3.9% in November). In 2021 the average annual rate of change of HICP was +1.9% (was -0.1% in 2020).

The consumer confidence index grew slightly and the small improvement was not common to all its components. As for the business confidence climate, the index decreased. Both the indexes remained at historically high levels.

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