

Global economic activity has been decelerating characterized by inflationary pressures, and changes in the stance of economic policies.

In the first quarter, in Italy the seasonally and calendar adjusted, chained volume measure of Gross Domestic Product (GDP) decreased by 0.2% with respect to the previous quarter. The carryover for 2022 is 2.2%.

In March, Italian industrial production index stabilised with respect to the previous month. On average, in the first quarter industrial production decreased by 0.9%.

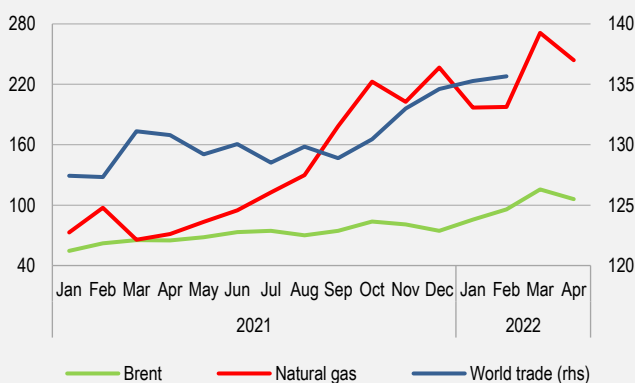
In March labour market improved, rising employment and reducing unemployment.

According to preliminary estimates, in April the Italian harmonised index of consumer prices (HICP) increased by 6.6% on annual basis, decelerating from March. The negative inflation differential with euro area widened.

In April, the consumer confidence index slipped, compared to March, the economic, the personal and the current climate decreased while the future one bettered. In the same month the business confidence climate, increased slightly.

1. MERCHANDISE WORLD TRADE IN VOLUME AND

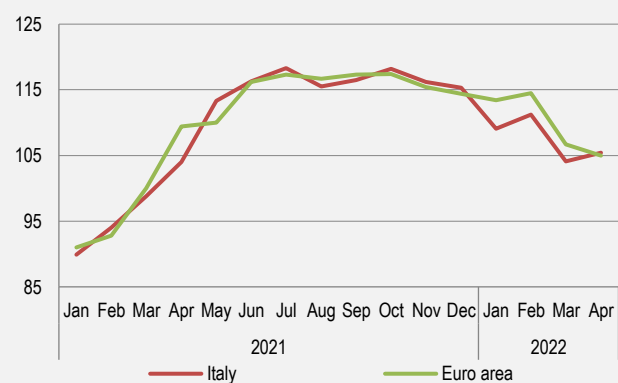
BRENT AND NATURAL GAS PRICES (index and \$ for barrel)



Source: CPB, World Bank e IHS

2. ECONOMIC SENTIMENT INDICATOR

(base 2010=100; seasonally adjusted)



Source: DG ECFIN

THE INTERNATIONAL ENVIRONMENT

The global economic activity is continuing to decelerate mainly due to inflationary pressures and changes in the stance of economic policies.

Merchandise World trade volume in February showed modest growth of 0.3% but the perspective worsened. In April the PMI Global composite new export business index remained below the expansion threshold, suggesting that over the next months international trade will decrease (figure 1).

In the first quarter, seasonally adjusted GDP increased by 0.2% in the euro area, compared with the previous quarter, according to a preliminary flash estimate published by Eurostat. At national level, GDP increased in comparison to the previous quarter in Germany and Spain (0.2% and 0.3% respectively), stabilised in France and decreased in Italy (-0.2%). In April, on average in the whole area, according to flash estimates inflation accelerated to 7.5% up from 7.4% in March.

In March, the euro area seasonally-adjusted unemployment rate was 6.8%, down from 6.9% in February and the seasonally adjusted volume of retail trade decreased by 0.4%. In the same month economic perspectives worsened. The Economic Sentiment Indicator (ESI) declined for the second time in a row despite remaining above the long term average. The ESI's decrease was driven by worsening confidence in industry, retail trade, construction, and among consumers, while the confidence indicator remained unchanged in service (Figure 2).

THE ECONOMIC SITUATION IN ITALY

In the first quarter of 2022 the Italian Gross Domestic Product (GDP) decreased by 0.2% with respect to the previous quarter and increased by 5.8% over the same quarter of previous year. The carryover for 2022 is 2.2%.

In March, the industrial production index stabilised with respect to the previous month. On average, in the first quarter industrial production decreased by 0.8%.

As for foreign trade, in February increased, compared to the previous month, by 1.6% for outgoing flows and by 5.4% for incoming flows. Exports raised by 1.3% for EU countries and by 2.0% for non EU countries. As for foreign trade with non EU countries, in March exports increased by 2.0% and imports increased by 2.3% compared with February. Over the last three months, seasonally adjusted data, compared with the previous quarter, showed a 7.5% increase in outgoing flows and a 15.5% rise in incoming flows deepening the trade balance deficit with non EU countries.

In March, estimates for seasonally adjusted index of retail trade fell in the month on month series, decreasing by 0.6% in volume terms. In the same month, the number of employed persons rose, whereas both unemployed (the unemployment rate fell to 8.3) and inactive people decreased.

According to preliminary estimates, in April the rate of change of the Italian consumer price index for the whole nation (NIC) was 6.2% on annual basis (+6.5% in March). The slowdown on annual basis was mainly due to the prices of Energy (from +50.9% to +42.4%), specifically to those of both Regulated (from +94.6% to +71.4%) and Non-regulated energy products (from +36.4% to +31.7%). Also prices of Services related to recreation, including repair and personal care, slightly slowed down. On the contrary, prices of Services related to transport, of Processed food including alcohol, of Durable goods and of Non-durable goods sped up. In April, the Italian harmonised index of consumer prices (HICP) increased by 6.6% on annual basis (from +6.8% in March). The negative inflation differential with euro area widened.

In April, the consumer confidence index slipped. Compared to March, the economic, the personal and the current climate decreased while the future one bettered. In the same month the business confidence climate, increased slightly.

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