

## ITALY'S ECONOMIC OUTLOOK

### 2015-2017

In 2015, GDP is expected to increase by 0.9 percent in real terms, and 1.4 percent both in 2016 and 2017.

The domestic demand will be the main driver of growth over the forecasting period accounting for 0.7 percentage points of GDP growth in 2015 and 1.2 percentage points both in 2016 and 2017. The foreign demand will provide a slightly negative contribution (-0.1 percentage points) in 2015 and a positive contribution (+1.2 percentage points) both in 2016 and 2017.

Residential households consumption expenditure is expected to grow by 0.8 percent in 2015, to accelerate by +1.2 percent in 2016 and by +1.1 percent in 2017. After the prolonged slowdown experienced since the financial crisis, the process of capital accumulation is expected to recover (+1.1 percent) in 2015. Gross fixed capital formation will accelerate in 2016 and 2017 (2.6 percent and 3.0 percent respectively). These projections take into account the more favourable credit conditions eased by the ECB's accommodative monetary policy, the fiscal benefits for the firms contained in the Stability Law 2016 and an improvement in the Italian economic outlook.

Labour market conditions are expected to improve over the forecasting period. Employment will increase by 0.6 percent in 2015, by 0.9 percent in 2016 and 0.7 percent in 2017. At the same time, the rate of unemployment will decrease at 12.1 percent in the current year, and will further slowdown both in 2016 (11.5 percent) and 2017 (11.3 percent).

TABLE 1: FORECAST FOR THE ITALIAN ECONOMY - 2015-2017  
(% change on previous year)

	2013	2014	2015	2016	2017
Gross Domestic Product	-1.7	-0.4	0.9	1.4	1.4
Imports of goods and services (fob)	-2.5	2.9	5.1	4.0	4.5
Exports of goods and services (fob)	0.8	3.1	4.2	3.8	4.2
DOMESTIC DEMAND (INCLUDING INVENTORIES)	-2.7	-0.6	1.0	1.3	1.4
Residential households consumption expenditure	-2.8	0.4	0.8	1.2	1.1
Government Consumption	-0.3	-0.7	-0.1	0.3	0.1
Gross fixed capital formation	-6.6	-3.5	1.1	2.6	3.0
CONTRIBUTION TO GDP					
Domestic demand (net of Inventories)	-3.0	-0.5	0.7	1.2	1.2
Foreign balance	0.9	0.1	-0.1	0.1	0.1
Inventories	0.3	-0.1	0.3	0.1	0.1
Households consumption expenditure deflator	1.2	0.3	0.1	1.0	1.7
Gross domestic product deflator	1.3	0.9	0.7	1.0	1.5
Compensation of employees per full-time equivalent	1.7	0.9	0.9	1.0	1.0
Full time equivalent employment	-2.5	0.2	0.6	0.9	0.7
Unemployment rate	12.1	12.7	12.1	11.5	11.3
Trade balance (level as % of GDP)	2.3	3.0	3.6	3.5	3.5

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