

Over the last months, the World economy recovery is decelerating while inflation is accelerating in most of the countries.

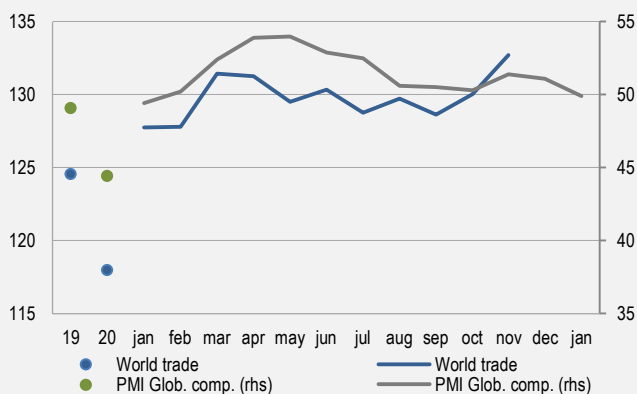
In the fourth quarter 2021, the Italian Gross Domestic Product increased by 0.6% with respect to the previous quarter. The carry-over for 2022 is 2.4%.

In December, labour market stabilised and the number of both employed and inactive people were substantially unchanged, while a drop was recorded for unemployed persons.

According to preliminary estimates, in January the harmonised index of consumer prices (HICP) increased by 5.3% on annual basis. The differential with euro area inflation has turned positive.

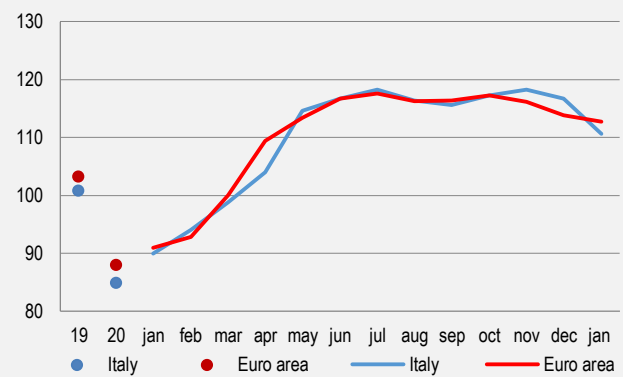
In January, the consumer confidence index decreased and the deterioration in confidence was remarkable in the service sector while in the construction sector confidence remained elevated. These results suggest that economic activity might decelerate in the coming months.

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

Recently the World economy recovery is showing lower dynamics and accelerated inflation in the majority of countries. World trade volume increased 2.0% in November 2021, following an increase of 1.1% in October. The growth was mainly due to advanced economies where both imports and exports have grown strongly while China's exports showed a decrease. The PMI Global composite new export business index of January, after eleven months, was below the expansion threshold, suggesting that international trade might decrease over the next months (Figure 1).

The euro area economic dynamics is decelerating. In the fourth quarter, seasonally adjusted GDP increased by 0.3% compared with the previous quarter (+2.3% in the third quarter) according to a preliminary flash estimate. In December, the euro area seasonally-adjusted unemployment rate was 7.0% (7.1% in November) and the seasonally adjusted volume of retail trade decreased by 3.0%. In January euro area annual inflation recorded 5.1% (5.0% in December) according to the flash estimate.

Economic perspectives for the area as a whole worsened. In December, the Economic Sentiment Indicator (ESI) in the euro area eased further (Figure 2). The fall was driven by a broad-based decline in both service and industry. Amongst the largest economies, the ESI decreased in France (-2.8) and Italy (-6.1) and rose in Germany (+0.8) and Spain (+0.6).

THE ECONOMIC SITUATION IN ITALY

In the fourth quarter the Italian Gross Domestic Product increased by 0.6% with respect to the previous quarter (+2.6% in the third quarter). The quarter on quarter change was driven by the increase in both industry and services. From the demand side, there was a positive contribution by the domestic component and a negative one by the net export component. The carry-over for 2022 is 2.4%.

In December, the Italian industrial production decreased by 1.0% with respect to the previous month but on average in the fourth quarter the increase was 0.5%.

In November, seasonally-adjusted data, compared to the previous month, increased by 2.7% for outgoing flows and by 1.7% for incoming flows. Exports raised by 2.4% for EU countries and by 2.9% for non EU countries. Imports grew by 2.6% for EU countries and by 0.7% for non EU countries. Over the last three months, seasonally-adjusted data, compared to the previous three months, increased by 1.9% for exports and by 4.5% for imports.

As for foreign trade with non EU countries, in December, in seasonally adjusted terms, exports decreased by 2.1% and imports increased by 4.3% compared with November. Over the last three months, however seasonally adjusted data, compared with the previous three months, showed a 0.5% increase in outgoing flows and a 7.8% rise in incoming flows.

Estimates for seasonally adjusted index of retail trade in December increased in the month on month series by 0.6% in volume terms. In the same month, the number of both employed and inactive people were substantially stable, while a drop was recorded for unemployed persons (-1.3%) concerned only women. Overall, the unemployment rate fell to 9.0% (-0.1 p.p.).

According to preliminary estimates, in January the Italian consumer price index for the whole nation (NIC) increased by 4.8% on annual basis (+3.9% in the previous month). The speed-up of the growth on annual basis of All-item index was mainly due to the prices of Energy especially of those of Regulated energy products. In the same month, the harmonised index of consumer prices (HICP) increased by 5.3% on annual basis (from +4.2% in December). The differential with euro area inflation has turned positive.

In January, the consumer confidence index decreased and the deterioration in confidence was remarkable in the service sector while in the construction sector confidence remained elevated. These results suggest economic activity might decelerate in the coming months.

FOR TECHNICAL AND METHODOLOGICAL INFORMATION:

Fabio Bacchini
bacchini@istat.it

Roberta De Santis
rdesantis@istat.it