

The international economic recovery remained uneven across countries and sectors while World merchandise trade in volume continued to grow.

In Italy, in the first quarter Gross Domestic Product (GDP) decreased by 0.4% with respect to the previous quarter. From the demand side, there was a positive contribution by the domestic components and a negative one by the net export component.

The labour market continued to show moderate improvements in a high uncertain framework especially concerning the phasing out timing of income support measures. However, firms' expectation on labour demand improved.

According to preliminary estimates, in April, the rate of change of the Italian consumer price index for the whole nation (NIC) was 1.1% on annual basis in acceleration from 0.8% in March.

The business confidence showed a stronger improvement than consumers' one, remaining on the growing trend started in December 2020.

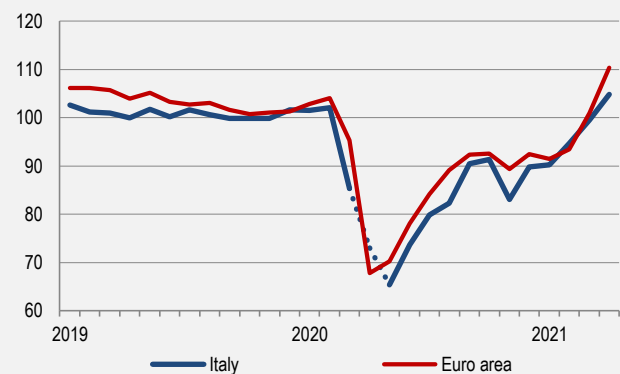
1. MERCHANDISE WORLD TRADE IN VOLUME AND PMI GLOBAL COMPOSITE NEW EXPORT ORDERS



Source: CPB e IHS

2. ECONOMIC SENTIMENT INDICATOR (a)

(base 2010=100; seasonally adjusted)



Source: DG ECFIN

(a) In April the survey for Italy was not observed

THE INTERNATIONAL ENVIRONMENT

The international economic recovery, remained uneven across countries and sectors. World merchandise trade in volume continued to grow in February, with 0.3% compared to the previous month (+1.8% in January). The deceleration with respect to the previous month was due to a contraction in export and imports in China and the US. The PMI Global composite new business orders index of April was above the expansion threshold for the third month in a row suggesting that World trade recovery will continue over the coming months (Figure 1).

In the first quarter, in the euro area seasonally adjusted GDP decreased by 0.6% with respect to the previous quarter. At national level, in Germany the economic activity had a sharp fall (-1.7%), while GDP in Italy and Spain decreased by 0.4% and 0.5% respectively and increased moderately in France (0.4%).

The perspectives for euro area remain positively oriented. In March, the seasonally adjusted volume of retail trade rose by 2,7% while in April the Economic Sentiment Indicator (ESI) continued its strong recovery, gaining 9.4 points compared to March (Figure 2).

The ESI scored markedly above its long-term average and pre-pandemic level for the first time since the outbreak of COVID-19. Its increase was driven by improving confidence in all surveyed business sectors and among consumers and rose markedly in all of the largest euro area economies: Spain (+9.1), France (+8.5), Germany (+5.7) and Italy (+5.3).

THE ECONOMIC SITUATION IN ITALY

In Italy, in the first quarter the Gross Domestic Product (GDP) decreased by 0.4% with respect to the previous quarter and by 1.8% over the same quarter of previous year. From the demand side, there was a positive contribution by the domestic component and a negative one by the net export component.

From the supply side, industrial production in March decreased marginally (-0,1% with respect to February). In the same period, estimates for seasonally adjusted index of retail trade increased by 0.1% in volume terms in the month on month series.

As for foreign trade, despite the deceleration in World trade, in February seasonally-adjusted data, compared to January, increased by 0.3% for outgoing flows and by 1.4% for incoming flows. Exports rose for EU countries (+1.2%) and dropped for non EU countries (-0.6%). Imports increased by +4.2% for non EU countries and fell by -0.5% for EU countries. In March, according to preliminary data on Italy's foreign trade with non-Eu27 countries, there was an increase for both exports and imports by 2.5% and 6.8% respectively, in comparison with the previous month.

The labour market continued to show moderate improvements in a high uncertain framework especially concerning the phasing out timing of employment support measures. In March, the number of employed persons increased, while a decline was recorded for both inactive and unemployed people. On a monthly basis, the growth of employment (+0.2%, +34 thousand) was the effect of a decline for women and a rise among men. Overall, the employment rate went up to 56.6% (+0.1 p.p.). The unemployment rate declined marginally to 10.1%.

According to preliminary estimates, in April the rate of change of the Italian consumer price index for the whole nation (NIC) was +0.4% on monthly basis and +1.1% on annual basis (from +0.8% in March). The speed-up of all-item index was mainly due to the trend reversal of prices of Regulated energy products to the acceleration of prices of Non-regulated energy products.

The business confidence showed a stronger improvement than consumers one, remaining on the growing trend started in December 2020. The index, however, is still below pre-COVID levels. In April, the consumer confidence index increased and the improvement was spread across all its components. As for the business confidence climate, the index grew.

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