

## Monthly GDP: October 2021

### Recovery loses momentum

The preliminary GDP estimate still points to marked growth in Q3 (2.6% q/q; 3.8% y/y), consolidating the pace of expansion observed in the previous quarter and exceeding the consensus forecasts. The update estimate of the monthly real GDP indicates a flat m/m growth in October (4.9% y/y).

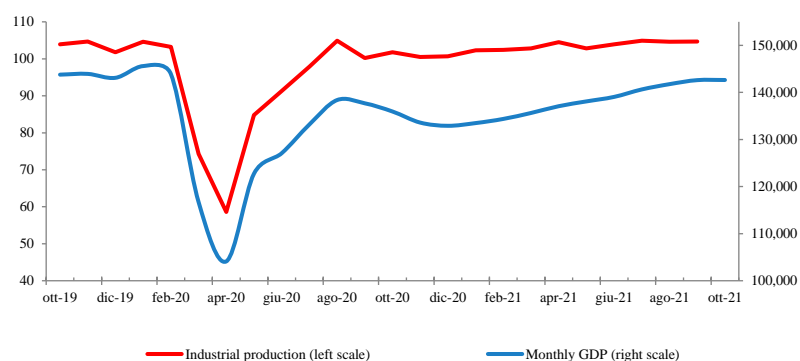
The indications from the quantitative data completing the information relating to Q3 are positive. Industrial production shows a marginal increase in September (0.1% m/m), surprising to the upside expectations of a slight decline and bringing the seasonally adjusted index 1.5 pp above the levels of February 2020.

The outlook for the current quarter still remains favorable, despite a moderation in the pace of expansion of the economic activity.

The manufacturing PMI index, after the setback in September, returned to growth reaching record levels (61.1 from 59.7). The ISTAT business confidence survey improved (114.9 from 113.2), although the share of firms that are reporting a significant shortage of materials and labor force as a relevant obstacle to production is increasing. Surveys in the services sector are softening, with both the ISTAT confidence climate (112.1 from 112.3) and the PMI sectoral index (52.4 from 55.5) edged down in October.

#### GDP and industrial production

(values in billions of euros and index 2015=100)



(\*) The monthly GDP estimate is based on the methodology published in Frale C. et al. "EUROMIND: A Monthly Indicator of the Euro Area Economic Conditions", Journal of the Royal Statistical Society: Series A, 174, 439- 470. The GDP estimate takes into account the forecasts of the industrial production made through a bridge model.

	Industrial Production (ISTAT)	Monthly GDP (updated estimate)	Monthly GDP (previous estimate)
	(1)	(2)	(3)
Oct-20	1.6	-1.3	-1.5
Nov-20	-1.3	-1.7	-1.7
Dec-20	0.2	-0.5	-0.5
Jan-21	1.6	0.4	0.4
Feb-21	0.1	0.7	0.7
Mar-21	0.4	0.9	0.9
Apr-21	1.7	1.1	1.1
May-21	-1.6	0.7	0.8
Jun-21	1.1	0.7	0.7
Jul-21	1.0	1.1	0.3
Aug-21	-0.3	0.8	0.2
Sep-21	0.1	0.6	0.0
Oct-21		0.0	