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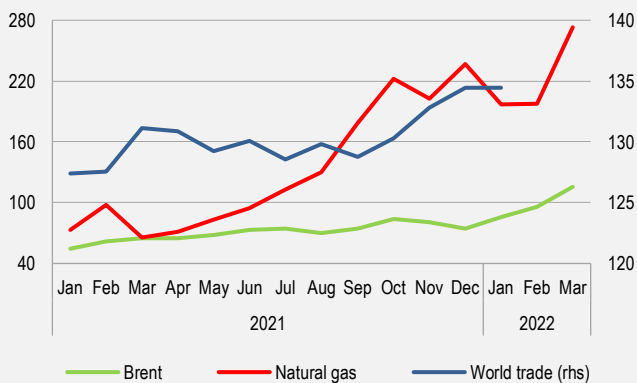
In February, the number of employed people increased, while a drop was recorded for both unemployed and inactive persons.

According to preliminary estimates, the Italian harmonised index of consumer prices (HICP) increased by 7.0% on annual basis. The differential with euro area inflation turned negative.

In March, the consumer confidence climate diminished sharply. The unfavourable confidence evolution is mainly due to the deterioration of both the economic and future climate. Also the business confidence climate, worsened.

### 1. MERCHANDISE WORLD TRADE IN VOLUME AND

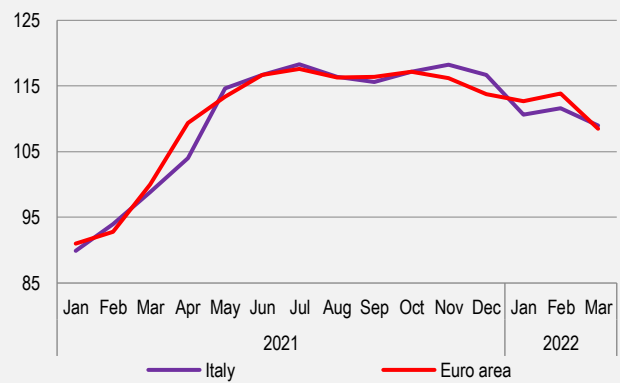
#### BRENT AND NATURAL GAS PRICES (index and \$ for barrel)



Source: CPB, World Bank e IHS

### 2. ECONOMIC SENTIMENT INDICATOR

#### (base 2010=100; seasonally adjusted)



Source: DG ECFIN

## THE INTERNATIONAL ENVIRONMENT

Merchandise World trade volume stabilised in January compared to December and the perspective worsened. The PMI Global composite new export business index of March decreased below the expansion threshold, suggesting that over the next months international trade will decrease (Figure 1).

In the last weeks, the uncertainty surrounded the sanitary crisis has been reinforced by the war between Russia and Ukraine, exacerbating tensions in commodities market.

Inflation has been accelerating steadily in the major countries starting with United States. Inflationary pressures have extended also to the euro area pushed by the exceptional increase of natural gas prices, while in China prices increases remain subdued.

In the euro area, in February, the seasonally adjusted volume of retail trade increased by 0.3% and seasonally-adjusted unemployment rate was 6.8% (6.9% in January).

In March, annual inflation is expected to be 7.5% up from 5.9% in February according to a flash estimate putting a drag on economic growth in the first part of the year. In the same month economic perspectives worsened.

The Economic Sentiment Indicator (ESI) dropped substantially (-5.4 points). The decline in the indicator was mostly due to plummeting consumer confidence, accompanied by marked losses in retail trade and industry confidence; confidence improved slightly in services and remained broadly unchanged in construction. (Figure 2).

## THE ECONOMIC SITUATION IN ITALY

In February, the industrial production index increased by 4.0% with respect to the previous month. On average in the period December- February the industrial production decreased by 0.9% with respect to the previous quarter. Assuming in March a value for the index equal to the one of February, in the first quarter the industrial production is expected to decrease by 0.9% with respect to the previous quarter.

As for foreign trade, in January seasonally-adjusted data, compared to December 2021, increased by 5.3% for outgoing flows and Imports decreased by 2.0%, due to decrease of imports from EU countries (-4.4%). In January, compared with the same month of the previous year, both exports and imports grew (+22.6% and +44.5% respectively). As for foreign trade with non EU countries, in February exports increased by 1.9% and imports by 9.8% in comparison to January. Over the last three months, seasonally adjusted data, compared with the previous three months, showed a 5.0% increase in outgoing flows and a 16.5% rise in incoming flows.

In February, estimates for seasonally adjusted index of retail trade rose in the month on month series, increasing by 0.4% in volume terms. In the same month labour market improved: employment rose and a drop was recorded for both unemployed (the unemployment rate fell to 8.5%) and inactive persons.

According to preliminary estimates, in March the rate of change of the Italian consumer price index for the whole nation (NIC) was 1.2% on monthly basis and 6.7% on annual basis. The speed-up of the growth on annual basis of All-item index was mainly due to the prices of Energy (from +45.9% in February to +52.9%), especially of those of Regulated energy products (+94.6%) compared to the Non-regulated energy products (from +31.3% to +38.7%)., Also prices of Processed food including alcohol sped up, although to a lesser extent, together with those of Unprocessed food and of Durable goods while the prices of Services related to transport slowed down (from +1.4% to +1.0%).

In the same month, according to preliminary estimates, the Italian harmonised index of consumer prices (HICP) increased by 7.0% on annual basis, mainly due to the end of the winter sales of Clothing and footwear (not considered by NIC), and. The differential with euro area inflation turned negative.

In March, the consumer confidence climate diminished sharply. The unfavourable confidence evolution is mainly due to the deterioration of both the economic and future climate. Also the business confidence climate, worsened.

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