

# Italian economy: stable growth and encouraging perspectives.

**Edoardo Bonatti**

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On 6 March the Italian Statistics Institute (ISTAT) published the report on Italian economy for the month of February. In the fourth quarter of 2017, the seasonally and calendar adjusted, chained volume measure of Gross Domestic Product (GDP) increased by 0.3% with respect to the third quarter of 2017, and by 1.6% in comparison with the fourth quarter of 2016. Investments and net foreign demand drove this growth, both registering a 0.3% increase. In the last quarter of 2017 fixed investments recorded a significant rise (+1.7%); foreign demand was driven by an upsurge in exports (+2.0%) while imports saw a lesser intensification (+1.0%).

Industrial new orders continue to rise in the manufacturing sector, thus confirming the previous quarter trend (+3.6%). In accordance with these figures, the same manufacturing sector provided a +0.9% in added value, recording a continuous expansion. Its growth phase, joint with the services' one, has been affecting positively all the others sectors. The diffusion index for both sectors, measuring the percentage of increasing sectors, continues to remain above 50%.

On the consumers' end, both household and government expenditures grew by 0.1%. Household consumption components dynamics were very close to the overall trend: durable goods and services grew by 0.2% while non-durable goods remained, quarter-on-quarter, stable. On the labour market, unemployment rate lost 0.1% but the inactivity rate went up by the same amount; q-o-q employment rate was stable. Overall, when considering quarterly labour productivity trends both for hours worked and full-time equivalent units, Italian economy was more productive in 2017's Q4 (+0.1 and +0.2 percentage points respectively, in comparison to Q3).

After three months of stability, inflation registered a slowdown. The consumer price index (NIC) registered a 0.6% growth rate, lower than the 0.9% registered over the November-January quarter. On the other hand, in February, core inflation grew by 0.7% over the previous month, an increase driven by the services sector (+0.8%).

Source: Istat, Monthly report on Italian economy no. 02/2018