

Snap | 28 May 2026

ITALY

## Mixed signals from May Italian confidence data

Uneven developments in May Italian confidence data continue to point to a cooling economy in the second quarter, with a flat quarter more likely than a contraction



Tourism in Italy has fallen due to higher transportation costs tied to the war in the Middle East

The lingering disruption in oil trade due to the quasi-closure of the Strait of Hormuz continued to weigh unevenly on Italian confidence indicators in May.

### Consumer confidence rebounds, but remains soft

After falling sharply in April, consumer confidence rebounded in May, recovering half of the lost ground. Yet it remains well below the January and February levels. Most sub-indices improved, except the evaluation of the current economic situation. At the heart of the improvement in confidence seems to be a reassessment of inflation developments and the risk of higher unemployment ahead, both of which are clearly down from April. Consistently, durable goods purchasing intentions also improved, while remaining at low levels. Consumers are certainly feeling the brunt of the acceleration in inflation but seem to consider it a temporary phenomenon, likely supported by a very resilient labour market.

On the business front, the picture looks gloomier for services and construction and stable

among manufacturers and retailers.

### **Fifth decline in a row for services confidence**

The fifth consecutive decline in services confidence is driven by a sharp fall in tourism and transport and storage. In contrast, communication and business services posted modest gains. Such a pattern is not surprising, given the direct exposure of tourism to the increase in transportation costs tied to the deadlock in Middle East negotiations. The negative mood in the tourism sector might also be amplified by the fresh memories of very positive results seen in February for the Milano-Cortina winter games, now fully visible in a clear improvement in Bank of Italy balance of payments data. From a pricing intentions perspective, after accelerating in April, the relevant indicator fell back in May to levels prevailing in the first quarter, before the outbreak of the Middle East war - very tentative evidence of easing risks of imminent second-round effects.

### **Construction confidence still affected by special factors**

The contained decline in construction confidence reflects stable confidence in the infrastructure segment, which remains at high levels, a slight improvement in the residential sector, and a decline in specialised works. The boost to infrastructure investment driven by the implementation of the national recovery plan, now close to its official deadline, has likely reached its peak, while the residential sector is still recovering from the after-effects of the “superbonus” tax incentive.

### **Manufacturers steady, also in pricing intentions**

On the manufacturing front, confidence is stabilising at a slightly lower level than in the first quarter. Orders have been hovering within a narrow band since the beginning of the year while stocks of finished goods are gradually inching up over the second quarter, capping production expectations. The much-awaited cyclical recovery in manufacturing is being further delayed by current geopolitical circumstances.

Interestingly, in May, manufacturers’ pricing intentions remained at the April peak, last seen in late 2022. This suggests that manufacturers may have a different view on the persistence of price pressures following the Middle East stalemate than their counterparts in the services sector. As a result, the risk that at least some second-round effects will emerge in core inflation down the road cannot be dismissed.

Overall, today’s confidence data continues to point to some cooling in economic activity in the second quarter of 2026. The good news is that consumer confidence is not deteriorating sharply, limiting the risks for private consumption. After posting a 0.2% quarterly gain in the first quarter, we reiterate our call for flat GDP growth in the second.

## 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).