

Global economic activity has been decelerating characterized by uncertainty related to the war evolution, inflationary pressures and changes in the stance of monetary policy in the main countries.

In May, the Italian industrial production index decreased by 1,1% with respect to April after three increases in a row. The level of the index remains higher than in the 2021.

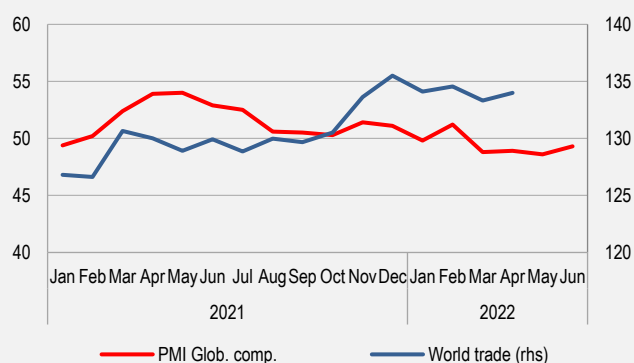
In May the number of employed and unemployed persons decreased (the unemployment rate fell to 8.1%) while inactive people increased.

According to preliminary estimates, the Italian harmonised index of consumer prices (HICP) increased by 8.5% on annual basis (from +7.3% in the previous month). Inflation pressure is spreading out to all the components.

In the next months, downside risks are related to the inflation diffusion, worsening of the trade balance and sentiment amid consumers. However, firms' expectation remains positive and labour market conditions are stable.

### 1. MERCHANDISE WORLD TRADE IN VOLUME AND PMI

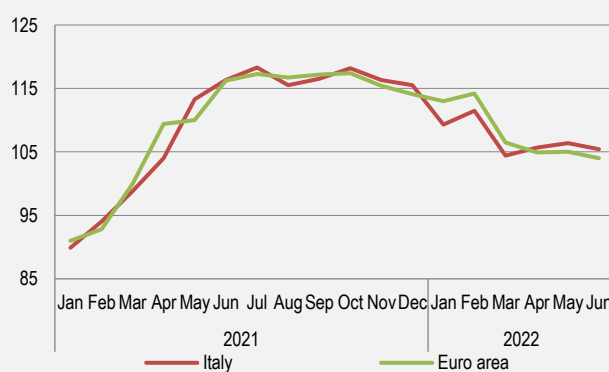
#### GLOBAL COMPOSITE NEW EXPORT BUSINESS



Source: CPB and IHS

### 2. ECONOMIC SENTIMENT INDICATOR

(base 2010=100; seasonally adjusted)



Source: European Commission



## THE INTERNATIONAL ENVIRONMENT

Global economic activity has been decelerating characterized by uncertainty related to the war evolution, inflationary pressures and changes in the stance of monetary policy in the main countries.

Merchandise World trade in volume (source Cpb) increased by 0.5% in April compared to the previous month, partly recovering from the fall of March (-0.9%). The decrease in Chinese exports by 4.6% was striking. Perspectives worsened. In June the PMI Global composite new export business index remained below the expansion threshold for the fourth month in a row, suggesting that international trade will decrease (Figure 1).

In the euro area, in May, the seasonally adjusted volume of retail trade increased by 0.2% and the seasonally-adjusted unemployment rate was 6.6%, down from 6.7% in April (8.1% in May 2021). According to flash estimate, annual inflation is expected to be 8.6% in June, up from 8.1% in May, driven by energy prices that have the highest annual rate (41.9%, compared with 39.1% in May), followed by food, alcohol & tobacco (8.9%, compared with 7.5% in May), non-energy industrial goods (4.3%, compared with 4.2% in May) and services (3.4%, compared with 3.5% in May).

Perspectives for the area as a whole are worsening. In June, the Economic Sentiment Indicator (ESI) dropped (-1.0 point) due to weaker confidence among construction managers, consumers, and to a lesser extent, retail trade managers. Confidence decreased only marginally in services and remained broadly stable in industry. (Figure 2).

## THE ECONOMIC SITUATION IN ITALY

In May, the seasonally adjusted industrial production index decreased by 1.1% compared with the previous month. The change of the average of the last three months with respect to the previous three months was 2.3%. The carry over for the second quarter is now 2.1%

In April seasonally-adjusted data, compared to March, increased by 1.5% for outgoing flows and by 7.0% for incoming flows. Exports raised by 1.2% for EU countries and by 1.8% for non EU countries. Imports grew by 6.0% for EU countries and by 8.1% for non EU countries. Over the last three months, seasonally-adjusted data, compared to the previous three months, increased by 6.9% for exports and by 11.6% for imports.

In May in seasonally adjusted terms, exports with non EU countries increased by 4.7% and imports decreased by 0.8% compared with March. Over the last three months, seasonally adjusted data, compared with the previous three months, showed an 8.5% increase in outgoing flows and a 15% rise in incoming flows.

In May, estimates for seasonally adjusted index of retail trade in the month on month series increased by 1.5% in volume terms and the number of employed and unemployed persons decreased (the unemployment rate fell to 8.1) while inactive people increased.

According to preliminary estimates, in June the rate of change of the Italian consumer price index for the whole nation (NIC) was 8.0% on annual basis (from +6.8% in May). In a context of widespread inflationary trends, the speed-up of the growth on annual basis of All-item index was due to the prices of several types of products: of Energy (from +42.6% to +48.7%), of Processed food including alcohol (from +6.6% to +8.2%), of Unprocessed food (from +7.9% to +9.6%), of Services related to recreation, including repair and personal care (from +4.4% to +5.0%) and of Services related to transport (from +6.0% to +7.2%).

The Italian harmonised index of consumer prices (HICP) increased by 1.2% on monthly basis and by 8.5% on annual basis (from +7.3% in the previous month). The negative inflation differential with the euro area average is diminishing.

Signals coming from the surveys are mixed. In June, the consumer confidence index worsened because of a fall in all of its components. On the contrary the business confidence climate progressed with increases diffused to all its components.

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