

Signals of economic growth deceleration and higher and more diffused inflation across countries and sectors characterise the current international framework.

In the second quarter, the Italian GDP increased by 1% with respect to the previous quarter. The GDP carry-over for 2022 is now 3.4%.

In June, the industrial production index decreased for the second time in a row by 2.1% compared with the previous month.

Driven by the buoyant economic activity, in June, the number of employed persons increased, while unemployed and inactive people decreased. The unemployment rate remained stable at 8.1%.

According to preliminary estimates, in July the rate of change of the Italian consumer price index for the whole nation (NIC) was 7.9% on annual basis (from +8.0% in June).

Surveys results are mixed with an increase in the confidence in constructions and a worsening in manufacturing sector and among consumers.

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| 1. MERCHANDISE WORLD TRADE IN VOLUME AND PMI  GLOBAL COMPOSITE NEW EXPORT BUSINESS  |  | 2. ECONOMIC SENTIMENT INDICATOR  (base 2010=100; seasonally adjusted) |
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| Source: CPB and IHS |  | Source: European Commission |

The international environment

Signals of economic growth deceleration and higher and more diffused inflation across countries and sectors characterise the current international framework. Merchandise World trade in volume increased by 2.5% in May compared to April with increases diffused to all economies. The US is the only exception and shows negative developments on both imports (-0.6%) and exports (-1.4%). On the contrary, exports (13.0%) and imports (7.0%) from China have risen sharply. In July the PMI Global composite new export business index remained below the expansion threshold for the fifth month in a row, suggesting that international trade will decrease in the coming months (Figure 1).

In the euro area, in the second quarter, GDP increased by 0.7% compared with the previous quarter, according to a preliminary flash estimate. At national level, GDP grew substantially in Spain (+1.1%) and Italy (+1.0%), more moderately in France (+0.5%) while stabilised in Germany.

In June, the seasonally adjusted volume of retail trade in the euro area decreased by 1.2% and the seasonally-adjusted unemployment rate stabilised at 6.6%. In July, annual inflation is expected to be 8.9% (8.6% in June) according to a flash estimate.

Perspectives for the euro area as a whole are worsening. In July, the Economic Sentiment Indicator (ESI) plummeted in (-4.5 points), falling below its long-term average. The drop was due to significant losses in industry, services, retail trade and consumer confidence, whereas confidence in construction decreased more mildly. The ESI fell markedly in Spain, Germany and Italy while remained broadly stable in France (Figure 2).

The ECONOMIC SITUATION IN ITALY

In the second quarter Italian Gdp increased by 1% with respect to the previous quarter (+4.6 per cent over the same quarter of previous year) driven by industry and services activity. From the demand side, there is a positive contribution to Gdp growth by domestic demand (gross of change in inventories) and a negative one by net exports. The Gdp carry-over for 2022 is now 3.4%.

In June, the seasonally adjusted industrial production index decreased for the second time in a row by 2.1% compared with the previous month.

As for external trade, in May outgoing flows increased by 4.8% for and incoming flows by 0.3% compared to April. Exports raised by 4.9% for EU countries and by 4.6% for non EU countries. Imports grew by 2.4% for EU countries and dropped by 2.0% for non EU countries. Over the period March-May, compared to the previous three months, on average exports increased by 7.9% and imports by 10.1%. In June, according to preliminary estimates, exports with non EU countries decreased by 1.5% and imports increased by 8.6% compared with May.

In the second quarter the retail trade showed a slight decrease in volume terms (-0.3%). In June the number of employed persons increased, while unemployed and inactive people decreased. The unemployment rate remained stable at 8.1%.

According to preliminary estimates, in July the rate of change of the Italian consumer price index for the whole nation (NIC) was 0.4% on monthly basis and 7.9% on annual basis (from +8.0% in June). On the one hand, the prices of Energy (from +48.7% to +42.9%), slowed down together with the prices of Services related to recreation, including repair and personal care. On the other hand, the prices of Processed food including alcohol, of Services related to transport, of Non-durable goods, of Durable goods and of Services – miscellaneous speed-up. The harmonised index of consumer prices (HICP) decreased by 1.1% on monthly basis and it increased by 8.4% on annual basis (+8.5% in the previous month)

Surveys results are mixed with an increase in the confidence in constructions and a worsening in manufacturing sector and among consumers.

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