

## Italian GDP up slightly in the third quarter

The small upwards revision does not alter the picture - the Italian economy is currently stagnating and will likely continue to do so in the fourth quarter.



Car production line in Turin, Italy

### Net exports and private consumption the growth engines for the quarter

The revised estimate of third quarter GDP saw a marginal upwards revision to the preliminary estimate. According to Istat, GDP expanded by 0.1% QoQ and not flat as in the preliminary estimate (+0.1% vs 0.0% in YoY terms).

The marginal quarterly expansion was the result of a 1% contribution of net exports and a 0.4% contribution of private consumption which together more than compensated for a 1.3% reduction in inventories. Gross fixed capital formation and public consumption turned out to be growth neutral. The demand breakdown confirmed our call that private consumption had remained relatively resilient in the quarter, mainly thanks to the tourism-related services component. There was also no surprise from investment, where the impact of diminished tax incentives in construction continued to be apparent in the numbers. The quarterly contributions of net exports and inventories were in the direction we had anticipated but proved to be stronger in both cases.

## The Italian economy looks set to continue stagnating in the fourth quarter

Having a marginally positive reading instead of a flat one does not alter the broad picture of the current economic situation. The Italian economy is stagnating, and a turnaround does not seem imminent. The delayed effect of past monetary tightening is finally being felt and is now increasingly reflected in bank lending data. Business confidence data for October and November has been pointing to continued weakness in manufacturing and construction and a worsening picture in services and construction. Only consumer confidence rebounded in November, suggesting that private consumption might still prove resilient in the last quarter of the year, helped by sharply decelerating inflation and, as shown in October data, employment still moving up, if at a decelerating pace. We expect all this to translate into marginally negative quarterly growth in Italian GDP in the fourth quarter, ending up with average GDP growth at 0.7% in 2023.

### Author

#### Paolo Pizzoli

Senior Economist, Italy, Greece

[paolo.pizzoli@ing.com](mailto:paolo.pizzoli@ing.com)

### Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).