

High inflation driven by energy commodities prices and restrictive monetary policy characterise the international framework and put a drag on World economy growth.

In the third quarter, Italian Gross Domestic Product (GDP) increased by 0.5% with respect to the previous quarter. The carry-over annual GDP growth for 2022 is now equal to 3.9%.

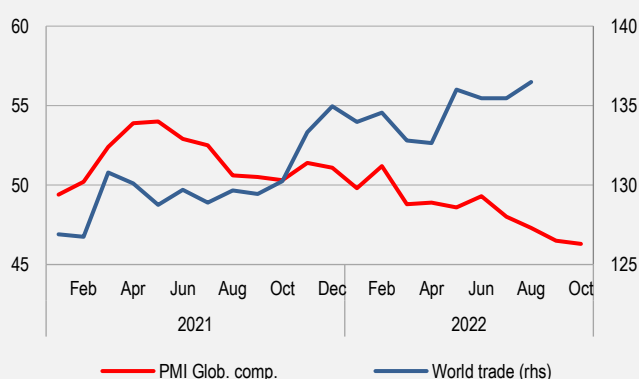
In September, the seasonally adjusted industrial production index decreased by 1.8% compared with the previous month after two consecutive increases. In the third quarter the index decreased by -0.4% compared to the previous quarter.

In September, the number of both employed and unemployed people rose, while a drop was recorded for inactive people. The unemployment rate remained unchanged at 7.9%.

The Italian harmonised index of consumer prices (HICP) increased by 12.8% on annual basis. The differential with the euro area inflation widened.

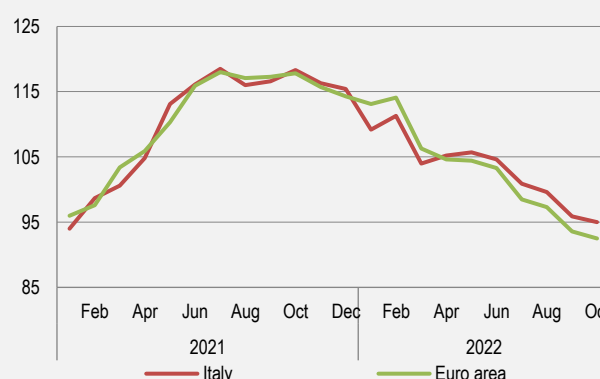
The outlook for the coming months has continued to worsen. In October, the consumer confidence index decreased and marked negative signals came from the current and the personal confidence climate indices. A fall was recorded also for the business climate index.

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



Source: CPB and IHS

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



Source: European Commission



THE INTERNATIONAL ENVIRONMENT

High inflation driven by energy commodities prices and restrictive monetary policy characterise the international framework and put a drag on World economy growth. World merchandise trade in volume increased by 0.7% in August compared to the previous month, following a stabilisation in July.

In October, the PMI Global composite new export business index, however, remained below the expansion threshold for the eighth month in a row, suggesting that international trade will decrease in the coming months (Figure 1).

In the third quarter, seasonally adjusted GDP increased by 0.2% in the euro area compared with the previous quarter, according to a preliminary flash estimate. At national level, GDP increased by 0.5% in Italy, 0.3 in Germany and 0.2% in France and Spain.

In September, the euro area seasonally-adjusted unemployment rate was 6.6%, down from 6.7% in August and the seasonally adjusted volume of retail trade increased by 0.4%. Euro area annual inflation is expected to be 10.7% in October, up from 9.9% according to the flash estimate from Eurostat. Looking at the main components of euro area inflation, energy is expected to have the highest annual rate (41.9%, compared with 40.7% in September), followed by food, alcohol & tobacco (13.1%, compared with 11.8%), non-energy industrial goods (6.0%, compared with 5.5%) and services (4.4%, compared with 4.3%).

The outlook for the euro area has continued to worsen. In October, the Economic Sentiment Indicator (ESI) declined further in the euro area, reaching its lowest level since November 2020 (Figure 2). The ESI's decrease resulted from marked deteriorations in services and manufacturing confidence, only partly offset by slight improvements in retail trade and consumer confidence. Confidence in construction remained broadly stable. At national level, the ESI fell in Germany (-1.0) and Italy (-0.9), while it remained unchanged in France and improved in Spain (+1.4).

THE ECONOMIC SITUATION IN ITALY

In the third quarter the Italian Gross Domestic Product (GDP) increased by 0.5% with respect to the previous quarter and by 2.6% over the same quarter of previous year. The carry-over annual GDP growth for 2022 is equal to 3.9%.

On the supply side, in September, the seasonally adjusted industrial production index decreased by 1.8% compared with the previous month after two consecutive increases. In Q3 the index decreased by -0.4% compared to the previous quarter

As for international trade, export and import performance in value in the period January-August of this year was positive (+22.1% and 46% respectively with respect to the same period of 2021). The trade balance due to elevated prices of energy commodities recorded a deficit of -23 billion euro in the first eight months of this year (-70 billion euro the energy trade balance deficit in the same period).

In September, the number of both employed and unemployed persons rose, while a drop was recorded for inactive people. The unemployment rate remained unchanged at 7.9%.

According to preliminary estimates, in October the rate of change of the Italian consumer price index for the whole nation (NIC) was 11.9% on annual basis (+8.9% in September). The wide speed-up of the growth on annual basis of All-item index was mainly due to the prices of Energy, for both Regulated energy products and Non-regulated energy products, and of Food including alcohol, for both Processed food including alcohol and Unprocessed food; to a lesser extent, it is also due to prices of Non energy industrial goods (from +4.0% to +4.5%).

Quite the opposite, the growth on annual basis of the prices of Services related to recreation, including repair and personal care, slowed down. The Italian harmonised index of consumer prices (HICP) increased by 12.8% on annual basis (from +9.4% in September widening the differential with the euro area inflation).

The outlook for next months has continued to worsen. In October, the consumer confidence index decreased and particularly marked negative signals came from the current and the personal confidence climate indices. A fall was recorded also for the business climate index.

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