

## Italian industrial output rises unexpectedly

Key takeaway from today's numbers is that industrial recovery is in place and now spreading across sectors



According to Istat data, seasonally adjusted Italian industrial production expanded by 0.1% MoM in July, after a surprisingly strong +1.1% MoM in June. The WDA measure was up 4.4% year on year (from 5.3% YoY in June), showing that the industrial recovery is still at a healthy pace.

The aggregate breakdown shows the production of investment goods (+1.6% MoM), consumer goods (+0.5% MoM) and intermediate goods (+0.3% MoM) were all growing, while energy production contracted (-3.6% MoM).

Within the manufacturing domain, the production of machinery and plants turned out to be the fastest growing sector in WDA YoY terms (+8% YoY), overtaking transport equipment (+6.9% YoY) and food (+6.9%). The sectors' part of the construction chain were also back to positive growth.

The statistical carryover for 3Q17 industrial production should now be at 1.1%, the same pace of quarterly production growth recorded in 2Q17. Taking into account the upbeat state of business and consumer confidence in July and August, this bodes well for a continuation of a sound GDP expansion in 3Q17. We are currently anticipating a 0.4% QoQ GDP growth in 3Q, with upside risks.

The takeaway from today's release is that industrial recovery is in place and is spreading across sectors. The good news is that activity is accelerating in the investment goods arena, suggesting the investment component is ultimately responding to existing domestic fiscal stimuli and resilient external demand.

## 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).