

World economy continues to grow despite the increase in energy price that could undermine the production in the coming months.

In the third quarter, the Italian Gross Domestic Product (GDP) increased by 2.6% with respect to the previous quarter. The carry over for 2021 is now 6,1%.

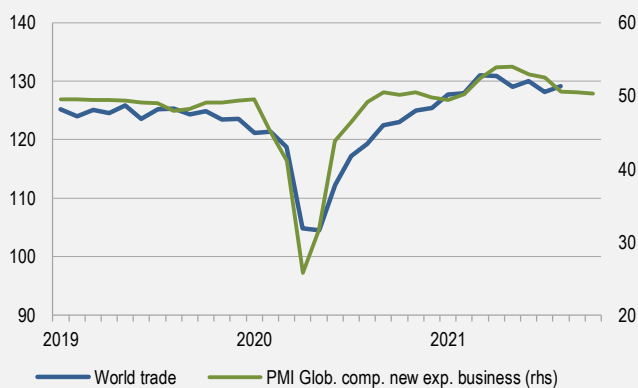
In September, the industrial production increased by 0,1% with respect to the previous month and by 1,0% on average in the third quarter.

In September, the number of employed increased, while a drop was recorded for both unemployed and inactive people.

In October, the rate of change of the Italian consumer price IPCA was 3,1% on annual basis in acceleration from September. The negative differential with the euro area inflation is now 1,0 percentage point.

The economic recovery is expected to continue in the next months: both consumer and business confidence are at their maximum values while manufacturing firms pointed out problems with materials and employment.

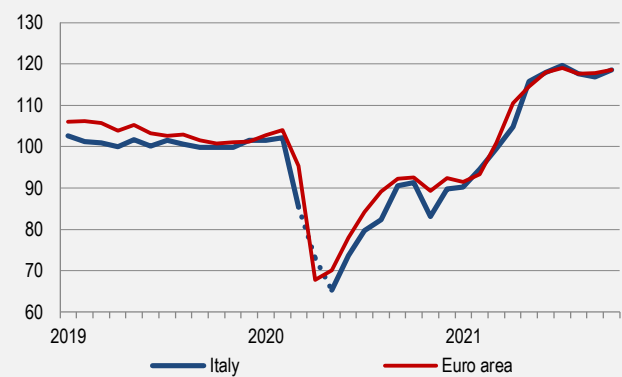
### 1. MERCHANDISE WORLD TRADE IN VOLUME AND PMI GLOBAL COMPOSITE NEW EXPORT BUSINESS



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

World economy continues to grow despite the increase in energy price that could undermine the production in the coming months. World trade volume increased by 0.8% in August, compared to July, when trade growth was -1.4%, mainly explained by the negative trend in China's trade. The PMI Global composite new export business of October, however, was recorded again above the expansion threshold, suggesting that international trade will continue to increase over the next months (Figure 1).

The economic recovery, in recent months, has been heterogeneous with a higher growth rate in the euro area than in China or the USA (0,2% and 0,5% respectively). In the third quarter in the euro area, seasonally adjusted GDP increased by 2.2% (2.1% in the second quarter).

At national level, the GDP increased by 3,0% in France, 2,6% in Italy, 2,0% in Spain and +1,8% in Germany. In September, the seasonally adjusted volume of retail trade decreased by 0.3% and unemployment rate diminished marginally (7.4%, down from 7.5% in August). In the same month, according to a flash estimate from Eurostat, euro area annual inflation is expected to be 4.1%, up from 3.4%.

Economic perspectives for the area as a whole remain favourable. In October, the Economic Sentiment Indicator (ESI) picked up (Figure 2), driven by improving confidence in services, construction and, to a lesser extent, retail trade. Confidence remained virtually unchanged in industry, while it weakened among consumers. Amongst the largest economies, the ESI rose in Spain (+2.5), France (+2.1) and Italy (+1.8) while it weakened slightly in Germany (-0.5).

## THE ECONOMIC SITUATION IN ITALY

In the third quarter, the Gross Domestic Product (GDP) increased by 2.6% with respect to the previous quarter and by 3.8% over the same quarter of previous year. The carry over for 2021 is now 6,1%.

In September, the industrial production increased by 0.1% with respect to the previous month and on average in the third quarter the increase was 1.0%.

As for foreign trade, over the period June -August, seasonally-adjusted data, compared to the previous three months, increased by +3.4% for exports and by +5.8% for imports. In September, in seasonally adjusted terms, exports decreased by 1.1% and imports increased by 0.6% compared with August. However, over the third quarter, seasonally adjusted data, compared with the previous three months, showed a 2.3% increase in outgoing flows. In the same month, estimates for seasonally adjusted index of retail trade rose in the month on month series by 0.6% in volume.

In September, the number of employed increased, while a drop was recorded for both unemployed and inactive people. On a monthly basis, the growth of employment (+0.3%, +59 thousand) involved more women than men. Overall, the employment rate rose to 58.3% (+0.2 p.p.). The unemployment rate decreased to 9.2% (-0.1 p.p.).

According to preliminary estimates, in October the rate of change of the Italian consumer price index for the whole nation (NIC) was +2.9% on annual basis (from +2.5% in September). The speed-up of the growth on annual basis of All-item index was still mainly due to the prices of Energy (from +20.2% to +22.9%), for both those of Regulated energy products (from +34.3% to +37.0%) and those of Non-regulated energy products (from +13.3% to +15.0%). The negative differential with the euro area inflation is now 1,0 percentage point.

The consumer confidence index slightly weakened in October remaining near its maximum. In particular, looking at All components showed a reduction but the future climate. As for the business confidence climate, the index increased.

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