

Italian confidence data for November sends contrasting signals

November confidence data shows a clear dip in consumer sentiment alongside a broad-based improvement for businesses, which is still consistent with a modest return to positive GDP growth in the fourth quarter of the year



November confidence data shows an uneven picture: consumer sentiment is deteriorating while business confidence improves – except in construction.

Consumer confidence falls sharply

In November, consumer confidence fell by almost three points, reaching the lowest level since May 2025, dragged by deteriorating evaluations on both the economic situation and personal conditions, and affecting current and future developments.

Respondents repeatedly expressed growing anxiety about potential unemployment in the future. A decline in both the opportunity to save indicator and the opportunity to purchase durable goods

signals tightening budgetary positions, suggesting that consumers are adopting a more prudent approach. This is not a good omen for private consumption in the fourth quarter.

Manufacturers are more upbeat, as order books gradually improve and stocks deplete

Confidence in manufacturing increased for the fourth time in a row, reaching the highest level since July 2023. The monthly gain reflects an improvement in domestic and foreign order books and a decline in stocks of finished goods; expected production increased consistently, without spurring expectations of higher future employment.

Manufacturing appears to be slowly emerging from stagnation; however, a decisive shift will only occur once the anticipated boost from German fiscal policy takes hold.

Confidence slightly down in construction, but the residential component remains resilient

On the construction front, confidence improved in the residential component; it has held at very high levels in civil engineering and softened in specialised works. The relative strength in the sector has been fuelled by the steady flow of infrastructural works funded by the resilience fund, but also by a surprisingly resilient residential component, which is absorbing the phasing out of the superbonus tax incentive better than expected.

Services confidence edges up again

Confidence in services was up on the month, reaching the highest level since January 2025. The improvement was driven by solid gains in tourism services and services to businesses. However, confidence was down in information and communication. All in all, the sense of fatigue which had affected services over the first quarter of 2025 is gradually disappearing. Services should be able to support economic growth in the fourth quarter.

To sum up, November confidence data provides a mixed picture of the state of the Italian economy in the fourth quarter. From the supply side angle, a more balanced pattern seems to be in the making, with manufacturing gradually becoming a potential growth engine in support of services.

From the demand side angle, confidence data seems to point to lingering softness in consumption and to confirmed strength in investments.

This still fits our base case forecast of a return to small positive quarterly GDP growth in the fourth quarter, and average growth of 0.5% for the whole of 2025.

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