

# Italy political stalemate is over: A renewed commitment to the European Union and the euro.

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The Italian political stalemate is finally over: the government swear-in ceremony will take place on 1 June at 16.00 and, after that, the Houses will have to give their vote of confidence at the start of next week (4-5 June). After the institutional and financial crisis of the last few days, an agreement has been reached to inaugurate a chiefly political government that will be able to exercise its powers in full extent. The two parties holding the parliamentary majority, 5-Star Movement and Lega, identified in **Giuseppe Conte**, already nominated for the job in the May 27 attempt, the President of the Council.

The reservations on the European commitment of the government held by the President of the Republic, **Sergio Mattarella**, have been dispelled. The Quirinale previously vetoed the name of the eurosceptic Paolo Savona for the Ministry of Economy: now the matter seems solved. In this new scenario, Carlo Cottarelli, President-designate, stepped aside, thus avoiding a weak transitional government, limited to ordinary administration. The Foreign Ministry is occupied by an expert and firmly pro-European politician such as **Enzo Moavero Milanesi**, the critical instances brought forth by the other members of the government do not contemplate any direct confrontation with the EU.

Markets have welcomed the overcoming of the deadlock and show renewed confidence in our country. The spread between Italian and German ten-year government bonds has started to fall again, settling around 220 base points. The Milan stock exchange, after the losses recorded in the past few days, is recovering (about + 2.5%), driven by banking operators which saw increases of even seven percentage points. The country's economic outlook seems to have returned positive, also thanks to the renewed commitment to the European Union and the euro.

International investors can, therefore, look optimistically at the possibility of investing in the Italian economic system. The political risk that had emerged in past few days has been substantially avoided: now the first political acts of the new government will tell us what direction the country will take to continue to support the growth of the national economy.