

Global economy growth rate is slowing with heterogeneous performances among regions and sectors. Inflation is decelerating in almost all countries with a more gradual path for the core component of the index.

In the second quarter, the seasonally and calendar adjusted, chained volume measure of Italian GDP decreased by 0.3% with respect to the previous quarter. The change is the result of a negative contribution by the domestic component and a null contribution by the net exports. The carry-over annual for 2023 is 0.8%.

On the supply side, in June industrial production index, increased by 0,5% with respect to May for the second time in a row. In the period April-June, however, on average, the index decreased with respect to the previous three months.

Labour market conditions remain favourable. In June the number of employed people rose, while unemployed and inactive persons decreased. In the same month, the unemployment rate declined to 7.4%.

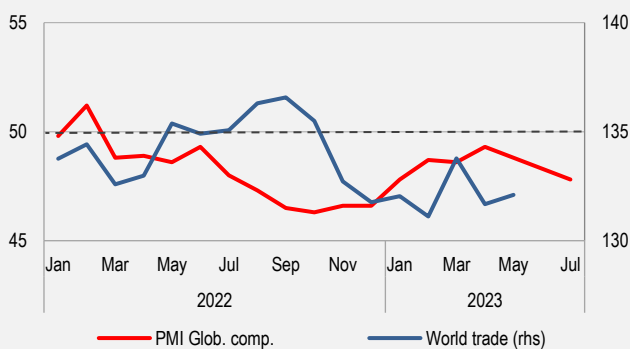
In July, according to preliminary estimates, the Italian harmonised index of consumer prices (HICP) continued to decelerate on annual basis. The differential with the euro area, although still positive, diminished.

Surveys present heterogeneous signals. In June, the consumer confidence index decreased with a negative trend diffused to all its components while the business confidence climate bettered.

### 1. MERCHANDISE WORLD TRADE IN VOLUME AND PMI

#### GLOBAL COMPOSITE NEW EXPORT BUSINESS

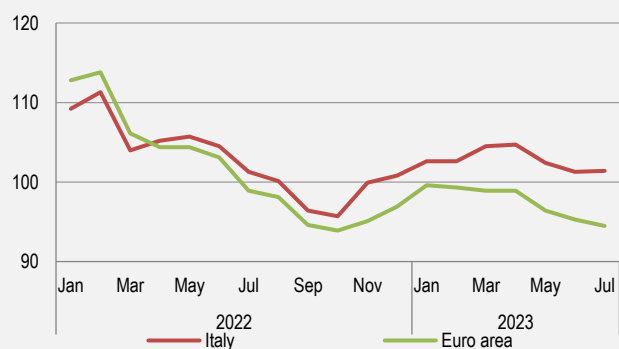
(index base 2010=100; >50 = growth)



Source: CPB and IHS

### 2. ECONOMIC SENTIMENT INDICATOR

(index base 2010=100; seasonally adjusted)



Source: European Commission

## THE INTERNATIONAL ENVIRONMENT

Global economy growth rate is slowing with heterogeneous performances among countries and sectors. Inflation is decelerating in almost all nations with a more gradual path for the core component of the index.

World Merchandise trade increased by 0.3% in May compared to the previous month, following a decrease of 1.6% in April compared to March. Most noteworthy is the increase of imports of emerging Asia (excluding China) and of the United Kingdom. In July, the PMI Global composite new export business has remained (since February 2022) below the expansion threshold suggesting a negative trend for the coming months (Figure 1). In the second quarter, seasonally adjusted GDP increased by 0.3% in the euro area mostly driven by the elevated growth rate in Ireland and with heterogeneous results among countries (Germany +0.0%, France +0.5, Spain +0.4%, Italy -0.3%). In June 2023, the euro area seasonally-adjusted unemployment rate was 6.4%, stable compared with May. Euro area annual inflation is expected to be 5.3% in July, down from 5.5% in June according to a flash estimate. Looking at the main components food, alcohol & tobacco is expected to have the highest annual rate, followed by services, non-energy industrial goods and energy. Perspective worsened for the euro area. The Economic Sentiment Indicator (ESI) in July continued to decline in the euro area (-0.8 points). The fall was due to significantly lower confidence in industry and construction, only partially offset by markedly higher confidence in retail trade and among consumers. Confidence in services remained broadly unchanged. At national level, the ESI improved in Spain (+1.3). By contrast, sentiment deteriorated markedly in France (-2.3), Germany (-2.1) and remained broadly stable in Italy (+0.1).

## THE ECONOMIC SITUATION IN ITALY

In the second quarter, the seasonally and calendar adjusted, chained volume measure of Italian Gross Domestic Product (Gdp) decreased by 0.3% with respect to the previous quarter and increased by 0.6% over the same quarter of previous year. The quarter on quarter change is the result of a decrease of value added in both the sector of agriculture, forestry and fishing and in that of industry, in contrast to the growth in services. From the demand side, there is a negative contribution by the domestic component (gross of change in inventories) and a null contribution by the net export component. The carry-over annual Gdp growth for 2023 is equal to 0.8%. On the supply side, in June industrial production index, increased by 0.5% with respect to may for the second time in a row. In the period April- June, however, on average the index decreased by 1.2% with respect to the previous three months.

As to the external trade, in May seasonally-adjusted data, compared to April, decreased by 0.3% for exports and by 3.0% for imports. Exports decreased by 1.7% for EU countries and increased by 1.2% for non-EU countries. Imports dropped both for EU countries (-1.7%) and for non-EU countries (-4.5%). In June, exports to non-EU27 countries increased by 2.7% and imports dropped by 41.1% compared with the same month of the previous year.

Labour market conditions remain favourable. In June the number of employed people rose, while unemployed and inactive persons decreased. In the same month, the unemployment rate declined to 7.4%. and estimates for seasonally adjusted index of retail sales fell by 0.2% in the month on month series in volume dropped by 0.7%. In the second quarter value of sales was up 0.4%, whereas volume of sales decreased by 0.9% when compared with the previous quarter. According to preliminary estimates, in July the rate of change of the Italian consumer price index for the whole nation (NIC) was +0.1% on monthly basis and +6.0% on annual basis (+6.4% in June). The slow-down of the annual inflation rate was mainly due to the prices of Services related to transport, of Non-regulated energy products and, to a lesser extent, of Processed food including alcohol, of Non energy industrial goods, of Services miscellaneous and of Tobacco. At the opposite, an upward contribution to the inflation rate came from the prices of Unprocessed food and of Services related to housing. In July, according to preliminary estimates, the Italian harmonised index of consumer prices (HICP) decreased by 1.5% on monthly basis and increased by 6.4% on annual basis (+6.7% in the previous month). The differential with the euro area, although still positive, diminished.

## THE OUTLOOK

Surveys present heterogeneous signals. In June, the consumer confidence index decreased with a negative trend diffused to all its components while the business confidence climate bettered.

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