

The international environment at the onset of 2023 is characterised by a generalised moderation of inflationary pressures, due to a fall in energy prices, and a more gradual tightening of monetary policy.

In the fourth quarter, the seasonally and calendar adjusted, chained volume measure of Italian GDP decreased by 0.1% with respect to the previous quarter. In 2022, the GDP growth rate was 3.9, higher than euro area average growth rate.

On the supply side, after three consecutive falls industrial production increased by 1,6% in December. However, in the fourth quarter 2022 the index decreased by 0,9% with respect to the previous three months.

In December, the number of employed and unemployed people increased, while a drop was recorded for inactive persons. The employment rate grew to 60.5% while the unemployment rate remained unchanged at 7.8%.

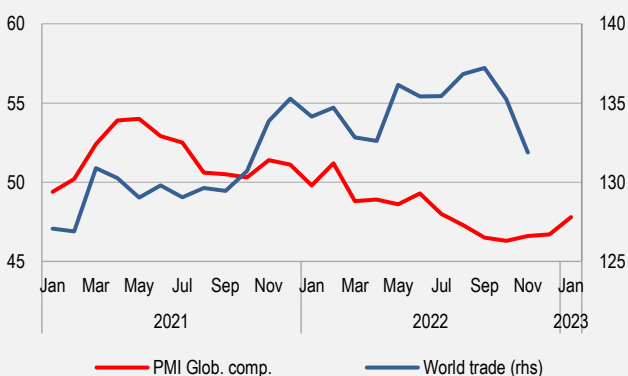
The Italian harmonised index of consumer prices (HICP) in January decelerated. The positive differential with the euro area average decreased.

Economic sentiment in January provided mixed signals: consumer confidence worsened while business confidence improved for the third months in a row.

1. MERCHANDISE WORLD TRADE IN VOLUME AND PMI

GLOBAL COMPOSITE NEW EXPORT BUSINESS

(index base 2010=100; >50 = growth)



Source: CPB and IHS

2. ECONOMIC SENTIMENT INDICATOR

(index base 2010=100; seasonally adjusted)



Source: European Commission

THE INTERNATIONAL ENVIRONMENT

The international environment at the onset of 2023 is characterised by a generalised moderation of inflationary pressures, due to a fall in energy prices, and a more gradual tightening of monetary policy. World merchandise trade volume decreased by 2.5% in November (-1.4% in the previous month). In January, the PMI Global composite new export business remained below the expansion threshold for the eleventh month in a row, suggesting that international trade will decrease further in the coming months (Figure 1).

According to flash preliminary estimates, in the fourth quarter of 2022, seasonally adjusted GDP increased by 0.1% in the euro area. At national level, the GDP increased by 0.2% and 0.1% respectively in Spain and France and decreased by 0.2 in Germany. In December, the euro area seasonally-adjusted unemployment rate was 6.6%, stable compared with November and the seasonally adjusted volume of retail trade decreased by 2.7%. Euro area annual inflation is expected to decelerate to 8.5% in January (from 9.2% in December) according to a flash estimate which does not include yet the data for Germany. Looking at the main components of the index, energy is expected to have had the highest annual rate in January, followed by food, alcohol & tobacco, non-energy industrial goods and services.

The outlook for the euro area has continued to improve. In January, the Economic Sentiment Indicator (ESI) recovered further for the third months in a row (+2.8 points, Figure 2) approaching its long-term average. The increase reflected strong improvements in industry, services, retail trade and consumer confidence, while confidence declined in construction. At national level, the index increased markedly in France (+4.4), Spain (+2.7), Germany (+2.5) and Italy (+1.7).

THE ECONOMIC SITUATION IN ITALY

In the fourth quarter of 2022, the seasonally and calendar adjusted, chained volume measure of the Italian Gross Domestic Product decreased by 0.1% with respect to the previous quarter. The carry-over for 2023 is now equal to 0.4%. In 2022, on average, the Italian GDP growth rate was 3.9, higher than euro area growth rate (+3.5).

On the supply side, after three consecutive falls industrial production increased by 1,6% in December. However, in the fourth quarter the index decreased by 0,9% with respect to the previous period.

As for external trade, in November, seasonally-adjusted data, compared to the previous month increased by 3.9% for outgoing flows and decreased by -1.4% for incoming flows. Exports grew by 8.3% for non-EU countries and remained stationary for EU countries. Imports rose by 0.2% for EU countries and fell by -3.1% for non-EU countries. The trade balance in November amounted to +1,445 million Euros (-371 million Euros for EU countries and +1,816 million Euros for non-EU countries). Regarding non-EU-countries in December, in seasonally adjusted terms, exports decreased by 2.6% and imports by 4.2% compared with November.

In December, the number employed and unemployed people increased, while a drop was recorded for inactive persons. Overall, the employment rate grew to 60.5% (+0.1 p.p.) while the unemployment rate remained unchanged at 7.8%. In the same month, estimates for seasonally adjusted index of volume sales decreased by 0.7% in the month on month series.

According to preliminary estimates, in January 2023 the rate of change of the Italian consumer price index for the whole nation (NIC) was 10.1% on annual basis (from +11.6% in December). The slowdown of the annual inflation rate was mainly due to the prices of Regulated energy products and, to a lesser extent, of Non-regulated energy products, of Unprocessed food and of Services related to recreation including repair and personal care. On the contrary, an upward contribution to the inflation rate came from the prices of Processed food including alcohol, those of Non-durable goods and of Services related to housing. According to preliminary estimates, the Italian harmonised index of consumer prices (HICP) increased by 10.9% on annual basis (from +12.3% in December). The differential with the euro area average decreased (2,4 p.p. from 3.1 in December).

Economic sentiment in January provided mixed signals, the consumer confidence index declined (from 102.5 to 100.9). Compared to the previous month, there was an improvement of the economic and the future confidence climate indexes but a significant degeneration of the personal and the current ones. As for business confidence climate, the index showed a further improvement.

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