



International economic perspectives remain uncertain due to escalation of geopolitical tensions and tighter financial conditions for households and firms.

In the third quarter, in Italy the seasonally and calendar adjusted, chained volume measure of Gross Domestic Product (GDP) remained stable with respect to the previous quarter. The carry-over for 2023 is 0.7%.

On the supply side, in September industrial production index remained unchanged with respect to the previous month. In the third quarter, on average, the index increased marginally.

Labour market conditions remain favourable despite decelerating economic activity. In September, the number of employed and unemployed people rose while inactive persons decreased. In the same month, the unemployment rate increased to 7.5% (+0.1 p.).

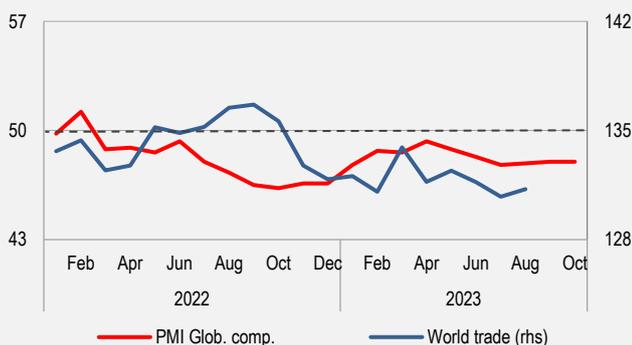
According to preliminary estimates, in October, the Italian harmonised index of consumer prices (HICP) increased by 1.9% on annual basis (+5.6% in the previous month). The differential with the euro area, turned negative.

Surveys continued to present worsening signals. In October, the consumer and business confidence indexes decreased further with negative trends diffused with few exceptions to all their components.

### 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

International economic perspectives remain uncertain due to escalation of geopolitical tensions and tighter financial conditions for households and firms. World Merchandise trade in volume increased by 0.4% in August compared to the previous month, following a decrease of 0.7% in July. Most noteworthy is the recovery of Chinese imports and export (+2.6% and 5.3% respectively). In October, the PMI Global composite new export business remained unchanged and below the expansion threshold, suggesting a negative trend for the coming months (Figure 1). In the third quarter, seasonally adjusted GDP decreased by 0.1% in the euro area with respect to the previous three months (+0.2% in the second quarter). In September, the euro area seasonally-adjusted unemployment rate was 6.5% (6.4% in August) and the seasonally adjusted volume of retail trade decreased by 0.3%. Euro area annual inflation is expected to be 2.9% in October, down from 4.3% in September 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 further for the euro area. The Economic Sentiment Indicator (ESI) in October continued to decline (-0.1 points). The broadly stable reading was the net result of lower confidence in retail trade and higher confidence in services. Confidence in industry, construction and among consumers remained broadly unchanged. At national level, the ESI improved in Spain (+1.2) and Germany (+0.5) while sentiment deteriorated markedly in France (-2.9) and, to a lesser extent, Italy (-0.9).

## THE ECONOMIC SITUATION IN ITALY

In the third quarter, the seasonally and calendar adjusted, chained volume measure of Gross Domestic Product (GDP) remained stable with respect to both the previous quarter and the third quarter of 2022. The quarter on quarter change is the result of a decrease of value added in agriculture, forestry and fishing, an increase in that of industry and a substantial stationarity in the service sector. From the demand side, there is a negative contribution by the domestic component (gross of change in inventories) and a positive one by the net export component. The carry-over annual GDP growth for 2023 is equal to 0.7%.

On the supply side, in September industrial production index, stabilised with respect to August. In the third quarter, however, on average the index increased by 0.2% with respect to the previous three months. As for the external trade, in August seasonally-adjusted data, compared to July, increased both for exports (+5.1%) and imports (+3.8%). Exports rose by 3.5% for EU countries and by 6.9% for non-EU countries. Imports increased by 3.7% for EU countries and by 3.8% for non-EU countries. In September, exports to non-EU27 countries decreased by 7.2% and imports dropped by 32.3% compared with the same month of the previous year.

Labour market conditions remain favourable despite decelerating economic activity. In September, the number of employed and unemployed people rose while inactive persons decreased. In the same month, the unemployment rate increased to 7.5% (+0.1 p.) and estimates for seasonally adjusted index of value sales in the month on month series fell by 0.3% and volume dropped by 0.6%. In third quarter value of sales was unchanged, whereas volume decreased by 1.3% when compared with the previous three-month period.

According to preliminary estimates, in October the rate of change of the Italian consumer price index for the whole nation (NIC) was -0.1% on monthly basis and +1.8% on annual basis (from +5.3% in September). The slowdown of the annual inflation rate was due to the prices of non-regulated energy products, of regulated energy products and, to a lesser extent, of unprocessed food and of processed food including alcohol. At the opposite, an upward contribution to the inflation rate came from the prices of services related to housing and of services related to transport. According to preliminary estimates, in October, the Italian harmonised index of consumer prices (HICP) increased by 1.9% on annual basis (+5.6% in the previous month). The differential with the euro area, turned negative -1.0 p.p.).

## THE OUTLOOK

Surveys continued to present worsening signals. In October, the consumer and business confidence indexes decreased further with negative trends diffused, with few exceptions, to all their components.

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