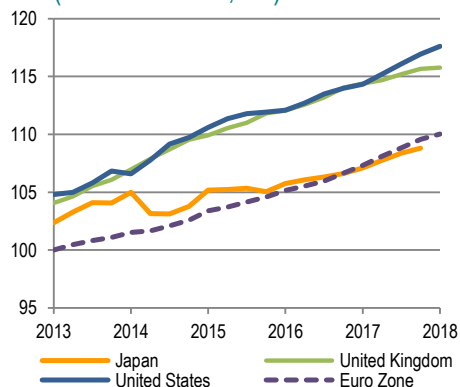
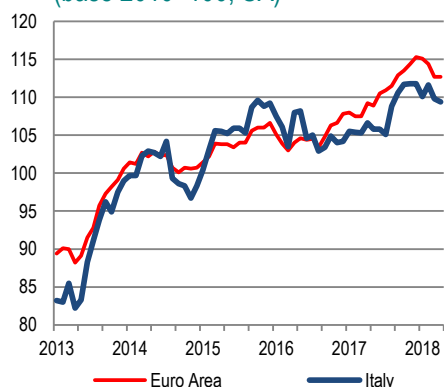


1. GDP Eurozone, United States, Japan, United Kingdom (base 2010=100, SA)



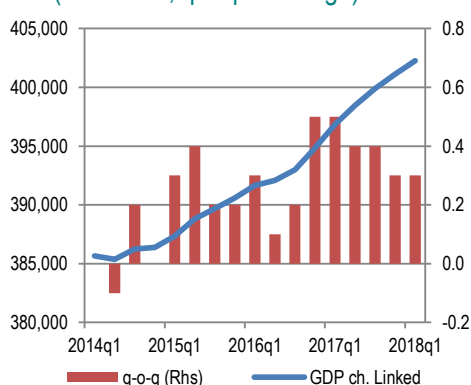
Source: Oecd

2. Economic Sentiment Indicator (base 2010=100, SA)



Source: Dg Ecfm

3. Italian GDP (Thousand, q-o-q % change)



Source: Istat

World trade and the euro area slowed down slightly. In the first quarter of 2018 the Italian economy grew at the same pace as in the previous quarter. Production in manufacturing sector and export decreased moderately. Employment started to recover but with female employment rate slowing down. Inflation continues to be moderate. The leading indicator is still high but it is decelerating thus suggesting relatively lower economic growth.

The international environment

In the first quarter of 2018, according to the preliminary estimate, US GDP grew at the same pace as in the previous quarter (+0.6% Q1 compared to +0.7% in Q4 2017, Figure 1). The GDP growth was driven by the positive contribution of the demand components and by the change in inventories. In the same period the disposable income increased fostered by raising salaries.

In April, non-farm payroll increased by 164 thousand thus accelerating compared to the previous month while and the unemployment rate fell to 3.9%. The evolution of the US economy is expected to continue at a positive pace in the first half of 2018: in March the Conference Board leading indicator increased further and, in April, the consumer confidence improved driven by the expectations about the future economic situation.

The euro area economy is slowing down slightly. In the first quarter, the preliminary estimate indicates a lower GDP growth compared to the previous quarter (+0.4% and +0.7% respectively). In March, the unemployment rate stayed stable at 8.5%.

The leading and coincident indicators of business cycle provide mixed signals. In April, the Economic Sentiment Indicator (ESI) was unchanged (Figure 2). The businesses confidence climate improved in manufacturing and in financial services; the consumer confidence improved too, supported by employment prospects, only partially offset by the worsening judgments about the future situation. In April, the Euro-Coin leading indicator slowed down influenced by the deterioration of manufacturing and business confidence. The ECB monetary policy is carrying on supporting the recovery, contributing to keep the reference rates unchanged.

In April, the euro-dollar exchange rate decreased (-0.5% with respect to -0.2% in March). The Brent price rebounded in March (+7.5%), reaching on average \$71.7 per barrel (down from \$66.7 in March).

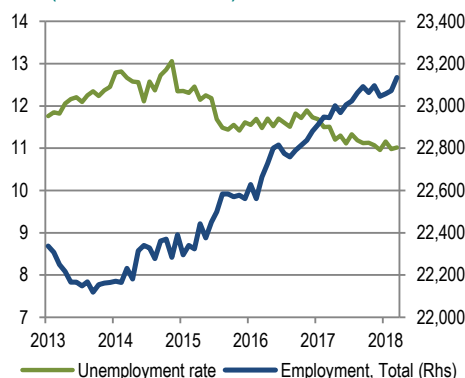
In February, the CPB data indicate a marginal downturn of world trade (-0.4%) driven by a deceleration of volume trade both for advanced countries (-0.3%) determined by the positive import dynamics in Japan, and emerging economies (-0.4%).

The economic situation in Italy

Businesses

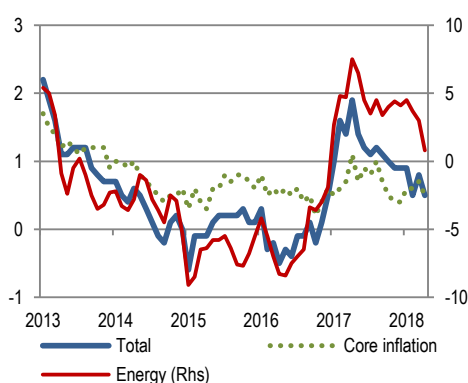
In the first quarter of 2018, the Italian economy kept growing at a stable pace (+0.3% q-o-q, Figure 3), sustained by the domestic demand, while the net foreign component provided a negative growth contribution. Manufacturing value added remained constant, interrupting the trend shown in the previous quarters.

4. Employment and unemployment (thousand and %)



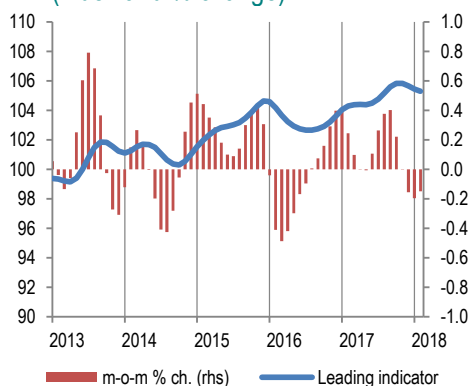
Source: Istat

5. Prices (y-o-y % change, SA)



Source: Istat

6. Leading indicator (index and % change)



Source: Istat

In January-February both the index of industrial production and the volume of exports decreased (-0.5% and -0.6% in February compared to the previous month) at a differentiated pace between sectors.

Construction is recovering. The building permits, that anticipates production dynamics, kept a slightly positive trend both in terms of the number of dwellings in new residential buildings (+1.0%) and useful floor area (+0.2%). The permits for new non-residential buildings registered a strong increase in the third quarter (+14.4%), after the reduction in Q2 (-5.0%). Data on production show a moderate increase too: in the quarter from November to February the index of production in construction increased (+1.3%).

In the fourth quarter, house prices increased slightly compared to the previous quarter (+0.1%): prices of new dwellings continue to rise (+0.7%) while those of existing dwellings are stable.

Households and labour market

Employment growth picked up in March, driven by an expansion of the male component (+0.6% compared to the previous month), of self-employed (+1.1%) and of the 25-34 age group (+1.5%, Figure 4). Both employment and unemployment rates improved but are still below the European average. In terms of the 2017 average, the employment rate for the population aged 20-64 was 62.3% (72.2% the European average). The female component was particularly lower than the European average (52.5% and 66.5% respectively). In March, the Italian unemployment rate remained stable at 11.0% (8.5% the euro area average).

In March, the recovery of the dynamics of contractual wages has been positive (+0.2% compared to the previous month and +0.1% in the first two months of the year).

Prices

Inflation is moderate compared to the euro area. The consumer price index (NIC) slightly decelerated in April being three-percentage points lower than the previous month. The downward trend is driven by the most volatile items, particularly energy products. Excluding energy and food, the core inflation improved moderately (+0.5% m-o-m, Figure 5). The upstream of the final distribution stage was subject to a downward pressure from the consumer goods prices.

Short-term expectations of manufacturing companies exhibit some caution while consumers' expectations indicate a somewhat less dynamic inflation in the long run.

The Outlook

In April the consumer confidence decreased slightly but maintaining a very high level. The composite index of business confidence slowed down influenced by the negative opinions in the retail trade sector only partially counterbalanced by expectations in the construction sector. In manufacturing, the deterioration of confidence is almost entirely attributable to the order component. Capacity utilization marginally decreased.

The leading indicator remains high but it is decelerating thus suggesting relatively lower prospects of economic growth. (Figure 6).