

## ITALY'S ECONOMIC OUTLOOK 2019-2020

In 2019, GDP is expected to increase by 0.2 percent in real terms. The domestic demand will provide a contribution of 0.8 percentage points while foreign demand will account for a positive 0.2 percentage point and inventories will provide a negative contribution (-0.8 percentage points). In 2020, GDP is estimated to increase by 0.6 percent in real terms driven by the contribution of domestic demand (+0.7 percentage points) associated to a positive contribution of the foreign demand (+0.1 p.p.) and a negative contribution of inventories (-0.2 p.p.).

In 2019, exports will increase by 1.7 percent and imports will grow by 1.3 percent, both are expected to slightly accelerate in 2020 (+1.8% and +1.7% respectively). Residential households consumption expenditure is expected to grow by 0.6 percent in 2019 and 2020. The stabilisation in employment and the wages increase will support households purchasing power. Investment are expected to progressively decelerate both in 2019 (+2.2%) and in 2020 (+1.7%).

Labour market conditions will improve over the forecasting period but at moderate pace. Employment growth is expected to stabilise at 0,7 percent in 2019 and in 2020. At the same time, the rate of unemployment will decrease at 10.0 percent in the current year and at 9.9 percent in 2020.

This projections take into account the less favourable international framework and fiscal policies implemented in the 2019 Budget Law.

**TABLE 1: FORECAST FOR THE ITALIAN ECONOMY - 2017-2020**  
(% change on previous year)

	2017	2018	2019	2020
Gross Domestic Product	1,7	0,8	0,2	0,6
Imports of goods and services (fob)	6,2	3,0	1,3	1,7
Exports of goods and services (fob)	6,0	1,8	1,7	1,8
DOMESTIC DEMAND (INCLUDING INVENTORIES)	1,6	1,1	0,0	0,6
Residential households consumption expenditure	1,5	0,8	0,6	0,6
Government Consumption	-0,2	0,4	0,4	0,3
Gross fixed capital formation	3,3	3,2	2,2	1,7
CONTRIBUTION TO GDP				
Domestic demand (net of Inventories)	1,4	1,1	0,8	0,7
Foreign balance	0,1	-0,3	0,2	0,1
Inventories	0,2	-0,1	-0,8	-0,2
Households consumption expenditure deflator	1,2	0,9	0,4	0,8
Gross domestic product deflator	0,7	0,9	0,7	1,1
Compensation of employees per full-time equivalent	0,6	1,8	0,7	0,6
Full time equivalent employment	0,8	0,8	0,7	0,7
Unemployment rate	11,2	10,6	10,0	9,9
Trade balance (level as % of GDP)	3,0	2,5	2,8	3,0

**For more details please refer to the Italian version**

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