

Italian confidence data broadly stable in September

Following a second quarter still heavily impacted by the introduction of new US tariffs, early data for the third quarter points to a very mild improvement, though sectoral contributions remain uneven. Today's confidence indicators for September appear to support this view



Small improvement in consumer confidence masks uncertainty

Private consumption was the most disappointing demand component in the second quarter. Despite a further recovery in household purchasing power - supported by inflation below 2%, resilient employment, and solid wage growth - spending remained flat. Confidence data over the summer has pointed towards stabilisation, and today's small improvement in sentiment does not mark any substantial change. Consumers seem less worried about economic developments, but this has not eased their concerns about future unemployment. Nevertheless, they continue to signal a growing opportunity to purchase durable goods. The jury is still out as to whether consumption will once again become a driver of growth in the third quarter.

Stabilisation is the name of the game in manufacturing

Confidence remains stable in the manufacturing segment, supported by an improvement among producers of intermediate and investment goods, despite a decline among consumer goods manufacturers. Forward-looking indicators suggest no major shifts ahead, as a small improvement in orders is offset by increased inventories and a decline in expected production. Current stock levels appear sufficient to meet expected demand, reducing the need to ramp up production. The manufacturing sector seems to have exited its contraction phase, although a clear recovery path has yet to emerge.

Stability in construction confidence hides divergence among components

On the construction front, the recent pattern seems to be holding: confidence has improved in the construction of infrastructure and has declined among residential builders. Nothing new here, as this reflects the approaching 2026 deadline for projects under the National Recovery and Resilience plan and the exhaustion of the Superbonus effect. The ultimate contribution of the construction sector to third quarter GDP growth looks uncertain right now, notwithstanding encouraging signals from July production data.

Confidence in services creeps up

The small improvement in services confidence offers no clear-cut insights, though it appears to be driven by business-related services. More puzzling is the signal from tourism-related services, where respondents report a sharp decline in current orders alongside an improvement in expected orders. Services have been a key pillar of support for the supply side of the Italian economy throughout the post-Covid recovery. That still seems to be the case - albeit with signs of fatigue.

Modest growth still in sight in the third quarter

Overall, today's data remains consistent with a very modest economic rebound in the third quarter. This is likely driven by a smaller drag from net exports and continued investment-led growth, with a possible minor contribution from consumption, which remains uncertain. We therefore confirm our annual GDP growth forecast of 0.5% for 2025.

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