

Italy: Industrial Production accelerates strongly

A broad-based investment-led recovery in industrial production seems to be in place, which bodes well for short-term GDP



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1.6 %

Industrial production SA (MoM)

Consensus 0.8%

Better than expected

A broad-based recovery is in place

December industrial production came in at 1.6% MoM (0.2% in November) in seasonally adjusted terms, posting the fastest monthly increase in two years. The calendar-adjusted measure, better suited to monitor the trend of production, was up 4.9% YoY (2.3% in November).

The aggregate breakdown shows that the improvement was broad-based, with investment goods (+4.7%) leading over intermediate (+2.6%) and consumer goods (+1.9%) with energy (-1.5% MoM)

in negative territory.

Digging into sector data, we note that investment-related machinery and equipment (+15.6% YoY) and manufacturing and machinery installation (+12.1% YoY) took the lead over metal products (10.1% YoY) and pharmaceuticals (+9.8% YoY). Interestingly, sectors part of the construction chain, which have been clear laggards in the ongoing recovery so far, have accelerated.

A reading conducive to 0.4% GDP expansion in 4Q18

With December data now in the bag, we now know that in 4Q17, SA Italian industrial production expanded 0.8% QoQ (1.6% in 3Q17). In combination with positive developments in the PMI and confidence data over the quarter, this reinforces our forecast for 0.4% QoQ GDP growth in 4Q17.

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