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SYMBOLS AND CONVENTIONS

Unless otherwise specified, Bank of Italy calculations; for Bank of Italy data, the source is omitted.

In the tables:

–	the phenomenon does not exist;
....	the phenomenon exists but its value is not known;
..	the value is nil or less than half of the final digit shown;
::	not statistically significant;
()	provisional.

In the figures with different right- and left-hand scales, the right-hand scale is identified in the notes.

OVERVIEW

The global recovery continues but supply constraints emerge

The global recovery continues at a strong pace, although there are uncertainties over the progress of vaccination campaigns and the spread of new variants of the virus. Trade has returned to the levels prior to the outbreak of the pandemic, but tensions have emerged over supplies of commodities and intermediate inputs, partly due to the rapidity of the recovery. The increase in inflation in the United States has come to a halt; however, the bottlenecks in supply could affect prices for longer than initially expected.

ECB monetary policy remains expansionary

In the euro area, growth continues to be robust, although the consequences of the public health emergency have not all been reabsorbed. The significant rise in inflation is attributable to the increases in energy prices and to temporary factors. Pressure on prices will build over the next few months, also because of the marked increase in natural gas prices; nevertheless, the key determinants, such as wage growth, have not so far pointed to high inflation persisting in the medium term. The ECB Governing Council has confirmed the strongly expansionary stance of monetary policy: it believes that maintaining favourable financial conditions is essential to support the recovery.

Growth exceeds expectations in Italy

GDP growth in Italy, which in the second quarter far exceeded expectations, appeared to continue during the summer months. According to the available indicators, industrial production grew by around 1 percentage point in the third quarter and GDP by more than 2 per cent. Wider vaccination coverage and the increase in mobility have allowed households' consumption of services to resume, which has accompanied the ongoing recovery in investment.

Households and firms' confidence improves …

Our surveys show that households' expectations concerning the general state of the Italian economy have improved overall; the propensity to spend in the sectors hardest hit by the pandemic, including hotels, bars and restaurants, is also picking up. Nevertheless, caution still persists in the outlook for spending, especially in less well-off households. Firms reiterated their very favourable assessments of investment conditions.

… as does the performance of exports

The growth in Italian exports, which was robust and greater than that of world trade in the second quarter, continued in the third quarter. Foreign tourists' spending in the summer was significantly higher than in the year-earlier period, though still below 2019 levels. Purchases of Italian securities as portfolio investments by non-residents continued.

Employment rises but there is still labour market slack

In the spring, the improvement in the economic situation translated into considerable growth in employment, especially for fixed-term contracts, and in hours worked. The number of employed persons rose again in July and August, albeit at a slower pace. The effects of the pandemic crisis have not been entirely overcome, and there are still signs of labour market slack: recourse to wage supplementation schemes remains widespread, though much lower than the peak levels of 2020, and the labour market participation rate is below the levels of two years ago.

Energy costs drive up inflation

Inflation reached 2.9 per cent in September, driven up by the strong growth in energy prices. According to the macroeconomic projections, the rise is not expected to extend over the medium term: the recent contractual agreements do not suggest any strong upturn in wage growth so far. Firms report that they have revised upwards their growth expectations for their selling prices, which nevertheless still remain below 2 per cent a year.

Growth in lending weakens

The growth in lending to non-financial corporations *declined over the summer, owing to less request for funding by firms. This was influenced by both the abundant liquidity accumulated and the brighter economic situation, which led to a recovery in cash flows. Credit supply conditions remain relaxed.*

Growth forecasts for 2021 have been revised upwards

Overall, these data have led most observers to revise their forecasts for growth in Italy upwards for the current year. Based on our current assessments, the increase in GDP should be around 6 per cent, considerably higher than was estimated in the Economic Bulletin *in July.*

The Government updates the 2021 public accounts estimates …

The Government has updated the public accounts estimates and the budget objectives for the next three years. In 2021, it is expected that net borrowing will reach 9.4 per cent of GDP (from 9.6 per cent in 2020) and the debt-to-GDP ratio will stand at 153.5 per cent (from 155.6 per cent). In contrast to what was planned in the spring, this scenario foresees an improvement in the accounts compared with 2020. The new estimates reflect higher than expected GDP growth and considers, among other things, some favourable elements that have emerged from the monitoring of general government's revenue and expenditure.

… and the objectives for the next three years

The Government's plans indicate that the ratios of net borrowing and debt to GDP will continue to decline gradually over the next few years, albeit less so than in the current legislation scenario owing to expansionary measures that will be set out in the next budgetary package. Compared with the current legislation scenario, the budget would raise the deficit by 1.3 percentage points of GDP on average in the next three years. In 2024, the deficit and the public debt are expected to come down to 3.3 and 146.1 per cent of GDP respectively.

1 THE WORLD ECONOMY

1.1 THE GLOBAL CYCLE

The global recovery continues, despite the risks linked to the new variants of the virus. Trade has returned to pre-pandemic levels, but tensions have emerged over supplies of commodities and intermediate inputs, partly due to the rapidity of the recovery. The increase in inflation in the United States has come to a halt, although bottlenecks in supply could affect prices for longer than initially expected. The prices of natural gas have gone up significantly, especially in Europe.

Vaccinations mitigate the effects of the Delta variant

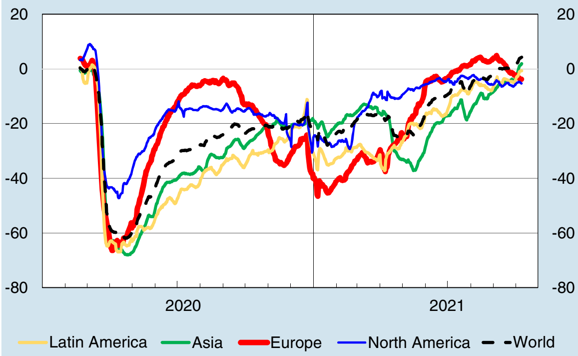
In summer, the spread of the Delta variant at first led to a growth in infection on a global scale, but the increase in deaths was less marked in areas with high vaccination rates. Infection rates have gradually declined since September, falling below the levels of early July. Mobility has continued to increase everywhere, returning close to pre-pandemic levels (Figure 1). Vaccination campaigns have slowed down in the areas where they were at a more advanced stage (United States, United Kingdom and the euro area); they have accelerated considerably in Japan; and they are still lagging behind greatly in low-income economies.

A robust global recovery continues in the second quarter ...

In the second quarter, GDP continued to grow at a steady pace in the United States. It recorded a strong recovery in the United Kingdom, with the easing of restrictions, and it rose moderately in Japan (Table 1). Economic activity recouped its level at end-2019 in the United States, while it is still below this level in Japan and the United Kingdom, by 1.4 and 3.3 percentage points respectively.

Figure 1

Mobility during the COVID-19 pandemic (1)
(daily data; index numbers)



Source: Based on data from Google COVID-19 Community Mobility Reports.
(1) Changes in travel to retail shops and leisure activities compared with the median value for the corresponding day of the week in the period from 3 January to 6 February 2020. Data at 12 October 2021. Seven-day moving average. The Asia and World aggregates do not include China, for which data are not available.

Table 1

GDP growth and inflation
(percentage changes)

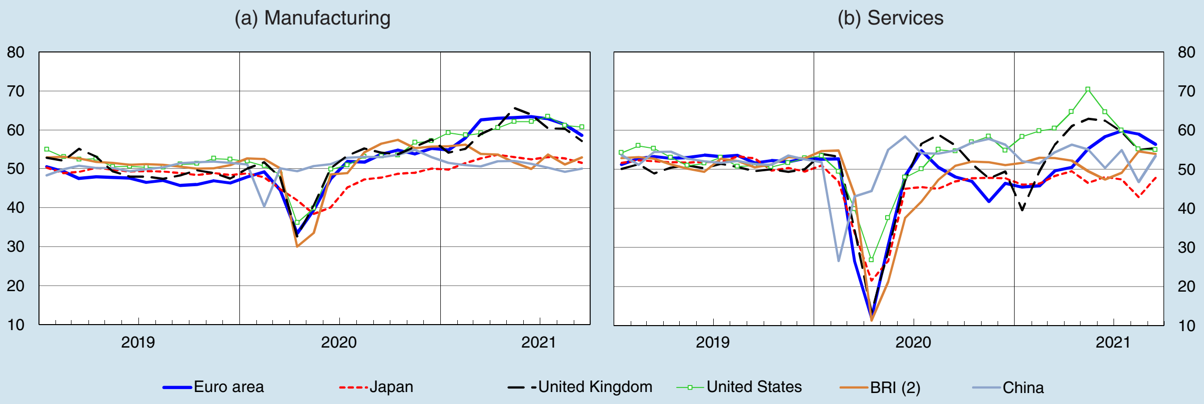
	GDP growth				Inflation (1)
	2020	2021 Q1 (2)	2021 Q2 (2)	2021 Q2 (3)	2021 September (3)
Advanced countries					
Japan	-4.6	-4.2	1.9	….	-0.4
United Kingdom	-9.7	-5.3	23.9	….	3.1
United States	-3.4	6.3	6.7	….	5.4
Emerging countries					
Brazil	-4.1	1.0	12.4	….	10.3
China	2.3	18.3	7.9	4.9	0.7
India	-7.0	1.6	20.1	….	4.3
Russia	-3.0	-0.7	10.5	….	7.4

Source: National statistics.
(1) Consumer price index, year-on-year change. – (2) For the advanced countries, quarterly percentage changes, annualized and seasonally adjusted; for the emerging countries, year-on-year percentage changes on the previous quarter. – (3) For Japan, August 2021.

Figure 2

PMIs in the main advanced economies (1)

(monthly data; diffusion indices)



Sources: Markit and Refinitiv.
(1) Diffusion indices of economic activity in the manufacturing and service sectors, based on purchasing managers' assessments. Each index is obtained by adding half of the percentage of replies of 'stable' to the percentage of replies of 'increasing'. The value of 50 is the threshold compatible with expansion in the sector. – (2) Average of the forecasts for Brazil, Russia and India (BRI), weighted on the basis of each country's GDP in 2019.

... but with signs of a slowdown in the third quarter

The purchasing managers' indices (PMIs) suggest that growth was still strong in the United States and the United Kingdom in the third quarter, although it was slowing down (Figure 2). For Japan, they indicate a weak recovery in the manufacturing sector and a contraction in services, the latter being affected by the extension of the restrictive measures. In China, GDP growth slackened considerably, in part because of the decline in the real estate sector, which was affected by the default of the Evergrande group (see Section 1.3).

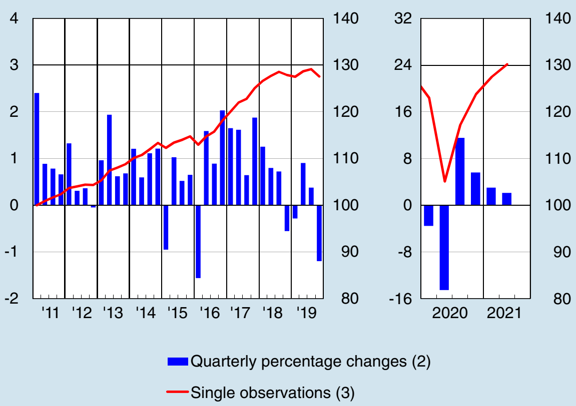
Trade increases, but supply constraints emerge

Trade in goods and services continued to expand in the second quarter, returning to the levels observed before the start of the public health emergency (Figure 3). However, significant bottlenecks emerged on the supply side – caused in part by the very speed of the recovery – mainly connected with the scarcity of semiconductors and with logistical and transport issues. Our estimates show that trade will increase by 11.2 per cent in 2021, owing to a considerable slowdown in the second half of the year; downside risks remain, linked above all to the course of the pandemic, which could lead to further interruptions in global supply chains.

Figure 3

World trade (1)

(quarterly data; percentage changes and single observations)



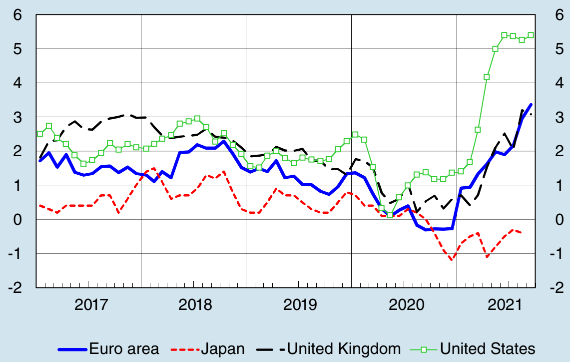
Sources: Based on national accounts and customs data.
(1) Seasonally adjusted data. – (2) For graphic design reasons, quarterly percentage changes for 2020 and 2021 are shown on a different scale from that used for the preceding years. – (3) Index: Q1 2011=100. Right-hand scale.

The increase in inflation comes to a halt in the United States

The marked rise in inflation in the United States came to a halt (Figure 4); it has stabilized at high levels (5.4 per cent in September). This was influenced by the mitigation of the main temporary pressure factors, such as the sharp increase in used car prices. Inflation expectations have risen; those implied by financial market prices over a five-year horizon stood at around 2.7 per cent in mid-October. Bottlenecks on the supply side could continue to have repercussions on prices for longer than was initially expected, although the Federal Reserve believes it will be transitory. After rising significantly in the previous month, inflation fell slightly in the United Kingdom, to 3.1 per cent in September. The twelve-month change in consumer prices remained negative in Japan, at -0.4 per cent in August.

Figure 4

Consumer price inflation in the main advanced economies (1)
(monthly data; 12-month percentage changes)



Source: Refinitiv.
(1) For the euro area and the United Kingdom, harmonized consumer prices.

The outlook for recovery is confirmed

According to the projections released by the International Monetary Fund in October, global GDP will grow by 5.9 per cent in 2021, exceeding pre-pandemic levels (Table 2). Compared with the assessments made in July, the projections for global economic activity have been revised slightly downwards for 2021, by 0.1 per cent, and remain unchanged for 2022. The outlook remains varied across countries: GDP will return in line with pre-pandemic trends in the advanced economies next year; the effects of the health crisis will instead last longer in the emerging economies. The delays in

Table 2

Macroeconomic projections
(percentage changes and points)

	2020 (1)	Forecasts (2)		Revisions (3)	
		2021	2022	2021	2022
GDP					
World	**-3.1**	**5.9**	**4.9**	**-0.1**	**0.0**
of which:					
Advanced countries					
Euro area	-6.4	5.0	4.3	0.4	0.0
Japan	-4.6	2.4	3.2	-0.4	0.2
United Kingdom	-9.7	6.8	5.0	-0.2	0.2
United States	-3.4	6.0	5.2	-1.0	0.3
Emerging countries					
Brazil	-4.1	5.2	1.5	-0.1	-0.4
China	2,3	8.0	5.6	-0.1	-0.1
India (4)	-7.3	9.5	8.5	0.0	0.0
Russia	-3.0	4.7	2.9	0.3	-0.2
World trade	**-8.4**	**11.2**	**–**	**0.2**	**–**

Sources: IMF, *World Economic Outlook*, October 2021, for GDP and Bank of Italy calculations based on national accounts and customs data for world trade.
(1) For the euro area and United Kingdom, national accounts data. – (2) Percentage changes. – (3) Percentage points. Revisions compared with IMF, *World Economic Outlook Update*, July 2021 and, for world trade, compared with the Bank of Italy's *Economic Bulletin*, 3, 2021. – (4) The data refer to the fiscal year starting in April.

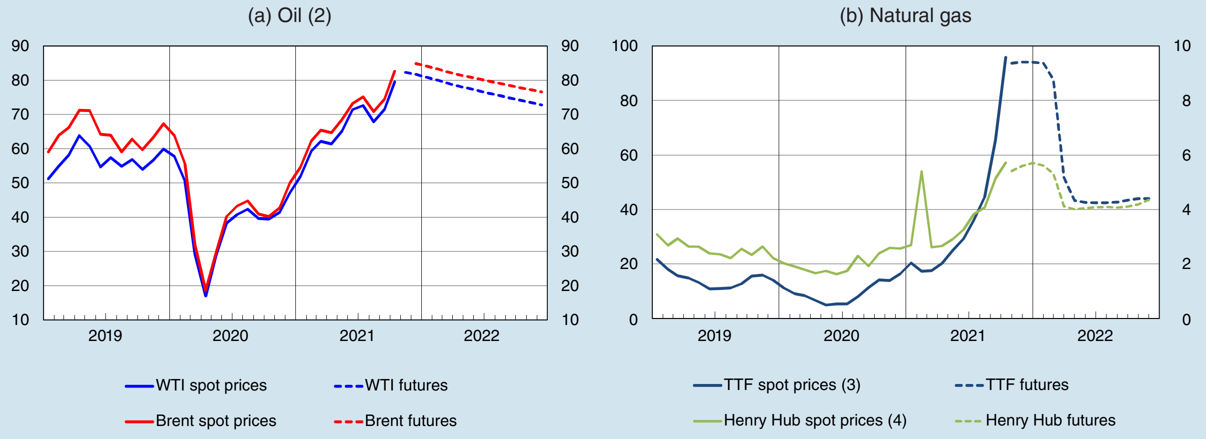
vaccination campaigns in emerging countries and the appearance of possible new and more contagious variants of the virus are pushing risks to the downside.

Prices rise for oil ...

After falling in August, oil prices returned to growth, exceeding the levels of the beginning of July and driving up global inflation (Figure 5.a). Futures indicate a decline in prices in the medium term. On the supply side, at the meeting of the OPEC+ countries at the beginning of October, it was decided not to increase production further. Volatility remains high, reflecting the uncertainty of demand linked to the course of the pandemic.

Figure 5

Commodity prices (1)
(monthly data)



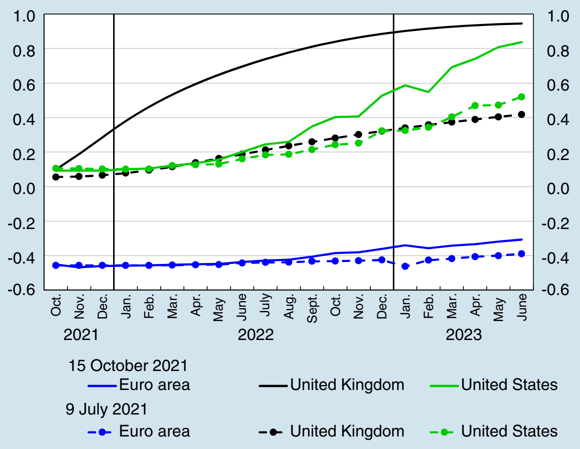
Source: Refinitiv.
(1) For the spot prices, average monthly data up to September 2021. The latest figure is the average of the daily data from 1 to 15 October 2021. For futures, the data refer to the prices on 15 October 2021. – (2) Dollars per barrel. – (3) Euros per megawatt hour. Price of European natural gas traded on the Dutch market, Title Transfer Facility (TTF). – (4) Dollars per millions of British thermal units (BTUs). Price of gas distributed via the Henry Hub in Louisiana (USA). Right-hand scale.

... and especially for gas

The price of natural gas has gone up considerably, especially in Europe (Figure 5.b). The factors determining its supply include the particularly hard winter, which gave rise to a reduction in inventories for the second half of 2021, the lower production in Norway because of infrastructure maintenance work, and delays in activating the Nord Stream 2 gas pipeline that connects Russia and Germany. On the demand side, the faster than expected recovery and the marked increase in Chinese imports from Russia pushed prices upwards. Futures prices point to this trend partially subsiding in 2022. Nevertheless, some medium-term factors – the rise in global demand for gas and the decline in European production – suggest that part of the increase in prices may be permanent.

Figure 6

Overnight interest rates implied by derivative instruments (1)
(monthly maturities; percentage points)



Source: Based on Refinitiv data.
(1) Expected interest rate implied by overnight indexed swap (OIS) prices.

Monetary policies remain expansionary

Despite confirming their expansionary monetary stance, given the improvement in cyclical conditions, the Federal Reserve and the Bank of England began to set down the evaluations that will shape the time frames and ways to reduce monetary stimulus (Figure 6). In the meeting held on 22 and 23 September, the Federal Reserve announced that a moderation in the pace of purchases would soon become necessary, should the economic conditions continue to evolve positively. Half of the members of the Federal Open Market Committee (FOMC) envisage an initial increase in the target range for the federal funds rate in 2022. In its meeting on 22 September, the Bank of England communicated that, if the economy progressed as expected, there would be greater need for a modest monetary restriction over the next few months. The monetary policy stance is still expansionary in Japan. In China, the reference rates remained unchanged, at historically low levels.

1.2 THE EURO AREA

Based on the information available, there was considerable growth in the euro area in the summer months too. The marked increases in energy prices and some temporary factors led to a sharp rise in inflation, which could persist over the next few months but should not extend to the medium term. The ECB Governing Council confirmed its strongly expansionary monetary policy stance.

Growth continues in the third quarter too ...

In the second quarter of 2021, economic activity in the euro area returned to solid growth (2.1 per cent; Table 3), driven by the recovery in consumption and investment. GDP increased in the leading economies, more markedly so in Italy. According to the available indicators, GDP continued to rise strongly in the third quarter too; the €-coin indicator, which declined slightly in September, remains at high levels (Figure 7).

... despite the emergence of supply problems

Manufacturing activity, especially in the automotive sector, has been curbed by the shortage of semiconductors at global level. Difficulties have been particularly acute in Germany, because of both the greater use of these components in production and of the higher foreign dependence on their supply. The lengthening of delivery times for intermediate inputs is shown by the changes in the corresponding PMI (Figure 8), which has declined markedly since the second half of 2020, although it recovered considerably in the summer quarter.

Table 3

Euro-area GDP growth and inflation

(percentage changes)

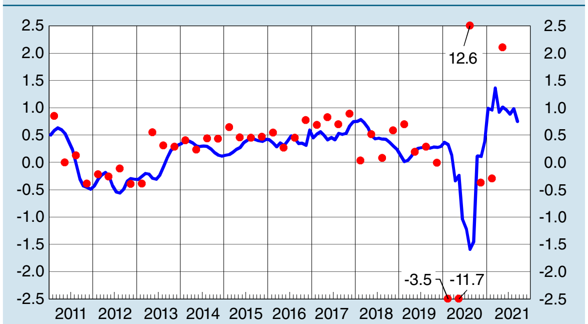
	GDP growth			Inflation
	2020	2021 Q1 (1)	2021 Q2 (1)	2021 September (2)
France	-7.9	0.0	1.1	2.7
Germany	-4.6	-2.0	1.6	4.1
Italy	-8.9	0.2	2.7	2.9
Spain	-10.8	-0.6	1.1	4.0
Euro area	-6.4	-0.3	2.1	3.4

Sources: Based on national statistics and Eurostat data.
(1) Quarterly data adjusted for seasonal and calendar effects; percentage changes on previous period. – (2) Year-on-year percentage changes in the harmonized index of consumer prices (HICP).

Figure 7

€-coin coincident cyclical indicator and euro-area GDP

(monthly and quarterly data; percentage changes)



Sources: Bank of Italy and Eurostat.
(1) For €-coin, monthly estimates of changes in GDP on the previous quarter, net of the most erratic components. For the methodology used to construct the indicator, see the box 'The €-coin indicator and the economic situation in the euro area', in *Economic Bulletin*, July, 2009, and on the Bank of Italy's website, '€-coin: December 2020'. Updated data on the indicator are available on the Bank of Italy's website, '€-coin: September 2021'. – (2) For GDP, quarterly data; percentage changes on previous quarter.

The ECB staff projections released at the beginning of September indicate that GDP will grow by 5.0 per cent in 2021, and by 4.6 and 2.1 per cent in the next two years respectively. Compared with last June, these projections have been revised upwards by 0.4 percentage points for 2021, above all because of the better than expected results in the second quarter; GDP is expected to return to above pre-pandemic levels by the end of this year.

The rise in inflation reflects temporary factors and increases in energy prices

Consumer price inflation reached 3.4 per cent in September over the twelve months (Figure 9). The core component rose to 1.9 per cent. The acceleration in prices is due above all to the extremely marked growth in the energy component, as well as to temporary factors connected to the fiscal measures adopted in Germany in 2020,[1] the effects of which will last until the end of the current year.

Producer price pressures have not passed through to salaries

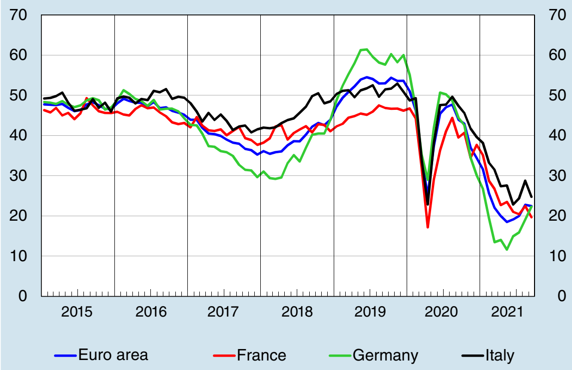
The pressure on prices associated with higher prices for raw materials and intermediate inputs should be of a temporary nature. There have been no signs of any amplification caused by wage growth as yet, although they may emerge in the future: price pressure is very low at the moment (0.9 per cent in July), also owing to the ample margins of spare capacity.

According to the Eurosystem staff projections, harmonized inflation will reach 2.2 per cent in 2021, 1.7 per cent in 2022 and 1.5 per cent in 2023, higher values than those predicted last June (by 0.3, 0.2 and 0.1 percentage points respectively), but still not in line with the price stability objective.

Figure 8

PMIs of delivery times (1)

(monthly data; diffusion indices)

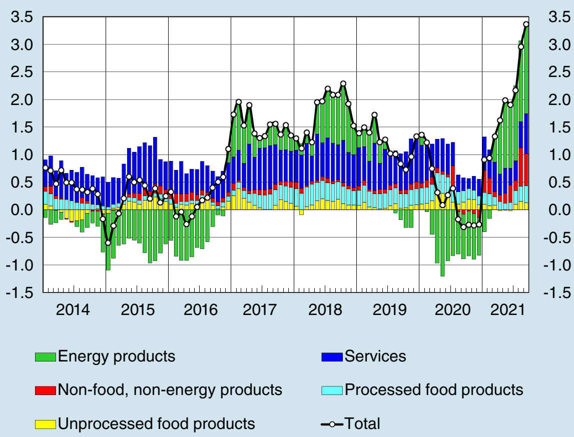


Source: Markit.
(1) Diffusion indices based on purchasing managers' assessments of delivery times. The index is obtained by adding half of the percentage of replies of 'stable' to the percentage of replies of 'increasing'. A reduction in the index points to longer delivery times.

Figure 9

Euro-area inflation and contributions of its components (1)

(monthly data; percentage changes and points)



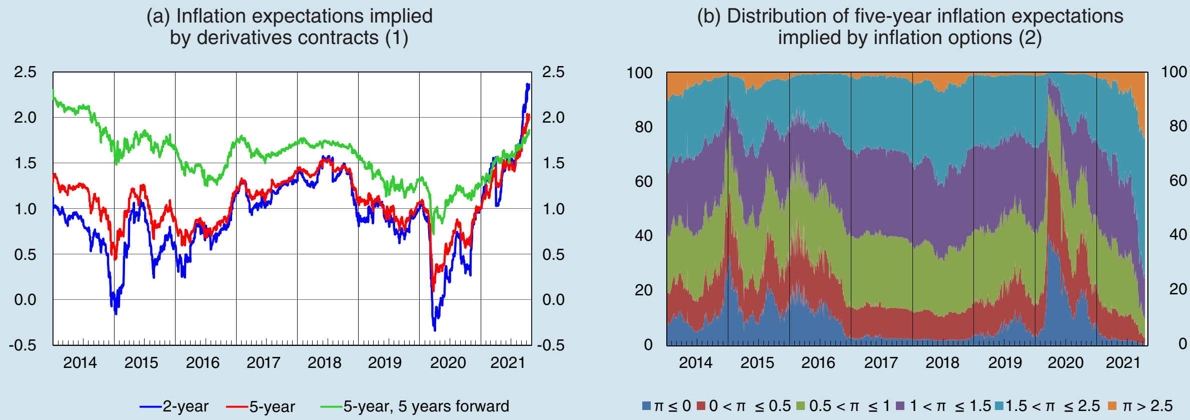
Sources: Based on Eurostat and ECB data.
(1) 12-month changes in the HICP.

Inflation expectations indicate the clear fading of fears of deflation, while the risks of inflation being above the medium-term objective still remain very low. Inflation expectations as implied by

[1] In September, inflation increased by 4.1 per cent in Germany. In 2020, the German government had introduced some measures included in the Climate Action Programme 2030 (such as carbon tax, incentives for using energy from sustainable sources, and the increase in taxes on new vehicle registrations based on their CO_2 emissions) and had decided on a cut in the value-added tax rate, limited to the second quarter.

Figure 10

Inflation expectations
(daily data; per cent)

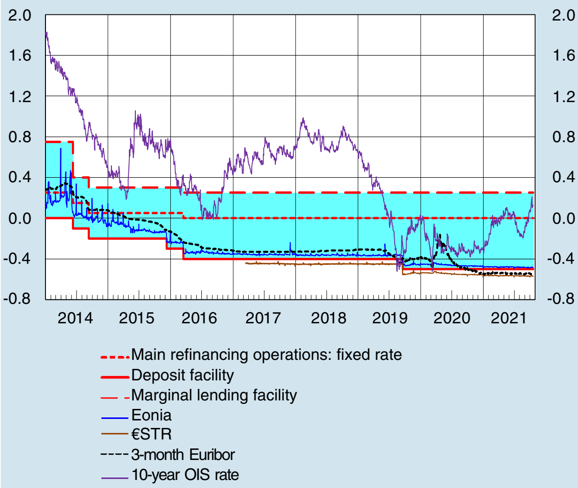


Source: Based on Bloomberg data.
(1) Expected inflation rates implied by 2-year, 5-year and 5-year, 5 years forward inflation swaps. – (2) The distribution of expected inflation (π) is estimated based on the prices of zero-coupon inflation options in the euro area over a 5-year horizon. The underlying inflation rate is calculated based on the euro-area HICP excluding tobacco.

inflation swaps have increased over the two- and five-year horizons; in mid-October, they stood at 2.4 and 2.0 per cent respectively, up from 1.5 per cent for both at the beginning of July (Figure 10.a). The five-year, five years forward expectations rose more modestly, to 1.9 per cent from 1.6 per cent. Based on options prices, the probability of inflation being lower than or equal to 1.5 per cent on average over the next five years has reduced considerably (to around 25 per cent), and is slightly greater than the probability of inflation being higher than 2.5 per cent (Figure 10.b).

Figure 11

Official interest rates and money market rates in the euro area (1)
(daily data; per cent)



Sources: ECB and Refinitiv.
(1) As of 1 October 2019, the €STR is a new overnight benchmark rate for the euro-area money market. For the period prior to this, the figure shows the pre-€STR. From 1 October until the end of 2021, the Eonia is calculated as the €STR plus a fixed spread of 8.5 basis points.

Purchases under the PEPP continue ...

The ECB Governing Council believes that maintaining favourable financing conditions (Figure 11) remains essential to ensure that the recovery continues. To this end, it will continue to carry out purchases under the pandemic emergency purchase programme (PEPP) in a flexible way. Based on a joint assessment of financing conditions and the inflation outlook, the Council has decided that in the last three months of the year, the pace of purchases can be moderately lower than in the previous two quarters, but reiterated that the resources available under the PEPP can be increased if necessary.

... and the ECB's key interest rates remain low

In light of the results of the monetary policy strategy review (see *Economic Bulletin*, 3, 2021),[2] the ECB Governing Council expects to keep the key interest rates at levels equal to or below the current ones until the outlook is for inflation to reach 2 per cent well ahead of the end of its three-year projection horizon and in a durable way, and until the progress made by underlying inflation is sufficiently advanced as to be consistent with inflation stabilizing at 2 per cent over the medium term.[3]

The Eurosystem's net asset purchases of public and private sector securities under the asset purchase programme (APP) continued regularly, and at the end of September, the book value stood at €3,068 billion (Table 4). In the same period, net purchases under the PEPP brought the total book value of the portfolio of public and private sector securities purchased under this programme to €1,400 billion.

Table 4

Securities held in the Eurosystem under the APP and PEPP
(billions of euros)

	Private sector securities (1)	Public sector securities (1)	*of which*: Italian public sector securities (2)	*of which*: Italian public sector securities purchased by the Bank of Italy (2)
APP				
June 2021	602	2,415	422	379
September 2021	619	2,449	431	386
PEPP (3)				
May 2021	40	1,059	183	164
September 2021	47	1,353	230	206

Sources: Bank of Italy and ECB.
(1) Book values at amortized cost. – (2) Difference between the acquisition cost of all purchase operations and the redeemed nominal amounts. – (3) PEPP data are published bimonthly.

On 29 September, the ninth auction of the third series of targeted longer-term refinancing operations (TLTRO III) was settled, allocating €98 billion to euro-area counterparties, of which €42 billion to Italian counterparties (Table 5). The total value of the funds disbursed under these operations rose to €2,206 billion for the euro area and €447 billion for Italy.

Lending growth strengthens

During the summer months, the increase in lending to non-financial corporations and households in the euro area continued, reaching an annualized quarterly rate of 2.8 per cent in August on the previous three months (from 1.1 per cent in May, adjusted for seasonal factors and the accounting effect of securitizations; Figure 12.a). These dynamics mainly benefited from the improvement in the economic outlook. Lending to households picked up again, reaching 4.6 per cent on average in the euro area.

Between May and August, the interest rates on new loans to non-financial corporations decreased slightly, to 1.4 per cent (Figure 12.b); the cost of credit to households for house purchases remained unchanged, at 1.3 per cent.

[2] For further details and a more in-depth analysis of the new monetary policy strategy, see the Bank of Italy's website: 'Outcome of the monetary policy strategy review', 8 July 2021, as well as, in particular, 'The ECB's monetary policy strategy statement' and 'An overview of the ECB's monetary policy strategy'.

[3] ECB, 'Monetary policy decisions', press release, 22 July 2021.

Table 5

Eurosystem refinancing operations
(billions of euros)

	Euro area		Italy	
	Amount	Number of counterparties	Amount	Number of counterparties
Total refinancing at 29 September 2021 (1)	**2,230**		**468**	
Refinancing under TLTRO III	2,206		447	
of which: last operation settled in September 2021 (gross)	98	152	42	43
last operation settled in September 2021 (net) (2)	18		5	

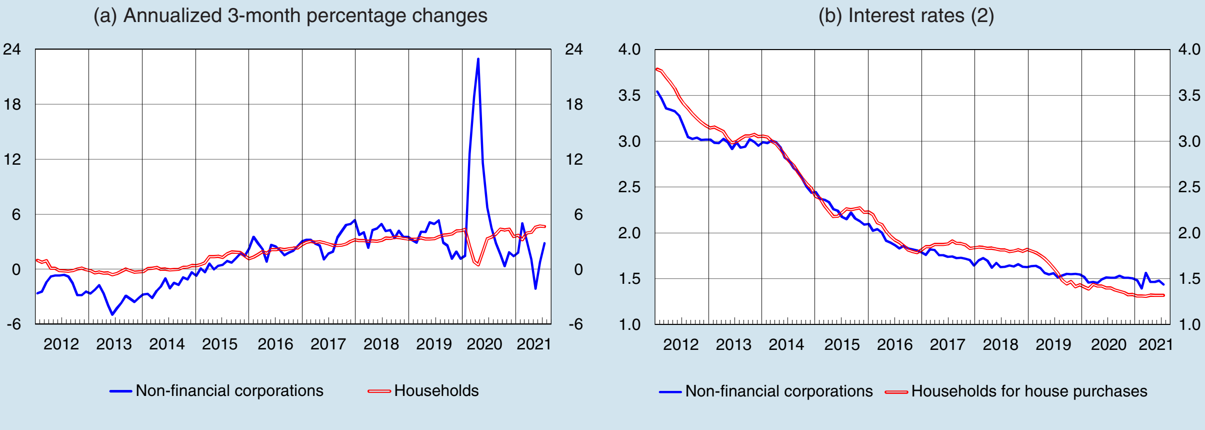
Sources: Bank of Italy and ECB.
(1) Includes the total amounts of main refinancing operations and longer-term refinancing operations, i.e. 3-month LTROs, TLTRO III, and pandemic emergency longer-term refinancing operations (PELTROs). – (2) The net amount of the funds allotted is calculated excluding the amounts matured or redeemed under TLTRO II.

The first Next Generation EU funds have been disbursed

Between the end of July and October, upon a proposal of the European Commission, the Council of the EU approved another seven national investment and reform plans under the Recovery and Resilience Facility,[4] the main instrument of the Next Generation EU programme. The Commission has begun to disburse the first tranche of resources in the form of pre-financing, equal to more than €52 billion, of which just under half to Italy.[5] For this purpose, over €85 billion have been raised on capital markets so far.

Figure 12

Lending in the euro area (1)
(monthly data)



Source: ECB.
(1) Includes bad debts, repos and loans not reported in banks' balance sheets because they have been securitized. Percentage changes are calculated net of reclassifications, exchange rate variations, value adjustments, and other variations not due to transactions. Data are seasonally adjusted. – (2) Weighted average of interest rates on new short and medium-long term loans, with weights equal to the 24-month moving average of new loan disbursements; for non-financial corporations, includes overdrafts.

[4] On 26 July, the Council adopted the plans for Croatia, Cyprus, Lithuania and Slovenia, on 6 September those for Ireland and the Czech Republic and on 5 October that for Malta; a further 12 plans had previously been approved (see *Economic Bulletin*, 3, 2021).

[5] Other than to Italy, resources in the form of pre-financing have been disbursed to Austria, Belgium, Croatia, Cyprus, the Czech Republic, Denmark, France, Germany, Greece, Latvia, Lithuania, Luxembourg, Portugal, Slovakia, Slovenia and Spain.

1.3 GLOBAL FINANCIAL MARKETS

Since mid-July, yields on long-term government bonds have increased in the leading advanced economies. Concerns over the Evergrande case did not significantly influence market volatility in the third quarter. The euro depreciated against the dollar, in line with the ECB's relatively more expansionary monetary stance.

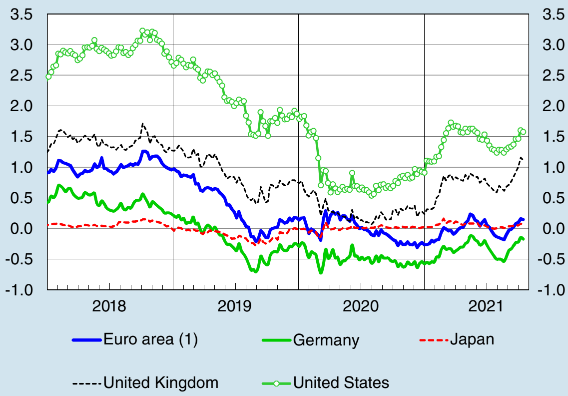
Long-term yields increase

The announcement in September of an upcoming monetary restriction on the part of the Federal Reserve and the Bank of England (see Section 1.1) contributed to long-term yields in the United States and the United Kingdom increasing by around 20 and 40 basis points respectively (Figure 13). Interest rates rose in the euro area too, albeit to a lesser extent, and remained stable in Japan. At the beginning of October, the yields on ten-year public sector securities stood at 1.6 per cent in the United States, 1.1 per cent in the United Kingdom, -0.2 per cent in Germany, and 0.1 per cent in Japan. In the main euro-area countries, the yield spread with the corresponding German Bund remained essentially stable (Figure 14).

Figure 13

Yields on 10-year government bonds

(end-of-week data; per cent)



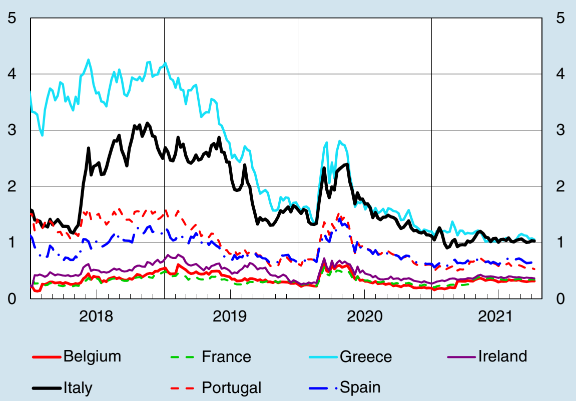
Source: Based on Refinitiv data.
(1) Average yields, weighted by 2019 GDP at chain-linked prices, of the 10-year benchmark government securities of the euro-area countries, excluding Cyprus, Estonia, Greece, Latvia, Lithuania, Luxembourg, Malta, Slovakia and Slovenia.

Share prices have gone up in the leading advanced economies since mid-July (Figure 15); since the beginning of the year, they have increased by about 20 per cent in the United States, by 15 per cent in the euro area, by about 10 per cent in the United Kingdom and by 5 per cent in Japan.

Figure 14

Yield spreads between 10-year government bonds and the corresponding German Bund

(end-of-week data; percentage points)

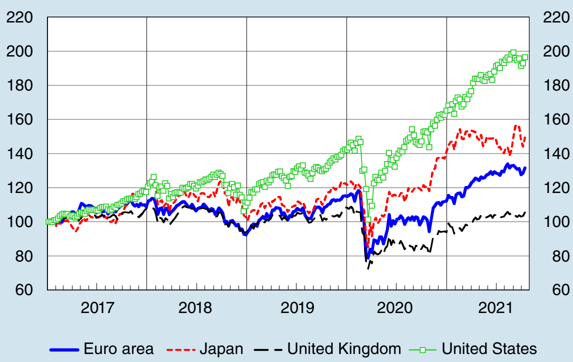


Source: Based on Bloomberg data.

Figure 15

Equity prices (1)

(end-of-week data)



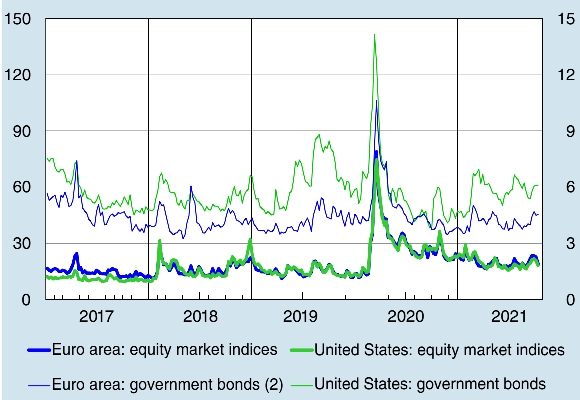
Source: Refinitiv.
(1) Indices: Dow Jones Euro Stoxx for the euro area, Nikkei 225 for Japan, FTSE All Share for the United Kingdom and Standard & Poor's 500 for the United States. Index: 1st week of January 2017=100.

Tensions emerge over the Evergrande case

In September, the non-payment of coupons on two international issues by Evergrande, a Chinese real estate group, triggered tensions on local and international financial markets. The fears over the repercussions on the entire real estate sector of the possible default of this group – China's second biggest in the sector – were not reflected in a rise in the volatility of shares, however, in either the United States or the euro area (Figure 16). A potential default could slow growth in China in the medium term, with possible effects on economic activity in the rest of the world. The risks for global financial stability are low, however, given the limited exposure of international investors to Evergrande and its creditors.

Figure 16

Implied volatility of equity and government bond prices (1)
(average weekly data; percentage points)



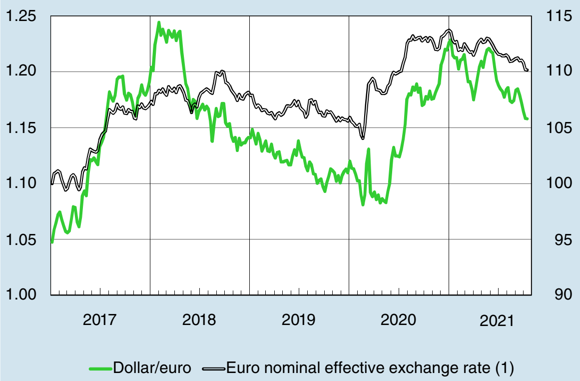
Source: Refinitiv.
(1) Equity indices: VSTOXX for the euro area and VIX for the United States. Government bonds: volatility implied by the prices of options on futures on the German Bund for the euro area and on the Treasury Note for the United States (MOVE index). – (2) Right-hand scale.

The euro depreciates

Since the beginning of July, the euro has depreciated against the dollar, in line with expectations of a relatively more expansionary monetary stance over the next few months on the part of the ECB (Figure 17). The single currency has also weakened in nominal effective terms, by 1.4 per cent. The indicators derived from the financial markets do not point to expectations of significant changes in the euro/dollar exchange rate (Figure 18).

Figure 17

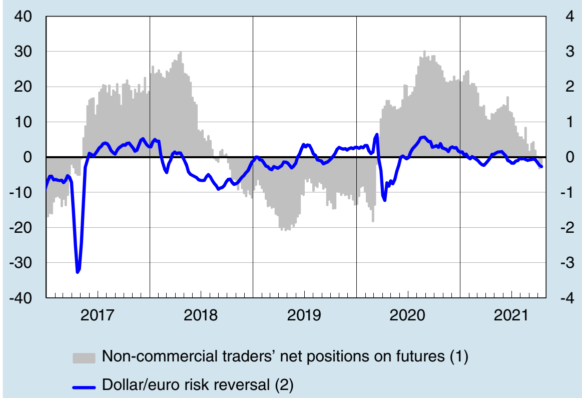
Exchange rates
(average weekly data; dollars per euro and index)



Sources: ECB, Bloomberg and Refinitiv.
(1) Index: 1st week of January 2017=100. Right-hand scale. An increase in the index corresponds to an appreciation of the euro.

Figure 18

Dollar/euro exchange rates: net positions and risk reversal
(end-of-week data; per cent)



Sources: ECB, Bloomberg and Refinitiv.
(1) Difference between non-commercial traders' long and short positions in euros on dollar/euro FX futures as a percentage of total outstanding positions. – (2) One-month risk reversal (20-day moving average), which measures the skewness of the distribution of expectations for the dollar/euro exchange rate. Negative (positive) values indicate a greater risk of a depreciation (appreciation) of the euro. Right-hand scale.

2 THE ITALIAN ECONOMY

2.1 CYCLICAL DEVELOPMENTS

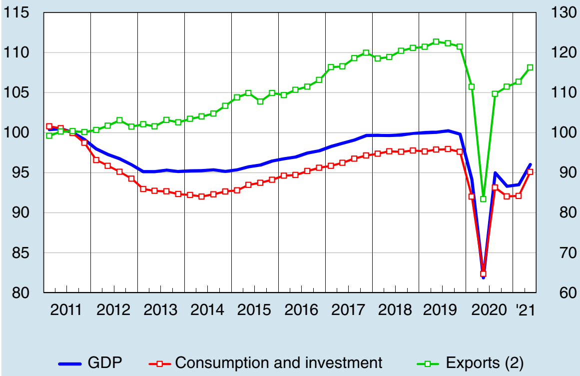
Growth picked up considerably in the second quarter of 2021, driven primarily by national demand. The increasing vaccination coverage was reflected in the confidence and behaviour of businesses and consumers. Our assessments, based on high-frequency indicators, suggest that GDP continued to expand by more than 2 per cent in the third quarter.

GDP rises above expectations in the second quarter

In the spring, GDP rose more than had been expected by all the observers[1] (by 2.7 per cent compared with the first quarter; Figure 19), driven by the strong upswing in household

Figure 19

GDP and its main demand components (1)
(quarterly data; indices: 2011=100)



Source: Based on Istat data.
(1) Chain-linked values; data adjusted for seasonal and calendar effects. – (2) Right-hand scale.

Table 6

GDP and its main components (1)
(percentage change on previous period and percentage points)

	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2020
GDP	15.9	-1.7	0.2	2.7	-8.9
Imports of goods and services	15.7	6.2	3.5	2.4	-12.9
National demand (2)	11.7	-0.7	0.8	2.5	-8.4
National consumption	9.9	-1.4	-0.9	3.4	-7.8
Household spending (3)	13.3	-2.7	-1.0	5.0	-10.7
General government spending	1.0	2.3	-0.5	-0.8	1.9
Gross fixed investment	29.2	-0.1	4.1	2.6	-9.2
Construction	43.2	-1.1	6.1	3.5	-6.7
Capital goods (4)	18.8	0.8	2.3	1.8	-11.3
Change in stocks (5)	-1.4	0.5	0.7	-0.8	-0.4
Exports of goods and services	31.5	1.6	1.1	3.2	-14.0
Net exports (6)	4.3	-1.1	-0.6	0.3	-0.8

Source: Istat.
(1) Chain-linked values; the quarterly data are adjusted for seasonal and calendar effects. – (2) Includes the changes in stocks and valuables. – (3) Includes non-profit institutions serving households. – (4) Include, as well as investment in plants, machinery and arms (which also include transport equipment), cultivated biological resources and intellectual property. – (5) Includes valuables; contributions to GDP growth on previous period; percentage points. – (6) Difference between exports and imports; contributions to GDP growth on previous period; percentage points.

[1] Our July estimates (see *Economic Bulletin*, 3, 2021) pointed to growth of more than 1 percentage point on the previous period; the average of the forecasts recorded by Consensus Economics and published on 19 July 2021 amounted to 1.3 per cent.

spending, especially on services. Investment by firms continued to expand and foreign trade returned to providing a positive contribution to growth (Table 6).

The wide-ranging recovery in value added in services, especially in the sectors hardest hit by the containment measures (retail, transport and accommodation services), was connected to the continuing upturn in industry excluding construction and, to a greater extent, in construction (Figure 20).

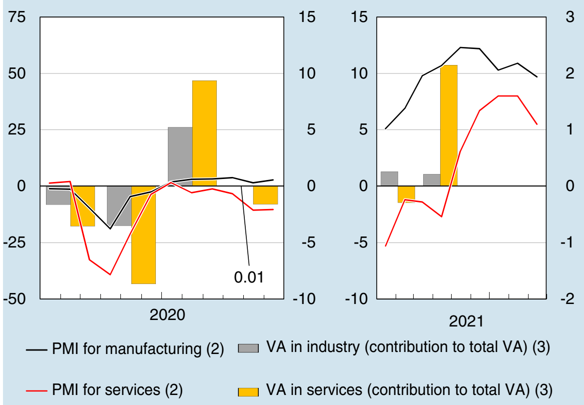
The recovery continues in the third quarter

Based on the available indicators, we estimate that in the third quarter GPD grew by over 2 per cent, owing to further sustained recovery in services alongside continuing expansion in industry (see the box 'Economic activity in the third quarter of 2021'). The PMIs (Figure 20) and the business and consumer confidence indices, though weakening slightly, remain favourable overall, standing at historically very high levels. The Ita-coin indicator dropped in September, but remains broadly positive; its performance was in part affected by the supply problems facing manufacturing firms, while demand made a positive contribution (Figure 21).

Figure 20

PMIs for industry and services and contributions to value added (1)

(monthly and quarterly data)

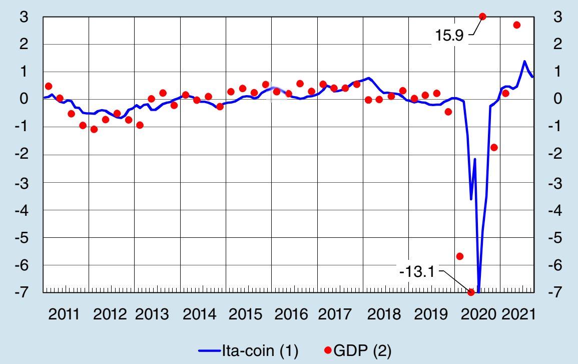


Sources: Based on Istat and Markit data.
(1) For graphic design reasons, the data for 2021 are shown on a different scale from that used for 2020. – (2) Diffusion indices implied in the purchasing managers' indices (PMIs). Distance from the value of 50, which represents the threshold compatible with expansion for the sector. – (3) Sector's contribution to the quarterly change in value added (VA). Percentage points. Right-hand scale.

Figure 21

Ita-coin coincident cyclical indicator and GDP in Italy

(monthly and quarterly data; percentage changes)



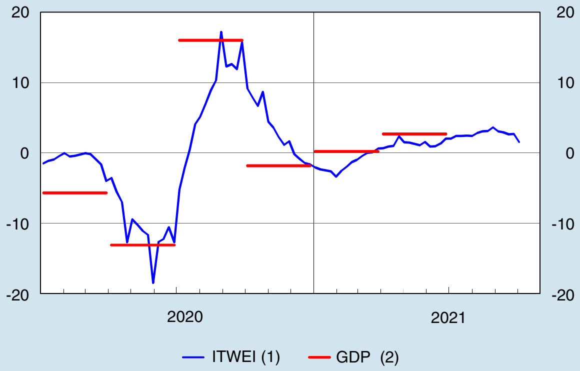
Sources: Bank of Italy and Istat.
(1) Monthly estimates of changes in GDP on the previous quarter, net of the most erratic components. Further details are available on the Bank of Italy's website: 'Itacoin coincident cyclical indicator'. Since November 2019, the dataset used for the Ita-coin estimate has been expanded with new data on services, which has meant adjusting the indicator profile. – (2) Quarterly data; changes on previous quarter.

ECONOMIC ACTIVITY IN THE THIRD QUARTER OF 2021

During the summer months, the Italian economy continued to benefit from the progress made in vaccinating the public and the full resumption of mobility. Based on the set of models used by the Bank of Italy, it is estimated that GDP grew by more than 2 per cent in the third quarter compared with the previous three months, reflecting a further improvement in value added in services and the continuing expansion in industry.

Figure A

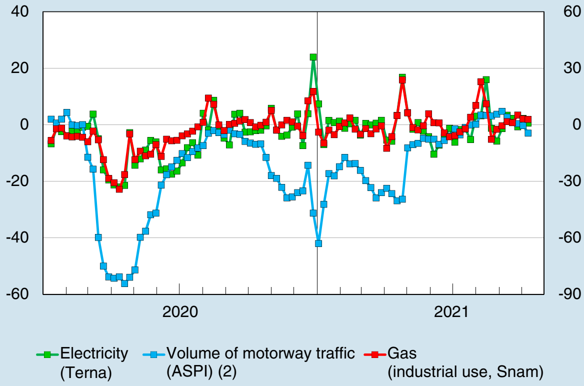
Italian weekly economic index (ITWEI)
(weekly and quarterly data; percentage changes)



Sources: Bank of Italy for ITWEI; Istat for GDP.
(1) The indicator reports the change obtained by considering the average for the last 13 weeks (corresponding to approximately one quarter) compared with the average for the previous 13 weeks. – (2) Quarterly data; changes on previous quarter.

Figure B

High-frequency cyclical indicators (1)
(weekly data; percentage changes)



Sources: Based on data from ASPI, Snam and Terna.
(1) Changes compared with the same week of the previous year. Starting from the 9th week of 2021, the changes are calculated using 2019 as the base year, owing to the anomalous developments caused by the pandemic in the corresponding weeks of 2020. The changes for the weeks of 20 April 2020 and 4 April 2021 are affected by Easter falling in those weeks. – (2) Right-hand scale.

The Italian weekly economic index (ITWEI; Figure A)[1] confirms that there was a sustained rise in GDP, averaging around 2 per cent, with an upper bound for the estimates of about 3 per cent, in the third quarter.

Industrial production, which has been above pre-pandemic levels since June, fell slightly in August (-0.2 per cent on the previous month); taking into account our estimates for September, it rose by around 1 per cent in the third quarter, in line with what was observed in the second quarter. This is consistent with the signals from the high-frequency indicators (Figure B), the index of confidence among industrial firms and the purchasing managers' index (PMI) for the manufacturing sector (see Figure 23.b).

The service sector, benefiting from the easing of restrictions on mobility, continued to grow robustly in the third quarter. This performance is confirmed by the level of the relative PMI, which was well above the threshold compatible with expansion, despite the drop in September (see Figure 20). During the summer, there continued to be improvement in confidence in services and retail trade, which is now higher than the long-term average.

Value added in construction basically remained stationary in the third quarter, after the sharp increases in the previous periods. These signs were confirmed by the data available on production; the sector's confidence improved in September, however, driven by expectations of a strong upturn in employment.

[1] The indicator monitors GDP growth by including a wide variety of information, including high-frequency data on payment flows and motorway traffic, as well as on consumption of electricity and of gas for industrial use. For further details, see D. Delle Monache, S. Emiliozzi and A. Nobili, 'Tracking economic growth during Covid-19: a weekly indicator for Italy', Banca d'Italia, *Note Covid-19*, 27 January 2021.

Mobility rises thanks to vaccines

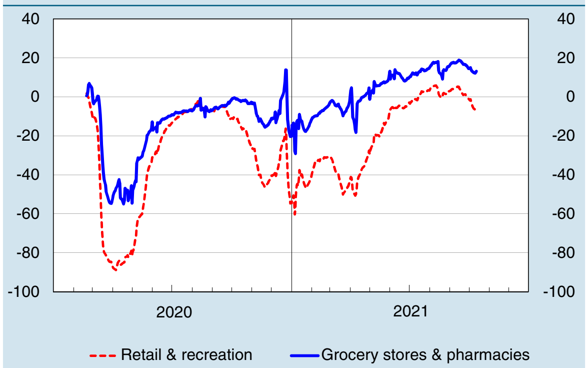
The return of mobility towards pre-pandemic levels, made possible by the distribution of vaccines, contributed to the ongoing recovery. According to the Google Mobility Index, in the third quarter there continued to be an uptick in trips to grocery stores and pharmacies and to other retail outlets and recreational activities, which had been more greatly affected by the administrative restrictions previously imposed (Figure 22).

GDP forecasts improve

The GPD growth estimates for this year, formulated by leading international institutions and private forecasters, have been progressively revised upward (Table 7). Based on the most recent data, our updated projections also suggest that growth could be about 6 per cent, more than expected in the July *Economic Bulletin*.

Figure 22

Google mobility indices (1)
(daily data; index number)



Source: Based on data from Google COVID-19 Community Mobility Reports.
(1) Changes in trips to retail outlets, recreational activities, grocery stores and pharmacies compared with the median value for the corresponding day of the week in the period from 3 January to 6 February 2020. Data at 12 October 2021. 7-day moving average.

Table 7

GDP growth: updated estimates
(percentage changes on previous year)

	Most recent estimates			Previous estimates		
		2021	2022		2021	2022
IMF	October	5.8	4.2	July	4.9	4.2
OECD	September	5.9	4.1	May	4.5	4.4
Consensus Economics	October	5.9	4.3	July	4.9	4.2

Sources: IMF, *World Economic Outlook Update*, July 2021 and *World Economic Outlook*, October 2021; OECD, *OECD Economic Outlook*, May 2021 and *OECD Interim Economic Outlook*, September 2021. Consensus Economics, *Consensus Forecasts*, July and October 2021.

2.2 FIRMS

According to the latest high-frequency data, industrial production continued to rise in the third quarter, firmly regaining pre-pandemic levels. In the assessment of the firms, surveyed between August and September, the investment plans for 2021 remain favourable overall.

Industrial production rises

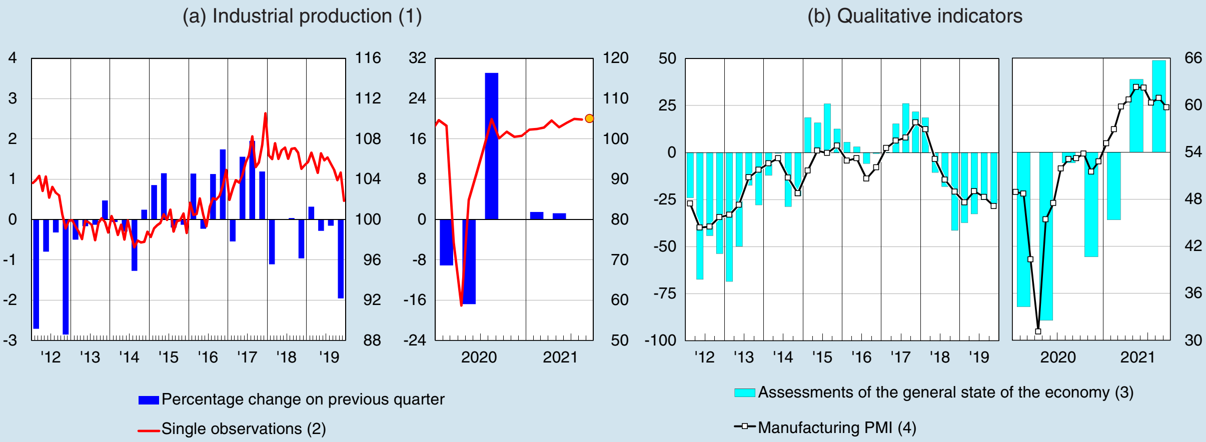
In industry, economic activity rose in July before dropping off slightly in August. Based on our estimates, in the third quarter as a whole, it went on expanding by around 1 per cent, in line with the previous quarter (Figure 23.a; see the box 'Economic activity in the third quarter of 2021'). The latest qualitative indicators are also consistent with a further increase in manufacturing output (Figure 23.b).

Investment continues to expand

In the second quarter, firms' spending on capital goods rose once again (1.8 per cent compared with the previous quarter), narrowing the gap with end-2019 levels to 1.3 percentage points. The reduction in the value of leasing contracts recorded by Assilea, the Italian leasing association, is compatible with a slight deceleration in investment in the third quarter compared with the spring months. Our surveys conducted between August and September also indicate that firms expect investment to grow in the second half of the year, but slightly less markedly than predicted in the previous survey. Investment conditions continue to be very favourable (see the box 'Italian firms' assessments reported in the Bank of Italy's surveys').

Figure 23

Industrial production and qualitative indicators
(monthly data; diffusion indices)



Sources: Based on data from the Bank of Italy, Istat, Markit and Terna.
(1) Data seasonally and calendar adjusted. For graphic design reasons, the scale used for plotting the 2020 and 2021 data is different from that used for the preceding years. – (2) Monthly data. Index: 2015=100. The yellow dot represents the estimate for September 2021. Right-hand scale. – (3) Quarterly data. Balance, in percentage points, of the responses 'better' and 'worse' to the question on the general state of the economy (see 'Survey on Inflation and Growth Expectations', Banca d'Italia, Statistics Series, 11 October 2021). – (4) Average quarterly data (left-hand panel) and monthly data (right-hand panel). Diffusion indices of economic activity in the manufacturing sector based on purchasing managers' assessments (PMI). The index is obtained by adding half of the percentage of replies of 'stable' to the percentage of replies of 'increasing'. Right-hand scale.

ITALIAN FIRMS' ASSESSMENTS REPORTED IN THE BANK OF ITALY'S SURVEYS

Between 26 August and 16 September, the Bank of Italy conducted its quarterly survey on inflation and growth expectations on a sample of about 1,500 firms with 50 or more employees active in industry excluding construction, services and construction (see 'Survey on Inflation and Growth Expectations', Banca d'Italia, Statistics Series, 11 October 2021).

Over 50 per cent of the firms, an historically high figure, deem that the general economic situation has improved compared with late spring. The balance between the percentage of responses of an increase and that of a decrease in current sales rose further for the economy as a whole by around 5 percentage points (to 49 points for industry excluding construction, 36 points for services and 37 points for construction). The number of firms expecting demand for their products to expand over the next three months far exceeds that anticipating a reduction, also taking into account foreign markets.

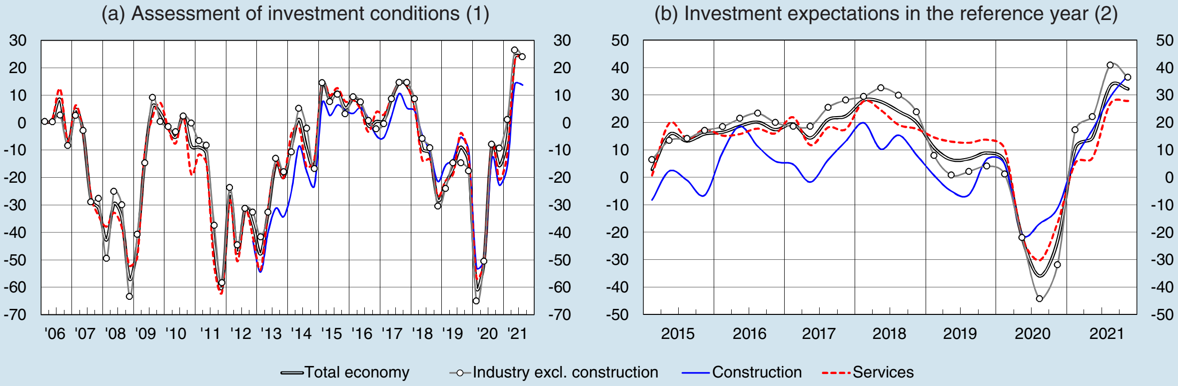
According to the responses, economic activity will benefit from the increase in demand, while the uncertainty arising from economic and political factors continues to be the main dampener, along with rising oil prices. The non-availability of intermediate inputs is viewed as the most significant obstacle for industry excluding construction, especially for large firms. The majority of firms expect there to be an increase in the number of COVID-19 cases, albeit less severe than in autumn 2020, in the three months following the survey.

The balance between the share of responses pointing to an improvement in investment conditions and those indicating a worsening – which had significantly increased in the previous survey and turned positive again for the first time in three years – has stabilized around historic highs (24 percentage points; see panel (a) of the figure).

Figure

Assessments and expectations regarding investment

(quarterly data; percentage points)



Source: 'Survey on Inflation and Growth Expectations', Banca d'Italia, Statistics Series, 11 October 2021.
(1) Balance of opinion between positive and negative assessments compared with the previous quarter. Construction firms are included in 'Total economy' starting from 2013 Q1. – (2) Balance of opinion between positive and negative assessments compared with the previous year. The first expectations for the reference year are surveyed in the last quarter of the preceding year.

Firms in industry excluding construction and in services expect an analogous increase in total investment in the second half of the year, albeit somewhat less marked than was anticipated in the previous survey. As regards 2021 as a whole, the balance between firms expecting capital accumulation to grow compared with 2020 and those expecting it to decline has remained fairly stable at around 32 percentage points (panel (b) of the figure).

The positive developments in investment for this year is also confirmed by the opinions expressed in the economic survey conducted between September and October by the Bank of Italy's branches on a sample of over 4,500 non-construction industry and service firms with at least 20 employees and construction firms with at least 10 employees ('Business Outlook Survey of Industrial and Service Firms', Banca d'Italia, Statistics Series, forthcoming).

Two thirds of the firms confirm that actual investments in 2021 are basically in line with those planned as at the end of 2020, which were expansionary on average. The balance between the share of firms that reported having spent more than planned and those that reported having spent less is positive across all sectors and size classes, primarily thanks to the small percentage of assessments of a contraction, which was very low by historical standards. As for planned investment for 2022, the expectations of an increase compared with this year comfortably exceed those of a decrease.

Investment was supported both by the recovery in sales in the first nine months of the year compared with the same period of the previous year and by expectations of a further increase over the next six months. Around 60 per cent of the service firms and 70 per cent of those in industry excluding construction report that their turnover in 2021 will equal or surpass pre-pandemic levels; however, more than half of the firms in the textiles, clothing and footwear industry do not expect to return to 2019 levels by the end of the year. The assessments are uniform across the various size classes.

A significant share of the firms encountered problems procuring production inputs in the first nine months of 2021, specifically about 20 per cent of firms in the service sectors and 60 per cent of those in industry, especially those in the chemical, rubber and plastics, and metal and engineering sectors. Among the firms with procurement issues, 80 per cent reported that the prices of inputs had increased, around 70 per cent indicated that they were unavailable and a similar share stated that they experienced delays connected with suppliers' processing times or transport times; in particular, the unavailability of semiconductors and other electronic components mainly affected the metal and engineering sector. Difficulties in purchasing production inputs were worse among those firms with favourable turnover projections; these problems, according to the firms affected by procurement problems, are being reflected mainly in an increase in selling prices (for 34 per cent) and delivery times (30 per cent) and in a reduction in profit margins (23 per cent).

The pickup in activity has also had a positive impact on employment: the firms report a sharp uptick in hours worked in the first nine months of the year and an overall increase in staffing by the end of 2021.

Additional data collected by the Bank of Italy's branches through informal contacts with the firms indicate that expectations concerning the implementation of the National Recovery and Resilience Plan (NRRP) are having a positive effect on firms' investment plans. The firms have mitigated the impact of intermediate input procurement problems on processing and delivery times by reorganizing production and adjusting supply contracts.

The construction firms interviewed also had overall positive assessments of their activity: the balance between the share of expectations of an increase and those of a decrease in employment returned broadly positive in 2021, as did that for total production, supported in part by the public works sector. In firms' opinion, production will continue to expand in 2022. Informal discussions between the firms and the Bank of Italy's branches suggest that, according to businesses, the Superbonus introduced by Decree Law 34/2020 ('Relaunch Decree') is having a very positive impact on the construction firms' business, especially after the entry into force of Decree Law 77/2021 ('Simplification Decree'), which has made it significantly more effective.

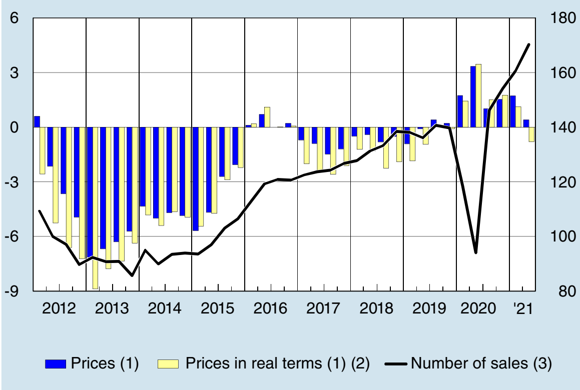
The outlook for the real estate market improves

In the second quarter, in the construction sector investment rose by more than 3 per cent in both the residential and commercial components. In the third quarter, building industry output was still well above pre-pandemic levels. The volume of residential property sales rose sharply in the spring (6.0 per cent). Based on our calculations using the listings on the Immobiliare.it online platform, in the summer, too, demand for residential properties reached levels higher than those recorded in the quarter prior to the outbreak of the pandemic. House prices, especially those for new housing, continued to rise in the second quarter of 2021; in the first half of the year, prices increased by 1.0 per cent year-on-year (Figure 24). According to the Italian Housing Market Survey conducted in June and July on a sample of real estate agents, the outlook for

Figure 24

House prices and sales

(quarterly data; percentage changes and index numbers)



Sources: Based on data from the Osservatorio del Mercato Immobiliare, Bank of Italy, Istat and Consulente Immobiliare.
(1) Year-on-year percentage changes. – (2) House prices deflated by the consumer price index. – (3) Adjusted for seasonal and calendar effects. Indices: 2015=100. Right-hand scale.

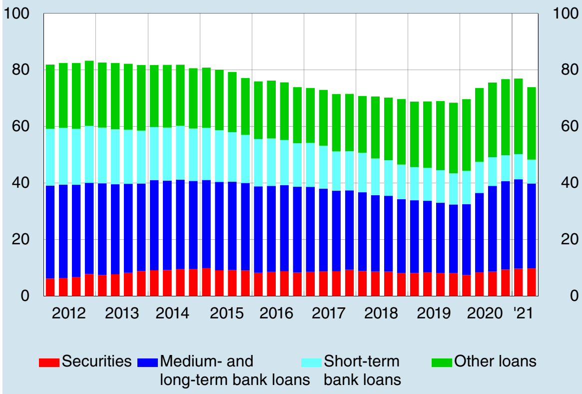
the domestic market improved, in part owing to the effect of the pandemic, deemed on the whole to have strengthened demand for housing;[2] the balance between expectations of an increase and those of a decrease in prices continued to improve.

Firms' liquidity remains high

Compared with the previous period, the debt of Italian non-financial corporations fell in the second quarter, to 74.1 per cent of GDP (112.3 per cent in the euro area; Figure 25). The amount of liquidity held by firms in their deposit and current accounts continues to be high (see Section 2.7) although lower than in the first quarter. These developments resulted in a positive financial balance.

Figure 25

Debt of non-financial corporations (1)
(quarterly data; per cent of GDP)



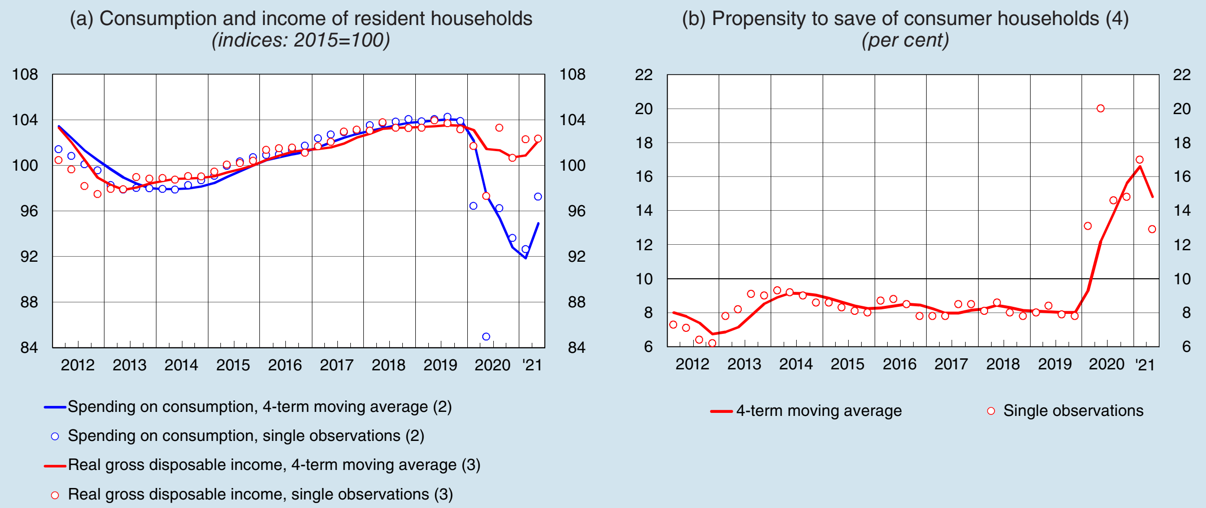
Sources: Based on Bank of Italy and Istat data.
(1) End-of-quarter stocks for debt (including securitized loans); 4-quarter cumulative flows for income. The data for the last quarter are provisional.

2.3 HOUSEHOLDS

Based on the available indicators, the bounce-back in consumption continued in the summer, thanks to the progress made in the vaccination campaign, which permitted greater mobility and eased hesitation surrounding purchases. Nonetheless, households continue to exercise caution in making consumption decisions. The propensity to save decreased in the second quarter.

Figure 26

Consumption, income and propensity to save (1)
(quarterly data)



Source: Based on Istat data.
(1) Seasonally adjusted data. – (2) Chain-linked volumes. – (3) Net of the variation in the final consumption expenditure deflator for resident households. – (4) Consumer households' savings as a percentage of real gross disposable income.

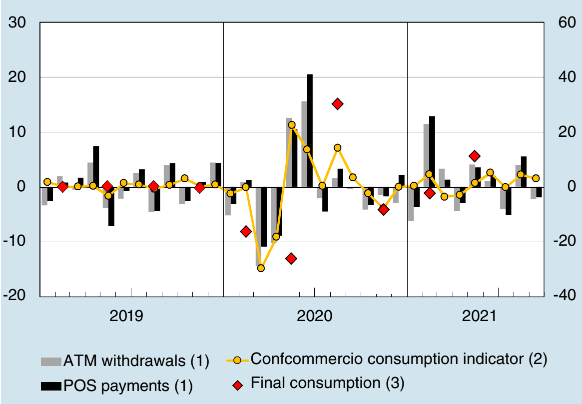
[2] For more details, see E. Guglielminetti, M. Loberto, G. Zevi and R. Zizza, 'Living on my own: the impact of the Covid-19 pandemic on housing preferences', Banca d'Italia, Questioni di Economia e Finanza (Occasional Papers), 627, 2021.

Consumption rises in the spring … In the second quarter, household consumption rose by 5.0 per cent, more than expected by the main forecasters and amply offsetting the cumulative decline over the previous six months. Spending increased on both goods and, especially, services; however, given the marked decrease recorded since the start of the crisis, spending on services was still 14 per cent lower than at the end of 2019 (compared with 6.4 per cent for total consumption). Disposable income in real terms remained basically the same as in the previous quarter (Figure 26.a). The propensity to save therefore fell to 12.9 per cent, 5 percentage points above pre-pandemic levels (Figure 26.b).

… and increases over the summer The latest cyclical indicators point to a further sharp expansion in consumption in the third quarter, encouraged by the easing of the restrictions due to the progress made in administering vaccinations. Confcommercio's indicator rose compared with the second quarter, driven by the sharp increase in services. The high-frequency data on withdrawals and electronic payments are also consistent with the continued rise in consumption in the summer months (Figure 27). Consumer confidence improved greatly in September, reaching its highest level since the time series began, thanks to much more favourable assessments of the general state of Italy's economy (Figure 28).

Figure 27

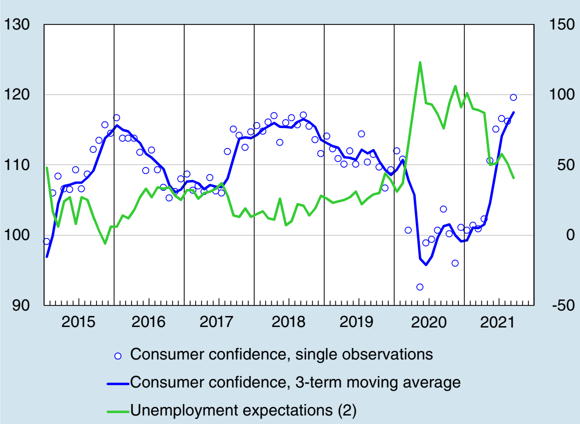
Consumption expenditure, ATM withdrawals and POS payment amounts
(monthly and quarterly data; percentage changes on the previous period)



Sources: Based on data from the Bank of Italy, Confcommercio and Istat.
(1) Data from the BI-Comp multilateral clearing system, seasonally adjusted. For more details, see the Bank of Italy's website, 'BI-COMP and CABI: retail payments systems'. Right-hand scale. – (2) Data seasonally adjusted. Right-hand scale. – (3) Final consumption expenditure of resident and non-resident households throughout the economic territory; current prices; the series are calendar adjusted. The figure for the third quarter of 2021 is not yet available.

Figure 28

Consumer confidence (1)
(monthly data; indices: 2010=100 and percentage points)



Source: Based on Istat data.
(1) Seasonally adjusted data. In the absence of the figure for April, the moving average for April, May and June 2020 is constructed on the basis of the only two observations available. – (2) Balance in percentage points between replies indicating 'an increase' and those indicating 'a decrease'. A rise in the balance signals a deterioration in the expectations regarding the unemployment rate. Right-hand scale.

The Bank of Italy's Special Survey of Italian Households, carried out between the end of August and the start of September, indicates that households' expectations concerning the state of the economy and of the labour market turned positive for the first time since the survey was launched in spring 2020. The negative impact on consumption patterns linked to the health emergency were significantly eased by the progress in the vaccination campaign (see the box 'Italian households during the pandemic: the Bank of Italy's survey').

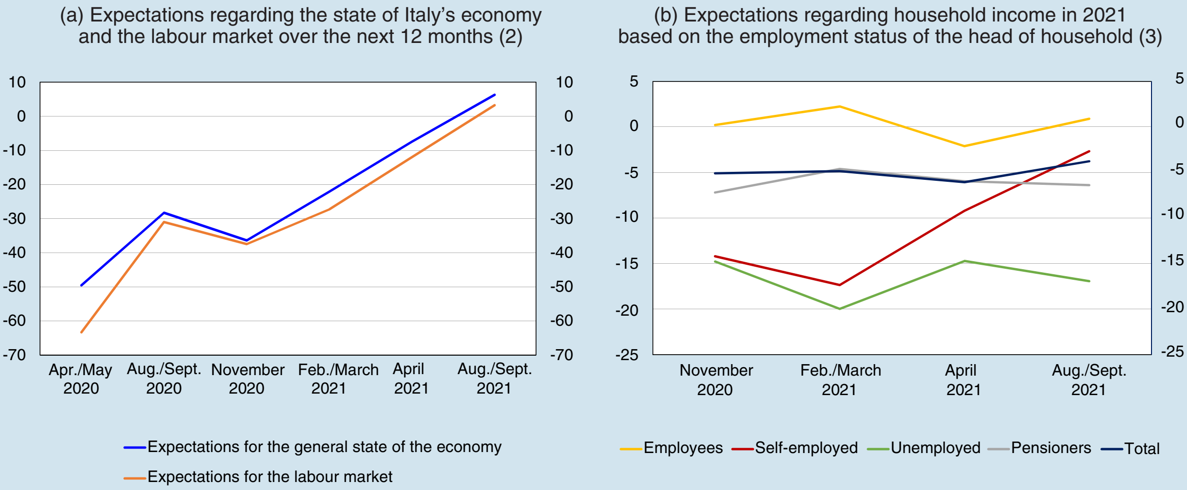
ITALIAN HOUSEHOLDS DURING THE PANDEMIC: THE BANK OF ITALY'S SURVEY

Between the end of August and the start of September the Bank of Italy conducted the sixth edition of its Special Survey of Italian Households to collect information on the financial situation and expectations of households.[1] Compared with the survey conducted last spring (see *Economic Bulletin*, 3, 2021), households' expectations concerning the general state of the Italian economy have improved overall, thanks to assessments of the progress made in administering vaccines and to the more encouraging view of the epidemiological picture going forward.

The balance between expectations of an improvement and those of a deterioration regarding the general state of the economy and the labour market in the next twelve months turned positive for the first time since the survey began in spring 2020 (panel (a) of Figure A). The percentage of households that expect a deterioration of these aspects fell by more than 10 percentage points to 27 per cent and 31 per cent respectively; these are the lowest figures since the survey began.

Figure A

Assessments of the economic and financial conditions (1)
(percentage points)



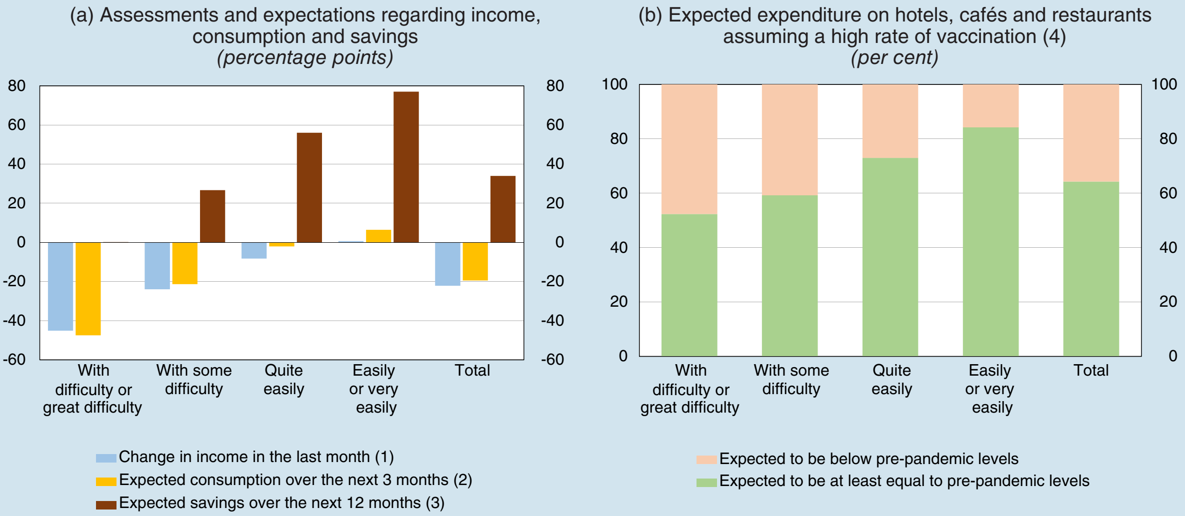
Source: Special Survey of Italian Households.
(1) The dates on which the surveys were conducted are shown on the horizontal axis. For the April/May 2020 edition, only data gathered using the same interview technique as subsequent editions were included. – (2) Balance between reports of improvement and deterioration. For the first edition, expectations for the labour market refer to the trend in the number of unemployed over the next 12 months. – (3) Balance between percentage of households that expect income to increase and the percentage of those that expect it to decrease in 2021 compared with 2020.

Expectations concerning household income are essentially stable compared with the spring survey: three out of four households expect their income for this year to be similar to that of 2020; 15 per cent expect it to be lower. The assessments by households whose head is self-employed, which were those hardest hit during the most acute phases of the pandemic, gradually improved in the course of the year: the balance between expectations of an increase and those of a decrease in household income

[1] The interviews were conducted remotely between 23 August and 3 September using a multimedia touchscreen device on a sample of over 2,000 households that had also taken part in the fifth edition of the survey. Since April 2020, six editions of the survey have been carried out. The main findings and the methodology used in the fifth edition are described in C. Rondinelli and F. Zanichelli, 'The main results of the fifth wave of the Special Survey of Italian Households', Banca d'Italia, *Note Covid-19*, 7 September 2021 (only in Italian).

Figure B

Households' assessments and expectations based on capacity to meet monthly expenses



Source: Special Survey of Italian Households, sixth edition.
(1) Balance between the percentage of households whose income increased last month and the share of those whose income decreased compared with before the pandemic. – (2) Balance between the percentage of households expecting an increase in their consumption of non-durables over the next three months and those expecting a decrease. – (3) Balance between the percentage of households expecting to be able to save in the next 12 months and those expecting to draw down their savings or borrow money. – (4) Households were asked to indicate how their spending on hotels, cafés and restaurants would change if 75 per cent of Italians complete their vaccination cycles in the three months following the interview.

rose by 7 percentage points compared with April, bringing it in line with the average for the total population for the first time since last autumn (panel (b) of Figure A).

Around one third of households state that they have been able to put aside some savings since the start of the pandemic; the share is larger for households whose head holds a university degree. The percentage of households that expect to be able to save over the next twelve months has remained fairly stable, at 44 per cent (most of which are households that have already accumulated some savings since the crisis began). Households that indicate they have some difficulty making it to the end of the month also expect to be able to save (panel (a) of Figure B).

Consumer behaviour is still affected by the health emergency, but seems to be gradually improving. Compared with the April survey, the percentage of households declaring that they are spending less on hotels, cafés and restaurants than prior to the pandemic fell by 15 percentage points, although it remains high (at 71 per cent, having reached almost 90 per cent during the most acute phases of the pandemic); the share for households that are easily able to make it to the end of the month fell by about 30 points (to 55 per cent). The percentage of households that have reduced purchases in clothing stores and on beauty and personal care services also declined significantly, to 63 per cent and 57 per cent respectively.[2] Among the reasons for the slowdown in spending, the importance attached to the fear of infection was stable, while the weight given to the containment measures dropped significantly owing to the easing of restrictions starting in the spring. However, there continues to be some caution concerning expected expenditure in the three months following the interview, especially among households facing greater financial difficulties and among those whose income, in the month prior to the interview, was lower than it had been before the pandemic (panel (a) of Figure B).

[2] The households were asked how often they spent money on hotels, cafés and restaurants, in clothing stores and on beauty and personal care services in the last month compared with before the pandemic.

Two thirds of the households indicated that, during the period in which the survey was conducted, the vaccination campaign was proceeding better than or as well as they had expected. At the time of the interviews, 64 per cent of households stated that they would increase their spending on hotels, cafés and restaurants to at least the levels recorded prior to the health crisis if three quarters of the Italian population had completed the vaccine cycle;[3] this figure exceeds 80 per cent for households that say they easily make it to the end of the month, but is below 60 per cent for those that are struggling financially (panel (b) of Figure B).

Just over half of the households expect there to be an increase in the number of COVID-19 cases in the three months following the survey, though to a lesser extent than in autumn 2020, and 20 per cent do not think that there will be a rise in infections. The households most optimistic about the epidemiological situation also expressed more favourable views about the general state of the economy and their own financial situation.

[3] According to the data published by the Government, as at 20 October, 74.5 per cent of Italians had completed the vaccination cycle (81.7 per cent if only persons over 12 years of age are considered).

Household debt remains stable

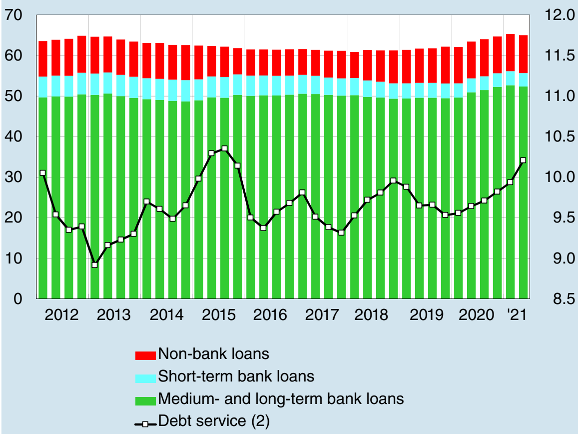
In the second quarter of 2021, household debt as a percentage of disposable income remained stable at 65 per cent (Figure 29), although it was still below the euro-area average (97.9 per cent).

Debt servicing costs (interest plus repayment of principal) rose compared with the previous quarter to 10.2 per cent of disposable income (Figure 29), mainly due to the repayment of principal. As a share of GDP, household debt fell slightly, to 44.1 per cent (61.2 per cent in the euro area), following the rise in GDP.

Figure 29

Household debt (1)

(quarterly data; per cent of gross disposable income)



Sources: Based on Bank of Italy and Istat data.
(1) End-of-quarter stocks for debt; 4-quarter cumulative flows for income. The data for the last quarter are provisional. Debt includes securitized loans. – (2) Estimated cost of debt service (interest plus repayment of principal) for consumer households only. Right-hand scale.

2.4 FOREIGN TRADE AND THE BALANCE OF PAYMENTS

In the second quarter, Italian exports recorded strong growth, outpacing that of world trade. The recovery in international tourist flows intensified during the summer months. Purchases of Italian public and private sector securities by non-residents continued. Both the current account surplus and the positive net international investment position widened.

Exports accelerate during the spring ...

In the second quarter, there was a marked increase in exports of goods and services (Table 8). Exports of goods rose by 3.4 per cent, more than for the major European partners, with almost all the main economic sectors making a positive contribution. The increase was more pronounced with respect to non-euro area markets, especially the United States and the United Kingdom. In the latter case, the decrease that followed the entry into force of the new trade and cooperation agreement with the European Union was largely reabsorbed. Exports of services also rose, buoyed by the gradual recovery in international tourism.

Table 8

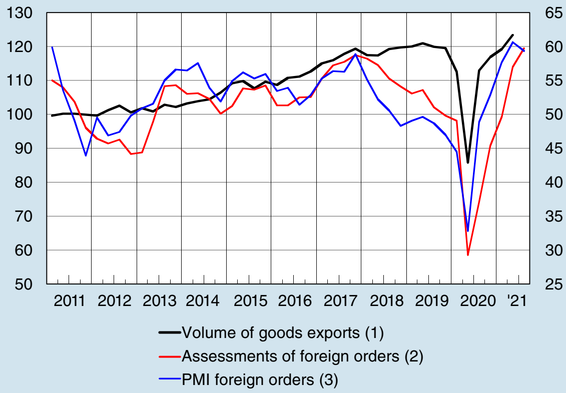
Italy's imports and exports (1)
(percentage change on previous quarter)

	2021 Q1	2021 Q2
Exports	**1.1**	**3.2**
Goods	2.0	3.4
to euro-area markets	4.0	2.8
to non-euro area markets (2)	0.6	3.9
Services	-4.4	1.5
Imports	**3.5**	**2.4**
Goods	3.2	2.6
to euro-area markets	3.5	0.9
to non-euro area markets (2)	2.9	4.0
Services	5.4	1.6

Source: Based on Istat's national accounts and foreign trade data.
1) Chain-linked volumes; quarterly data adjusted for seasonal and calendar effects. – (2) Includes unallocated countries and territories and, for exports, goods procured in Italian ports by foreign carriers.

Figure 30

Manufacturing firms' assessments of foreign orders
(quarterly data)



Sources: Istat, Markit and Refinitiv.
(1) National accounts data. Chain-linked volumes; the data are adjusted for seasonal and calendar effects. Indices: 2011=100. – (2) Quarterly average based on Istat's monthly survey of firms; percentage balance of replies of 'increasing' or 'decreasing' foreign orders, minus the average since the start of the time series (January 2000) plus 100. Q2 2020 is the average of two months; no data was gathered in April due to the pandemic emergency. Seasonally adjusted data. – (3) Diffusion indices, quarterly averages. The index is obtained by adding half of the percentage of replies of 'stable' to the percentage of replies of 'increasing'. Seasonally adjusted data. Right-hand scale.

Imports grew, especially the goods component, against the backdrop of a further recovery in investment (see Section 2.1).

... and increase further over the summer

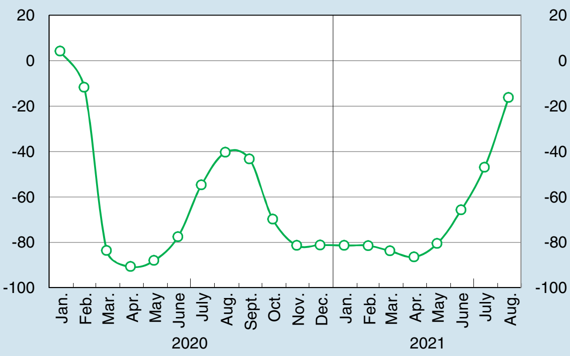
In the two-month period July-August, goods exports (valued at current prices and seasonally adjusted) increased, also owing to some high-value transactions in the shipbuilding sector. Manufacturing firms' assessments of foreign orders, as recorded by Istat, and the corresponding PMI remain compatible, on average, with an expansion in sales in the third quarter (Figure 30).

The recovery in tourism flows underway since the spring strengthened further: between July and August, foreign travellers' spending in Italy was significantly higher compared with the year-earlier period, though still below 2019 levels (Figure 31).

On average, for the four quarters ending in September, Italian firms' overall and export-weighted price competitiveness remained practically unchanged compared with the same period of 2020 (Figure 32).

Figure 31

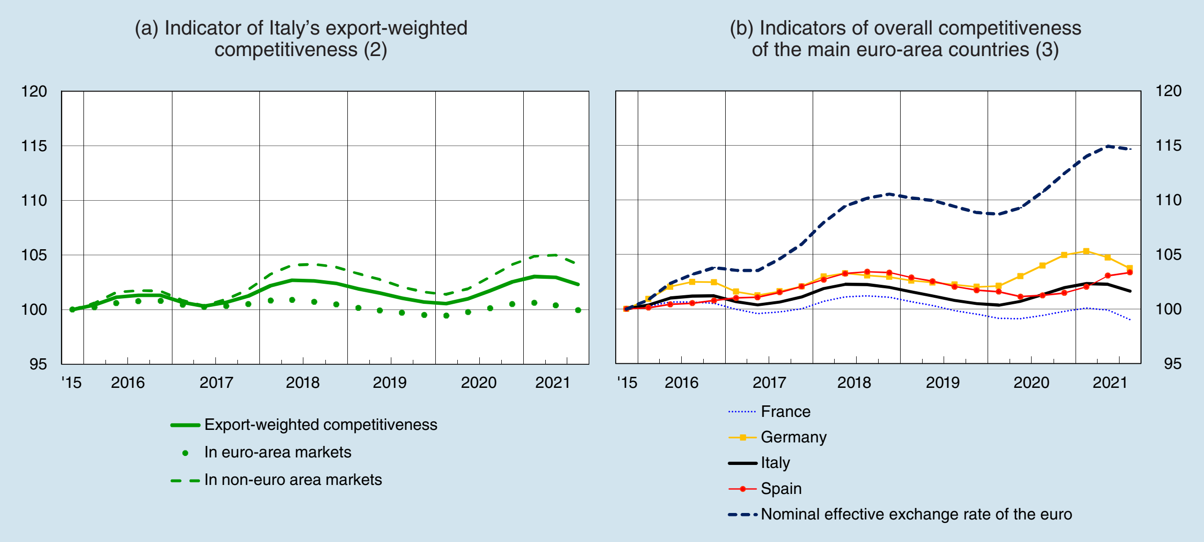
International tourism spending in Italy (1)
(year-on-year percentage changes compared with 2019)



(1) Corresponds to the 'travel' item on the credit side of the current account of the balance of payments. For August 2021, provisional data.

Figure 32

Price competitiveness indicators of the main euro-area countries (1)
(quarterly data; index numbers: Q4 2015=100; 4-quarter moving average)



Sources: For the nominal effective exchange rate of the euro, ECB. For the other indicators, Bank of Italy (for the calculation method, see A. Felettigh and C. Giordano, 'A novel three-market view of price competitiveness', *Journal of Economic and Social Measurement*, 44, 2-3, 2019, 89-116, also published in Banca d'Italia, Questioni di Economia e Finanza (Occasional Papers), 447, 2018).
(1) An increase signals a loss of competitiveness. Last quarter's data are partly estimates. – (2) The export-weighted price competitiveness indicator measures the capacity to compete with another 60 exporters and with domestic producers in the international outlet markets. All the indicators are calculated using producer prices of manufactures and weighted by trade flows of manufactures. – (3) Indicators of overall competitiveness: weighted average of import competitiveness, which measures the capacity to compete in the domestic market with imported goods, and of export competitiveness. The nominal effective exchange rate of the euro is calculated vis-à-vis 42 non-euro area countries and weighted by trade flows of manufactures and services.

The current account surplus widens

The current account surplus of the balance of payments was €38.4 billion in the first eight months of 2021 (Table 9), higher by €7.4 billion compared with the same period a year earlier. The increase was ascribable above all to the larger merchandise trade surplus, which was recorded despite the worsening in the energy balance. The current account surplus reached 4.3 per cent of GDP, calculated based on the average for the four quarters ending in June (Figure 33).

Foreign demand for Italian securities remains strong

Purchases of Italian securities as portfolio investments by non-residents continued, totalling €45.2 billion in the first eight months of the year (of which €28.8 billion in public sector securities, accounting for around one fourth of net issues). According to data from Emerging Portfolio Fund Research (EPFR) for a sample of international funds, investments in Italian financial assets continued in September.

Between January and August, residents invested €75.5 billion in foreign portfolio assets: most of the purchases were made by households and insurance companies, and almost three fourths of them concerned investment fund shares. During the same period, Italian banks' net funding on international markets via loans and deposits increased by €11.2 billion. The public sector received inflows from abroad totalling €35.5 billion in connection with the share of loans disbursed by the European Commission under its instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE) and the pre-financing payments relating to the first share of funding envisaged by the National Recovery and Resilience Plan (NRRP; see Section 2.9).[3]

[3] These payments include both loans and grants (€15.9 billion and €9.0 billion respectively), and both were recorded in the balance of payments referring to August as an increase in liabilities due to 'other investment' by general government.

Table 9

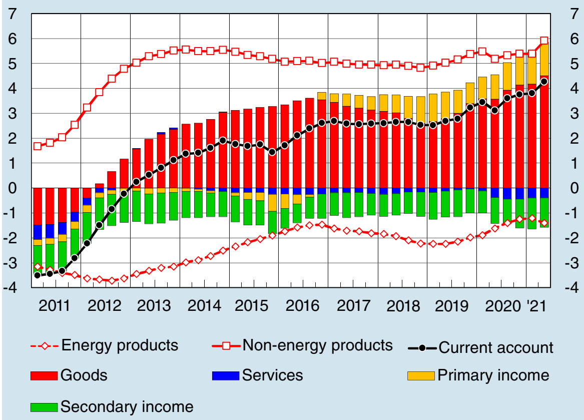
Balance of payments (1)
(balances; billions of euros)

	2019	2020	Jan.-Aug. 2020	Jan.-Aug. 2021
Current account	**57.9**	**62.1**	**31.0**	**38.4**
Memorandum item: % of GDP	3.2	3.8		
Goods	60.7	68.4	40.3	46.6
Non-energy products (2)	96.3	89.1	54.4	67.2
Energy products (2)	-35.6	-20.7	-14.1	-20.7
Services	-0.7	-7.3	-5.8	-5.6
Primary income	15.0	20.3	8.9	11.7
Secondary income	-17.1	-19.3	-12.4	-14.2
Capital account	**-1.8**	**-0.4**	**-0.9**	**-2.0**
Financial account	**46.1**	**62.7**	**37.8**	**25.4**
Direct investment	1.5	19.1	5.6	-1.9
Portfolio investment	-53.3	108.5	92.9	30.3
Financial derivatives	2.5	-2.9	-3.7	-0.6
Other investment (3)	92.2	-65.9	-59.4	-21.9
Changes in official reserves (4)	3.2	4.0	2.5	19.6
Errors and omissions	**-10.0**	**1.0**	**7.6**	**-11.1**

(1) Based on the international standards set out in the IMF's *Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6)*, 2009. For July and August 2021, provisional data. – (2) Based on Istat's foreign trade data. – (3) Includes change in TARGET2 balance. – (4) Includes the allocation of new Special Drawing Rights (SDRs) approved by the IMF in August 2021; the increase in official reserves did not affect the financial account, as it was offset by an equal increase in liabilities due to 'other investment' by the Bank of Italy.

Figure 33

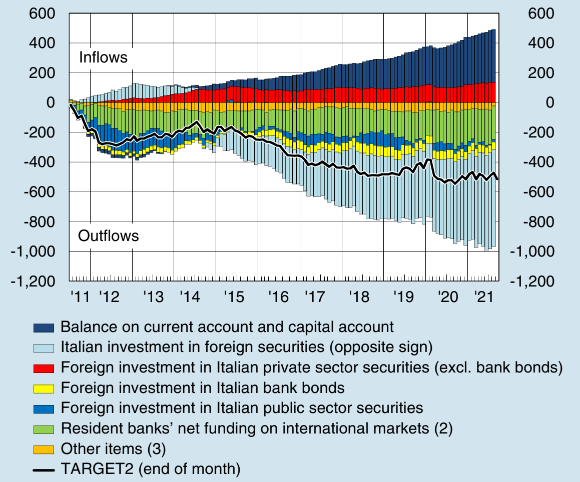
Current account balance and main components (1)
(quarterly data; per cent of GDP)



Sources: For GDP, Istat. For the breakdown between energy and non-energy products, based on Istat foreign trade data.
(1) 4-quarter moving average.

Figure 34

TARGET2 balance and cumulative balance of payments flows (1)
(monthly data; billions of euros)



(1) Using the balance of payments accounting identity, an improvement in the Bank of Italy's negative balance vis-à-vis the ECB in the TARGET2 payment system may reflect investment in Italy by non-residents (greater liabilities), residents' disposals of foreign assets (fewer assets) or a current account and capital account surplus. Cumulative capital flows since July 2011. – (2) Net funding in the form of loans, deposits and other investments by the banking sector, including those intermediated by resident central counterparties. – (3) Direct investment, financial derivatives, residual items in other investment, official reserves, errors and omissions.

Table 10

Changes in the TARGET2 balance and relation with the other balance of payments items (1)

(billions of euros)

	TARGET2 balance (end of period)	Change in TARGET2 balance (in relation to the end of the previous period) (A) + (B) + (C) + (D) + (E) + (F) – (G)	Foreign portfolio investment in Italian public sector securities (A)	Foreign portfolio investment in Italian private sector securities (excl. bank bonds) (B)	Foreign portfolio investment in Italian bank bonds (C)	Net foreign funding of resident banks (D)	Net foreign funding of resident banks – *of which:* managed by resident central counterparties	Current account and capital account balance (E)	Other items (2) (F)	Italian portfolio investment in foreign securities (G)
2020	-516	-77	-25	4	4	-36	5	62	7	91
2021 – Q1	-516	..	24	8	-3	-9	6	7	7	34
Q2	-522	-6	6	3	-1	6	13	16	-3	33
2021 – Jan.	-482	34	13	-1	-2	25	11	1	1	2
Feb.	-467	15	9	4	-3	8	7	4	7	15
Mar.	-516	-49	2	5	2	-42	-13	3	-1	17
Apr.	-481	35	6	1	-1	24	7	6	-4	-1
May	-493	-13	-8	2	-1	8	5	4	-3	16
June	-522	-28	8	-1	1	-27	..	5	4	18
July	-492	29	9	4	3	12	..	8	-6	1
Aug.	-472	20	-10	1	..	2	-1	5	29	8
Sept.	-514	-41	....	....	....	....	....	....	....	....

(1) A negative change in the TARGET2 balance indicates an increase in the Bank of Italy's liabilities in TARGET2. The data are available on the Bank of Italy's website in the Statistical database (BDS), in particular in Table TBP60200. For July and August 2021, provisional balance of payments data. – (2) Direct investment, financial derivatives, residual items in other investment, official reserves, errors and omissions.

In the summer months, the Bank of Italy's debit balance on the TARGET2 European payment system narrowed, benefiting from the capital inflows and the current account surplus (Figure 34 and Table 10). In September, the balance widened, to €514 billion at the end of the month, reflecting substantial net redemptions of Treasury bonds.

The positive net international investment position increases

At the end of last June, Italy's net international investment position was positive by €89.6 billion (5.2 per cent of GDP), up by €39.1 billion compared with the end of March. The improvement is attributable to the current account surplus and, to a greater extent, positive valuation adjustments concerning assets, particularly foreign investment fund shares.

2.5 THE LABOUR MARKET

In the spring, the recovery in the service sector translated into a greater than expected increase in the number of people employed – especially those with fixed-term contracts – and in hours worked. Employment continued to rise in July and August, albeit at a slower pace. However, persistent labour market slack is suggested by the take-up of wage supplementation schemes, still widespread, and by the labour market participation rate, which is below pre-pandemic levels. The recent contractual agreements do not suggest that price tensions are being passed on to wages.

Employment is driven by the recovery in services ...

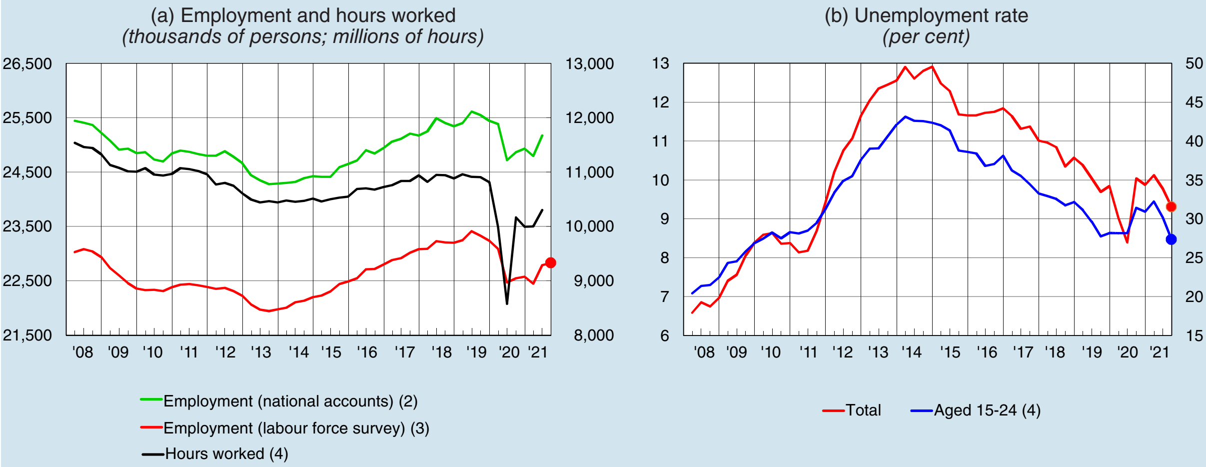
Following the contraction in the winter months, the number of persons employed increased in the spring by 1.5 per cent compared with the previous quarter (Figure 35.a and Table 11). The strong growth was due above all to the recovery of employment in retail trade and tourism (private sector employment as a whole expanded by 2.2 per cent), facilitated by the easing of restrictions on mobility and activity. Employment continued to grow in construction (1.7 per cent) and held stable in industry excluding construction.

... but the use of wage supplementation remains widespread

The number of hours worked rose by 3.0 per cent, but remained below pre-pandemic levels (-4.7 per cent compared with the last quarter of 2019), also on

Figure 35

Employment and unemployment (1)
(quarterly and monthly data)



Sources: Istat's quarterly national accounts for employment and hours worked and Istat's labour force survey for employment and for the unemployment rate.
(1) Seasonally adjusted data. The dots corresponding to Q3 2021 indicate the average for the two-month period July-August, as the figure for September is not yet available. – (2) Includes all persons engaged in production activity in Italy's economic territory. – (3) Includes all resident persons that are employed, excluding workers living permanently in an institution and military personnel. – (4) Right-hand scale.

Table 11

Employment and hours worked
(seasonally adjusted data; thousands of persons, millions of hours and percentage changes on the previous quarter)

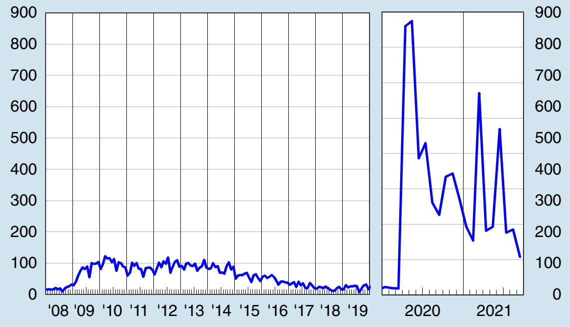
	Stocks	Changes			
	Q2 2021	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Persons employed	**25,170**	**0.6**	**0.3**	**-0.5**	**1.5**
of whom: industry excluding construction	4,260	-0.2	0.4	-0.3	0.0
private services (1)	10,944	0.5	1.1	-2.0	2.2
construction	1,659	0.6	0.2	4.7	1.7
Employees	19,452	1.0	0.2	-0.1	1.6
Self-employed	5,718	-0.8	0.4	-2.1	1.1
Total hours worked	**10,300**	**18.5**	**-1.7**	**0.0**	**3.0**
of which: industry excluding construction	1,808	23.9	-1.4	0.8	2.6
private services (1)	4,568	20.8	-1.2	-1.6	4.2
construction	748	33.6	-2.7	7.1	1.8
Employees	7,316	15.3	-1.0	0.2	2.6
Self-employed	2,984	27.2	-3.4	-0.4	4.0

Source: Istat's quarterly national accounts.
(1) Does not include services to households and individuals (arts, entertainment and recreational activities; domestic work; other personal and household services).

account of the widespread use of wage supplementation schemes. The number of hours of wage supplementation (*cassa integrazione guadagni*, CIG) and solidarity funds authorized decreased during the spring[4] and, especially, the summer, and is now well below the peak recorded last year; however, on average they remained above the levels recorded during the recessionary phase of 2009-2012 (Figure 36).

Figure 36

Hours of wage supplementation authorized
(monthly data; millions of hours)



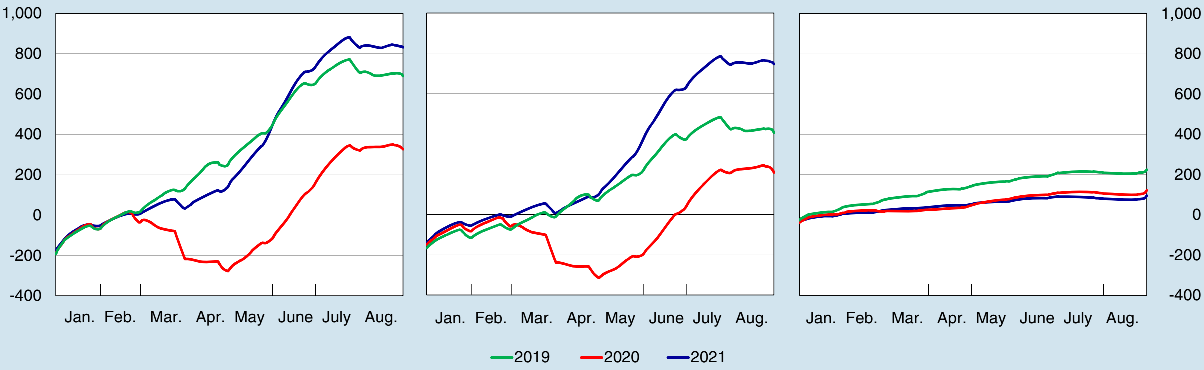
Source: Based on INPS data.

The recovery in employment is driven by fixed-term contracts

According to preliminary data from Istat's labour force survey, in the two-month period July-August, the total number of people employed rose slightly (0.2 per cent on the previous two-month period), but was still 1.6 per cent lower than in December 2019. This reflects the still weak dynamics recorded for self-employment. By contrast, payroll employment has almost fully recovered: according to the data drawn from mandatory reporting, it was driven by the tourism sector and by fixed-term contracts (Figure 37).

Figure 37

Cumulative net hires since the beginning of the year by type of contract (1)
(thousands of jobs)



Source: Based on data from the Ministry of Labour and Social Policies (mandatory reporting data).
(1) 7-day moving averages. Net hires on day *t* are calculated as the balance between the hires made on day *t* and the terminations recorded on day *t-1*. The following types of contract were analysed: permanent, fixed-term, and apprenticeships in the non-farm private sector.

The dynamics of permanent employment are affected above all by the low number of new hires and of conversions of fixed-term contracts. Following the lifting of the freeze last July on economically motivated layoffs in the construction and industrial sectors,[5] dismissals increased in July, though they remained close to the figures recorded in the same month of 2019. In August, they returned to moderate

[4] In June, the last month for which the data are available, almost one million workers benefited from the emergency wage supplementation scheme (*CIG di emergenza*) linked to the COVID-19 pandemic.

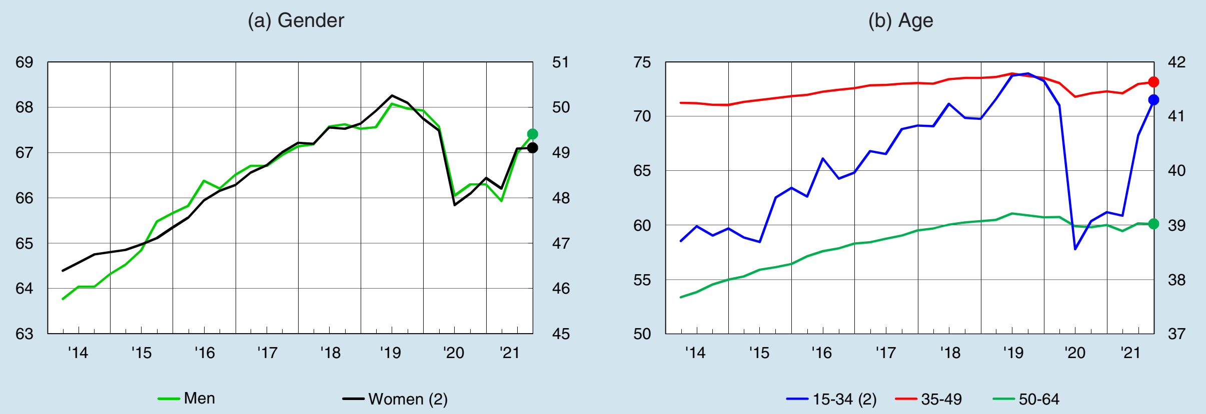
[5] The freeze, introduced by Decree Law 18/2020 ('Cure Italy' decree), suspended economically motivated dismissals initiated after 23 February 2020. In the industrial sector, the freeze was extended beyond 30 June 2021 only for firms in the textile, clothing and leather segment. It is still in force in the service sector.

levels, also owing to the confirmation of the favourable terms for accessing wage supplementation schemes that accompanied the lifting of the freeze.[6]

The recovery in private services benefited female and youth employment, which had been especially affected at the height of the pandemic: in the two months July and August, the employment rate of women and of people under the age of 35 reached levels that are close to, though still below, those recorded before the health emergency (Figure 38).

Figure 38

Employment rate by gender and age (1)
(quarterly and monthly data; per cent)



Source: Istat's labour force survey.
(1) Seasonally adjusted data. The dots corresponding to Q3 2021 indicate the average for the two-month period July-August, as the figure for September is not yet available. – (2) Right-hand scale.

Labour market participation remains low

The unemployment rate declined to 9.3 per cent on average in July and August, 0.6 percentage points lower than at end-2019 (Figure 35.b). Besides the cyclical improvement, another factor contributing to keeping the unemployment rate low is the fact that the participation rate has not yet returned to pre-crisis levels. The latter reached 64.3 per cent in the two-month period July-August, still 1 percentage point lower than it was in December 2019.

Wage growth is moderate

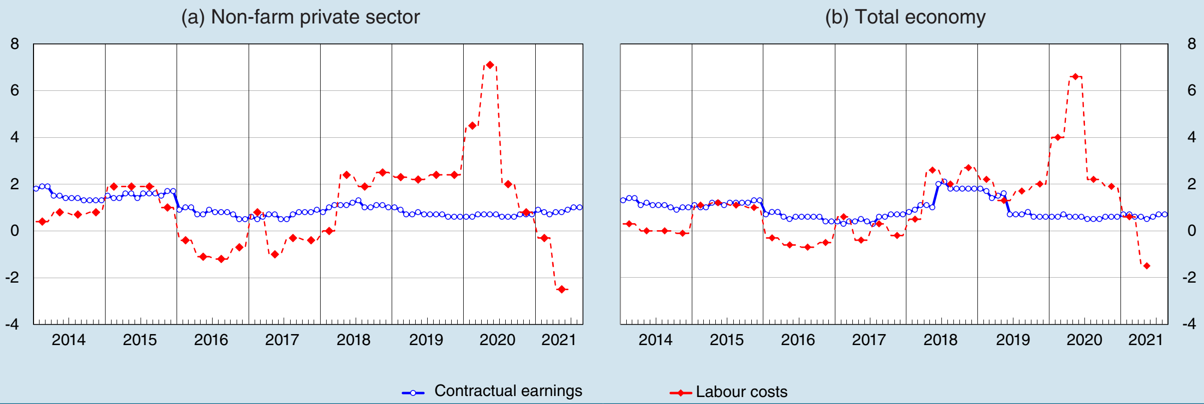
Contractual earnings in the non-farm private sector grew moderately (1.0 per cent year-on-year in both July and August), despite the slight acceleration due to the payment, in some segments,[7] of scheduled raises (Figure 39). The share of employees whose collective bargaining agreements are pending renewal reached 39 per cent in August (from 76 per cent in 2020 on average) thanks to the renewals of some important agreements in the industrial sector, most of which provide for the payment of the first tranches between the end of this year and the beginning of next year.

[6] See Banca d'Italia and Ministry of Labour and Social Policies, 'Il mercato del lavoro: dati e analisi. Le Comunicazioni obbligatorie' ('Labour market data and analyses. Mandatory Reporting'), 5, September 2021 (only in Italian).

[7] In July and August, tranches of the wage increases were paid under the agreements for the following segments: mining and quarrying, bricks and cement manufactures, airport ground services, and indoor cleaning services. Workers in the chemical sector were granted an adjustment in their specific allowance.

Figure 39

Contractual earnings and hourly labour costs (1)
(monthly and quarterly data; year-on-year percentage changes)



Sources: Istat's quarterly national accounts and survey of contractual wages.
(1) Raw monthly data for contractual wages; seasonally adjusted quarterly data for labour costs.

As the recent agreements provide for wage increases based on the currently still relatively small expected changes in the HIPC – net of the prices of imported energy products[8] – they will not lead to a significant acceleration in contractual earnings in the coming months.

In the second quarter, hourly labour costs for the non-farm private sector fell sharply year-on-year (-2.5 per cent), in part reflecting the composition of labour demand, which was concentrated in the sectors with the lowest average wages. This was also due to the decrease in social security contributions to be paid by employers, likely owing to the introduction, in the second half of 2020, of social security contribution relief granted on the hiring of some types of workers.

2.6 PRICE DEVELOPMENTS

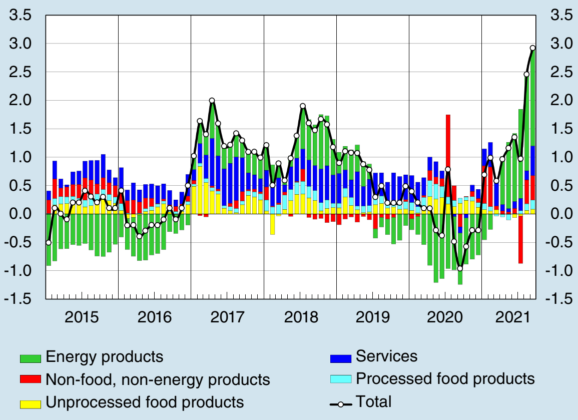
Inflation reached 2.9 per cent in September, driven by strong growth in energy prices, which may continue in the coming months but is not expected to extend into the medium term. There was an only moderate upward adjustment in firms' expectations regarding their selling prices.

Inflation is driven by the exceptional increase in energy prices

Twelve-month harmonized consumer price inflation rose to 2.9 per cent in September (from 2.5 per cent in August; Figure 40

Figure 40

Consumer price inflation in Italy and contributions of its components (1)
(monthly data; percentage changes and points)



Source: Based on Eurostat data.
(1) 12-month percentage change in the harmonized index of consumer prices (HICP).

8 For the agreements already renewed, the figures released by Istat in its June forecast indicate that annual inflation measured by the HIPC, net of the prices of imported energy products, will average 1.1 per cent in the next three years.

and Table 12). Energy prices accelerated, reaching 20.5 per cent. The core component rose to 1.4 per cent (from 0.8 per cent), reflecting the increase in service prices. Air freight rates were the main contributory factor. In recent months, non-energy industrial goods inflation has been affected by the

Table 12

Indicators of inflation in Italy

(year-on-year percentage changes, unless otherwise specified)

	HICP (1)			CPI (2)			PPI (3)	GDP deflator
	Overall index	Excl. energy and food	Overall index at constant taxation (4)	Overall index		Excl. energy and food	Overall index	
					at 1 month (5)			
2014	0.2	0.7	-0.1	0.2	–	0.7	-1.8	0.9
2015	0.1	0.7	0.0	0.1	–	0.5	-3.4	0.9
2016	-0.1	0.5	-0.1	-0.1	–	0.5	-2.2	1.1
2017	1.3	0.8	1.3	1.3	–	0.7	2.6	0.7
2018	1.2	0.6	1.2	1.1	–	0.5	3.9	1.1
2019	0.6	0.5	0.6	0.6	–	0.5	0.0	0.8
2020	-0.1	0.5	-0.2	-0.2	–	0.4	-4.4	1.2
2019 – Jan.	0.9	0.6	0.9	0.9	0.3	0.5	4.4	–
Feb.	1.1	0.4	1.0	1.0	0.0	0.3	3.9	–
Mar.	1.1	0.3	1.0	1.0	0.1	0.3	3.6	–
Apr.	1.1	0.7	1.0	1.1	-0.3	0.7	2.8	–
May	0.9	0.5	0.8	0.8	0.2	0.4	1.9	–
June	0.8	0.4	0.7	0.7	0.1	0.5	1.1	–
July	0.3	0.4	0.2	0.4	0.0	0.5	-1.0	–
Aug.	0.5	0.6	0.4	0.4	0.0	0.5	-2.1	–
Sept.	0.2	0.5	0.2	0.3	-0.1	0.5	-2.4	–
Oct.	0.2	0.7	0.1	0.2	0.1	0.6	-4.1	–
Nov.	0.2	0.7	0.1	0.2	0.1	0.7	-3.6	–
Dec.	0.5	0.6	0.4	0.5	0.0	0.6	-3.1	–
2020 – Jan.	0.4	0.5	0.3	0.5	0.2	0.7	-3.4	–
Feb.	0.2	0.5	0.1	0.3	-0.2	0.7	-3.8	–
Mar.	0.1	0.6	0.0	0.1	0.1	0.6	-4.9	–
Apr.	0.1	0.6	0.0	0.0	-0.4	0.5	-6.7	–
May	-0.3	0.6	-0.4	-0.2	-0.2	0.6	-7.2	–
June	-0.4	0.5	-0.5	-0.2	0.0	0.5	-6.1	–
July	0.8	2.1	0.7	-0.4	1.2	0.3	-4.5	–
Aug.	-0.5	0,3	-0.6	-0,5	-1.3	0.1	-4.0	–
Sept.	-1.0	-0.5	-1.1	-0.6	-0.6	0.0	-3.8	–
Oct.	-0.6	-0.1	-0.7	-0.3	0.6	0.3	-2.9	–
Nov.	-0.3	0.3	-0.4	-0.2	0.2	0.4	-2.8	–
Dec.	-0.3	0.4	-0.4	-0.2	0.1	0.6	-2.3	–
2021 – Jan.	0.7	1.3	0.7	0.4	1.3	0.8	-0.4	–
Feb.	1.0	1.5	1.0	0.6	0.1	1.0	0.7	–
Mar.	0.6	0.7	0.7	0.8	-0.5	0.9	3.0	–
Apr.	1.0	0.3	1.0	1.1	0.1	0.5	8.2	–
May	1.2	0.2	1.3	1.3	0.0	0.4	10.0	–
June	1.3	0.3	1.4	1.3	0.2	0.4	11.0	–
July	1.0	-0.9	1.1	1.9	1.0	0.6	13.5	–
Aug.	2.5	0.8	2.6	2.0	0.3	0.6	13.8	–
Sept.	2.9	1.4	3.0	2.5	0.0	1.1	….	–

Sources: Based on Eurostat and Istat data.
(1) Harmonized index of consumer prices (HICP). – (2) Consumer price index for the entire resident population; this differs from the HICP principally on account of the different method for recording the prices of pharmaceutical products and promotional sales. – (3) Index of producer prices of industrial products sold on the domestic market. – (4) Index calculated by Istat by subtracting the impact of indirect tax changes from sales prices, on the assumption that these were passed on immediately and in full. – (5) One-month percentage change, seasonally adjusted.

base effect of the postponement of the end-of-season summer sales in 2020, which led to large temporary fluctuations; in September, it decreased slightly, to 1.6 per cent.

Supply constraints push up production costs ...

Shortages in the supply of commodities and intermediate goods, the restrictions and increased costs affecting transport, and the consequent lengthening of delivery times continue to exert growing pressures in the initial stages of price formation. In August, the rise in producer prices (13.8 per cent on a twelve-month basis; Table 12) was due above all to the energy component (32.3 per cent) and, to a lesser extent, the intermediate goods component (12.9 per cent). Conversely, the selling prices of final consumption goods continued to display moderate growth (2.8 per cent). The PMI referring to the cost of production inputs decreased in manufacturing in August and September, though it remained at historically high levels.

... but the increase has not yet passed through to prices

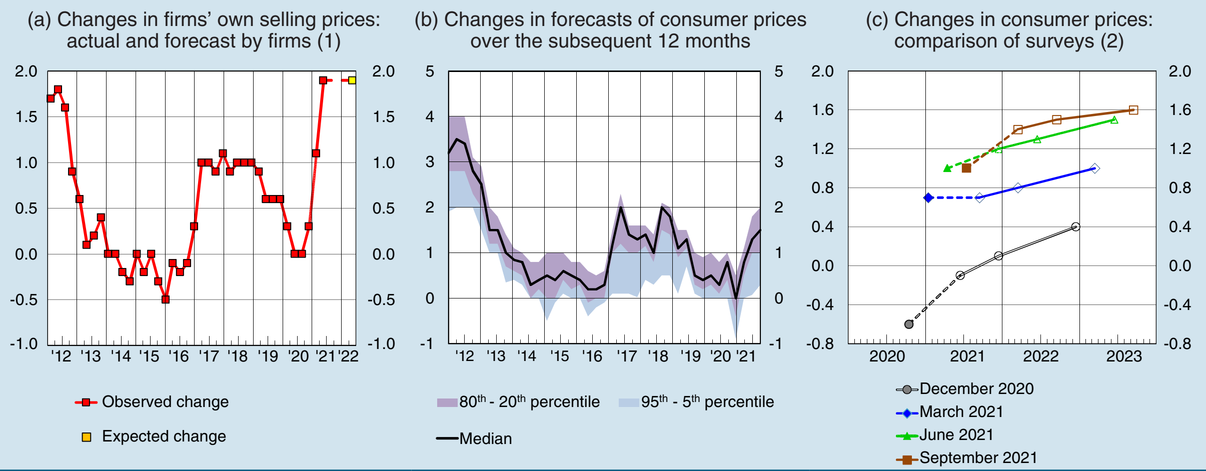
However, the risks of a strong and generalized increase in the prices of the components that are likely to be most affected by supply constraints (appliances, IT goods, transport equipment) did not materialize. Wage growth in the non-farm private sector remained very low in August (see Section 2.5). In the second quarter, unit labour costs rose slightly in the economy as a whole (by 0.7 per cent compared with the year-earlier period), reflecting the fact that the drop in productivity outpaced the fall in hourly wages.

The inflation expectations of firms and households increase but remain low

In the Bank of Italy's quarterly Survey on Inflation and Growth Expectations conducted in September, firms revised upwards their expectations regarding inflation and the increase in their selling prices; however, both remain below 2 per cent on an annual basis (Figure 41). The Bank of Italy's Special Survey of Italian Households, carried out between the end of August and the start of September, indicates that the percentage of households interviewed that expect prices to increase over the next twelve months remained low, at just under 20 per cent, the same

Figure 41

Inflation expectations of industrial (excluding construction) and service firms
(quarterly data; year-on-year percentage changes)



Source: Based on the findings of the Bank of Italy's quarterly Survey on Inflation and Growth Expectations. Up to October 2018, the survey was conducted jointly with *Il Sole 24 Ore*.
(1) Robust average of responses to questions on the observed percentage change in firms' own prices over the past 12 months and the change expected over the subsequent 12 months. – (2) The key below indicates the month in which the survey was carried out. The first point of each curve is the definitive figure for inflation available at the time of the survey, which is provided to respondents in the questionnaire to use as the basis for formulating their expectations; the second point is the average of the forecasts (for the 12-month change in prices) for the 6 months following the survey date; the third point is the average of the forecasts for the 12 months following; and the fourth point is the average of the forecasts for the 24 months following.

share recorded in last spring's survey. The professional forecasters surveyed in October by Consensus Economics expect inflation to average 1.7 per cent in 2021, 0.5 percentage points higher than they anticipated in June.

2.7 BANKS

During the summer months, growth in loans to non-financial corporations lost momentum, reflecting weaker demand for funds, given the abundant liquidity accumulated over the last year and a half and the improvement in cash flows driven by positive cyclical developments. Credit supply conditions remain relaxed.

Abundant liquidity contributes to the slowdown in lending

In August, growth in lending to the non-financial private sector declined to a three-month rate of nil (on a seasonally adjusted and annualized basis; Table 13 and Figure 42.a), from 2.1 per cent in May. Growth in loans to non-financial corporations turned negative (-2.9 per cent), owing to lower demand for loans backed by public guarantees; likely contributory factors included the considerable liquidity overhang from the pandemic crisis and the

Table 13

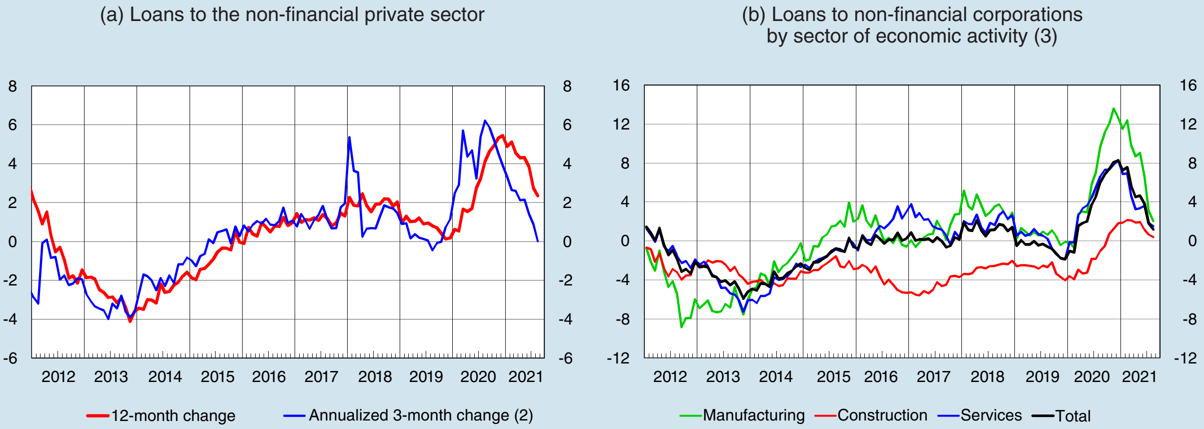
Bank lending as at August 2021 (1)
(percentage changes)

	12-month change	3-month change (2)
Non-financial private sector	**2.3**	**0.0**
Households	**3.7**	**3.4**
of which: loans for house purchase	4.6	….
consumer credit	1.3	….
other loans (3)	3.2	….
Non-financial corporations	**1.2**	**-2.9**
of which: manufacturing	2.1	….
services	1.5	….
construction	0.4	….

Source: Supervisory reports.
(1) Includes bad debts, repos and loans not reported in banks' balance sheets because they have been securitized. The percentage changes are net of reclassifications, exchange rate variations, value adjustments, and other variations not due to transactions. – (2) Annualized and seasonally adjusted data. – (3) Includes all loans to households (consumer and producer) and to non-profit institutions other than loans for house purchase and consumer credit.

Figure 42

Bank lending (1)
(monthly data; percentage changes)



Source: Supervisory reports.
(1) Includes bad debts, repos and loans not reported in banks' balance sheets because they have been securitized. The percentage change is net of reclassifications, exchange rate variations, value adjustments, and other variations not due to transactions. – (2) The data are seasonally adjusted using a methodology that conforms with the guidelines of the European Statistical System. – (3) Twelve-month changes; until December 2013, the data for each sector are not corrected for value adjustments.

recovery in cash flows in line with the improvement in economic activity. The twelve-month rate of lending experienced a slowdown across all sectors and was more pronounced for manufacturing firms (Figure 42.b).

Lending to households increased at a robust pace (3.4 per cent over the three months), mostly driven by the expansion in loans for house purchase. Growth in consumer credit slowed slightly, with net flows hovering around zero in the three months ending in August.

Banks' funding continues to expand

From May through August, Italian banks' funding continued to increase, mostly due to the rise in deposits by residents (Table 14) and, in particular, by households (7.0 per cent over the twelve months, from 6.4 per cent in May). Liabilities to the Eurosystem also rose, following Italy's participation in the eighth auction of the third series of quarterly targeted longer-term refinancing operations (TLTRO III), settled on 24 June (see *Economic Bulletin*, 3, 2021).

The cost of funding remains at very low levels: in mid-October, yields on bank bonds in the secondary market stood at 1.1 per cent and the yield spread with respect to the euro-area average at around 60 basis

Table 14

Main assets and liabilities of Italian banks (1)
(billions of euros and percentage changes)

	End-of-month stocks		12-month percentage changes (2)	
	May 2021	August 2021	May 2021	August 2021
Assets				
Loans to Italian residents (3)	1,719	1,711	2.3	0.9
of which: firms (4)	668	658	4.6	1.2
households (5)	648	655	3.9	3.7
Claims on central counterparties (6)	40	38	-58.4	-54.3
Debt securities excluding bonds of resident MFIs (7)	577	571	-2.1	-5.2
of which: securities of Italian general government entities	430	428	-4.8	-6.2
Claims on the Eurosystem (8)	403	418	217.3	129.2
External assets (9)	462	477	1.1	3.7
Other assets (10)	733	745	2.2	3.4
Total assets	**3,934**	**3,960**	**7.2**	**5.8**
Liabilities				
Deposits of Italian residents (3) (11) (12)	1,805	1,829	9.2	8.4
Deposits of non-residents (9)	300	298	-7.9	-3.2
Liabilities towards central counterparties (6)	96	85	-30.3	-25.5
Bonds (12)	210	212	-4.9	-6.1
Liabilities towards the Eurosystem (8)	448	463	54.0	32.4
Liabilities connected with transfers of claims	125	120	3.5	-4.8
Capital and reserves	347	350	0.1	-0.6
Other liabilities (13)	604	602	4.8	4.1
Total liabilities	**3,934**	**3,960**	**7.2**	**5.8**

Source: Supervisory reports.
(1) The data for August 2021 are provisional. – (2) Adjusted for reclassifications, value adjustments and exchange rate movements. Changes in loans to firms and households are adjusted for securitizations. – (3) Excludes transactions with central counterparties. – (4) Harmonized definition, excludes producer households. – (5) Harmonized definition, includes producer households, non-profit institutions serving households and households not classified elsewhere. – (6) Only repos. – (7) Excludes bonds of resident MFIs, i.e. banks and money market funds. – (8) Includes the accounts with the Eurosystem for monetary policy operations; see Tables 3.3a and 3.3b in 'Banks and Money: National Data', Banca d'Italia, Statistics Series. – (9) In the period considered, these refer mainly to interbank transactions. – (10) Includes bonds issued by resident MFIs; loans to resident MFIs; shares and other equity of resident companies; cash; money market fund units; derivatives; movable and immovable goods; other minor items. – (11) Excludes liabilities connected with transfers of claims. – (12) Excludes liabilities towards resident MFIs. – (13) Includes bonds held by resident MFIs; deposits of resident MFIs; derivatives; other minor items.

points. The level of both indicators is nearly in line with that preceding the public health emergency.

The cost of loans to firms and households remains low

The average interest rate on new bank loans to firms was unchanged in August (1.1 per cent; Table 15 and Figure 43). In the same month, the rate on new mortgage loans to households rose by 0.1 per cent, to 1.5 per cent.

According to the Italian banks that took part in the euro-area bank lending survey in the second quarter of 2021, their credit supply policies for households and firms remained favourable; they were expected to stay largely unchanged in the third quarter as well, with a slight easing of consumer credit standards (see the box 'Credit supply and demand').

Table 15

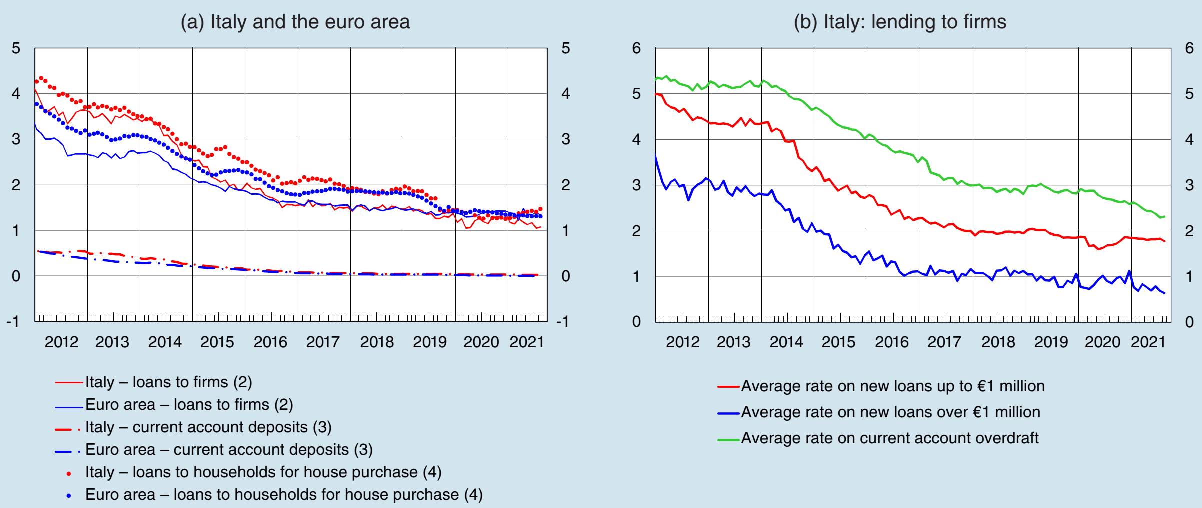
Bank interest rates (1)
(per cent)

	May 2021	August 2021
Loans to firms	**1.1**	**1.1**
of which: up to €1 million	1.8	1.8
over €1 million	0.7	0.6
Loans to households for house purchase	**1.4**	**1.5**
of which: fixed rate (2)	1.4	1.5
variable rate (3)	1.4	1.4

(1) Averages. Rates on new euro-denominated loans. The data are collected and processed using the Eurosystem's harmonized method. – (2) Initial rate fixation period of more than one year. – (3) Initial rate fixation period of less than one year.

Figure 43

Bank interest rates (1)
(monthly data; per cent)



Sources: Bank of Italy and ECB.
(1) Averages. The data on lending and deposit rates refer to transactions in euros and are gathered and processed using the Eurosystem's harmonized method. – (2) Rate on new loans to firms. – (3) Rate on current account deposits of households and firms. – (4) Rate on new loans to households for house purchase.

CREDIT SUPPLY AND DEMAND

The Italian banks that took part in last June's euro area bank lending survey (BLS),[1] referring to the second quarter of 2021, continued to report generally relaxed credit supply policies. Banks indicated

[1] Nine of the main Italian banking groups took part in the survey. The results for Italy are available on the Bank of Italy's website, 'Bank Lending Survey (BLS)'; for those relating to the euro area, see the ECB's website, 'July 2021 euro area bank lending survey', press release, 20 July 2021.

Figure A

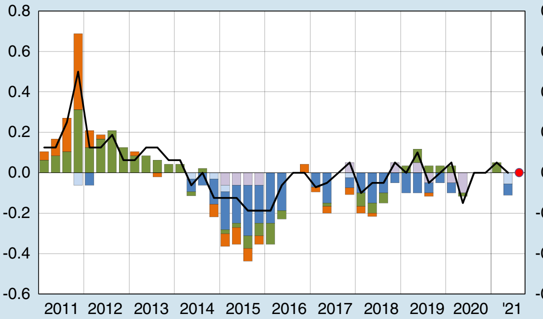
Credit standards and demand for loans in Italy (1)

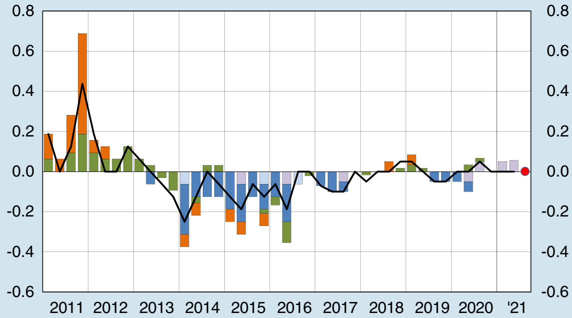
(quarterly data; diffusion indices)

(a) Loans to firms

(b) Loans to households for house purchase

Credit standards: factors contributing to a tightening (+)/ easing (-)





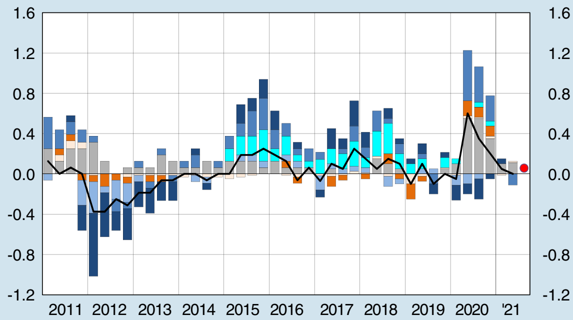
- Cost of funds and balance sheet constraints (2)
- Risk perception (3)
- Competition from other banks
- Competition from non-bank institutions and the market (4)
- Risk tolerance
- Index of supply tightening (realized) (5)
- Index of supply tightening (expected) (6)

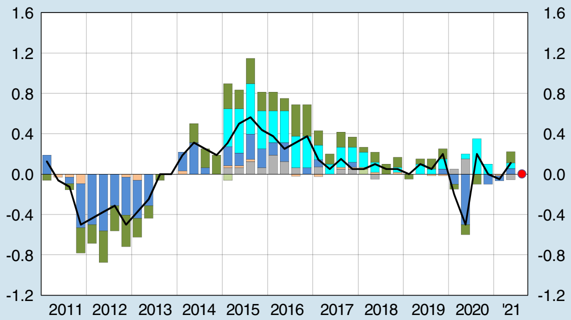
- Cost of funds and balance sheet constraints
- Risk perception (7)
- Competition from other banks
- Competition from non-bank institutions
- Risk tolerance
- Index of supply tightening (realized) (5)
- Index of supply tightening (expected) (6)

(c) Loans to firms

(d) Loans to households for house purchase

Demand for loans: factors contributing to an expansion (+)/ contraction (-)





- Fixed investment
- Inventories and working capital
- General interest rate level
- Corporate mergers/acquisitions/restructuring
- Internal funds
- Other alternative sources of funding (8)
- Debt consolidation/restructuring or renegotiation
- Index of demand (realized) (5)
- Index of demand (expected) (6)

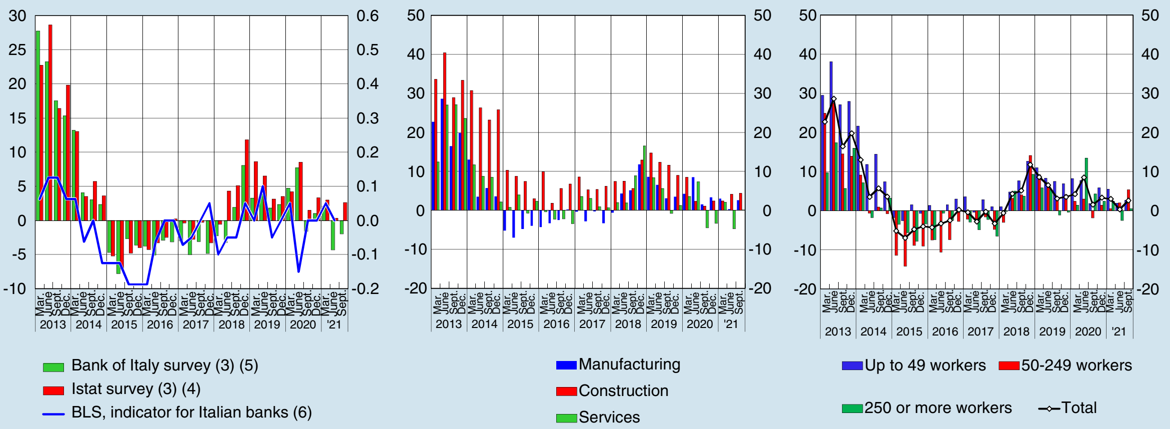
- Housing market prospects
- General interest rate level
- Consumer confidence
- Other sources of finance (9)
- Housing regulations or taxation
- Debt consolidation/restructuring or renegotiation
- Index of demand (realized) (5)
- Index of demand (expected) (6)

Source: BLS.

(1) Positive values indicate supply tightening/demand expansion compared with the previous quarter. The diffusion indices are constructed on the basis of the following weighting scheme: for supply conditions, 1=tightened considerably, 0.5=tightened moderately, 0=basically stable, -0.5=eased moderately, -1=eased considerably; for demand, 1=increased considerably, 0.5=increased moderately, 0=basically stable, -0.5=decreased moderately, -1=decreased considerably. The range of variation of the index is from -1 to 1. – (2) Average of the following factors: bank's capital position; bank's ability to obtain funds on the marked; bank's liquidity position. – (3) Average of the following factors: general economic situation and outlook; industry- or firm-specific situation and outlook; risks associated with collateral. – (4) Average of the following factors: competition from non-banks and competition from other financing sources. – (5) For the quarter ending at the time of the survey. – (6) Forecasts prepared in the previous quarter. – (7) Average of the following factors: general economic situation and outlook; housing market prospects; borrower's creditworthiness. – (8) Average of the following factors: loans from other banks; loans from non-banks; issuance/redemptions of debt securities; issuance/redemptions of equity. – (9) Average of the following factors: self-financing of house purchase with savings; loans from other banks; other sources of external funding.

Figure B

Firms' access to credit (1)
(quarterly data)



(1) The Bank of Italy's Survey on Inflation and Growth Expectations (in collaboration with *Il Sole 24 Ore* until October 2018) is conducted quarterly on a sample of medium-sized and large firms (with at least 50 employees) in industry (excluding construction) and services. The Istat business confidence surveys are conducted on samples of manufacturing and service firms (excluding retail and wholesale trade) and construction companies. The data for the Istat survey are taken from the end-of-quarter observations. For the BLS, see Figure A. – (2) Istat, business confidence surveys. – (3) Net percentage of firms reporting difficulty in obtaining credit, calculated as the difference between the percentage of replies indicating a worsening of credit access conditions and the percentage of those indicating an improvement. – (4) Istat, business confidence survey of the manufacturing sector. – (5) 'Survey on Inflation and Growth Expectations', Banca d'Italia, Statistics Series. – (6) Right-hand scale.

that the credit standards for loans to firms (Figure A) were basically unchanged, although they did cite competitive pressure and lower perceived risk regarding the general economic outlook among the factors contributing to an easing. They expected supply policies to remain the same for the third quarter of this year as well. For loans to households, neither credit standards nor terms and conditions recorded variations in the second quarter; for the third quarter, banks anticipated unchanged credit standards for loans for house purchase and a moderate easing for consumer credit.

In the second quarter, growth in demand for loans on the part of firms, registered since the start of the pandemic crisis, came to a halt; this was partly attributable to fewer financing needs connected with inventory and working capital. For the third quarter, banks expected demand to increase slightly.

Following the modest fall reported by the banks in the first three months of 2021, in the second quarter, demand for mortgage and consumer credit loans by households increased, boosted by the brighter outlook for the real estate market, stronger consumer confidence and low interest rates. Banks said that they expected loan requests for house purchase to remain unchanged in the third quarter, while those for consumer credit would increase slightly.

As part of the survey, banks were asked to assess, for the first six months of 2021, the impact of the public guarantee schemes connected with the pandemic emergency. The responses point to a further easing of credit standards applied to loans backed by guarantees disbursed to firms. Demand for these loans has continued to expand, though at a slower pace compared with the previous six months. Banks anticipate similar trends in this quarter as well.

Banks were also asked to assess the impact on supply conditions of the share of non-performing loans (NPLs) in their balance sheets in the first half of 2021. Almost all responded that there had been no impact; this likely reflects both the relatively small increase in the volume of NPLs itself, and greater prudence in their management.

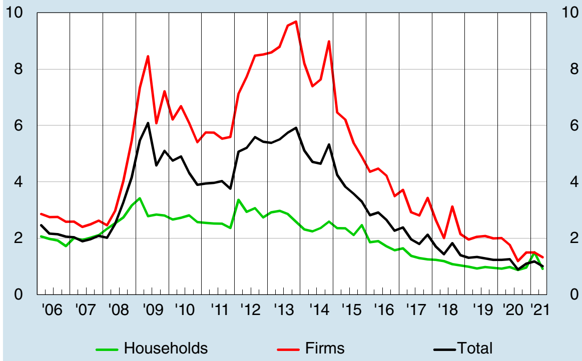
According to the Survey on Inflation and Growth Expectations conducted by the Bank of Italy in September, credit access conditions improved again in the third quarter of this year; during the same period, Istat's business confidence survey instead indicated a slight worsening, especially for firms operating in the construction sector (Figure B).

New non-performing loans diminish ...

In the second quarter, the flow of new non-performing loans in proportion to total loans fell to 1.0 per cent, on a seasonally adjusted and annualized basis (Figure 44). The indicator declined by 0.2 per cent for loans to non-financial corporations (to 1.3 per cent), benefiting from the reduction for firms in the construction and manufacturing sectors. The decline in the flow of non-performing loans to consumer households (to 0.9 per cent) was more marked. In the second quarter of 2021, the share of non-performing loans to total loans of the significant banking groups declined, both gross and net of loan loss provisions (Table 16), thanks to sales of bad and unlikely-to-pay positions. The coverage ratio (the ratio of loan loss provisions to total non-performing loans) rose slightly.

Figure 44

New non-performing loan rates (1)
(quarterly data; per cent)



Source: Central Credit Register.
(1) Annualized quarterly flows of adjusted NPLs in relation to the stock of loans at the end of the previous quarter, net of adjusted NPLs. Data seasonally adjusted where necessary.

Table 16

Main indicators for significant Italian banks (1)
(per cent and percentage changes)

	March 2021	June 2021
Non-performing loans (NPLs) (2)		
Gross NPL ratio	4.1	3.8
Net NPL ratio	2.0	1.8
Coverage ratio (3)	53.3	53.5
Regulatory capital		
Common equity tier 1 (CET1) ratio	15.5	15.4
	H1 2020	H1 2021
Profitability		
ROE (4)	3.0	8.3
Net interest income (5)	-6.1	-3.5
Gross income (5)	-5.4	6.4
Operating expenses (5)	-3.5	-4.2
Operating profit (5)	-8.9	33.8
Loan loss provisions (5)	45.1	-49.6

Source: Consolidated supervisory reports.
(1) Provisional data. Significant banks are those directly supervised by the ECB. – (2) End-of-month data. Includes loans to customers, credit institutions and central banks. The NPL ratio is reported gross and net of loan loss provisions. – (3) The coverage ratio is measured as the ratio of loan loss provisions to the corresponding gross exposure. – (4) Net of extraordinary components. – (5) Percentage changes on previous year.

... and profitability improves

In the first six months of 2021, the profitability of the significant groups increased significantly with respect to the same period in the previous year. Net of extraordinary components, growth in the annualized return on equity (ROE) was primarily driven by the decline in loan loss provisions.[9] The increase in earnings was another contributory factor: gross income rose thanks to the notable contribution from fees and revenues from trading activities; the latter more than offset the decline in net interest income, which nevertheless staged a partial recovery in the second quarter. Costs fell and operating profit increased by more than one third.

In the second quarter of this year, the average capitalization level of the significant banking groups declined slightly, owing to the growth in risk-weighted assets.

2.8 THE FINANCIAL MARKETS

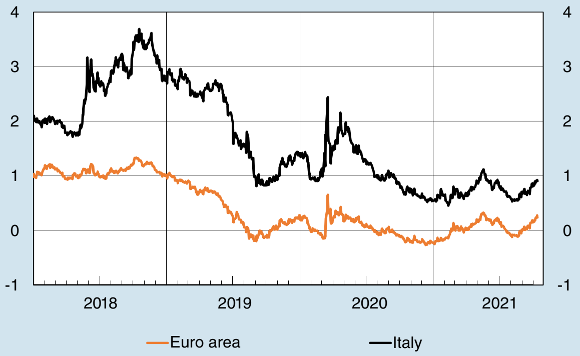
Financial market conditions remained relaxed in Italy, especially following the improvement in the economic situation and confirmation that the accommodative monetary policy stance would be maintained. The risk factors include ongoing uncertainty about the strength of the recovery, in connection with the changing pandemic situation, and about inflation dynamics.

Government bond yields remain low

From the second half of July, Italian government bond yields increased, especially over longer maturities (by 15 basis points for ten-year bonds), reflecting the upward revision of inflation and growth expectations for 2021; they nonetheless remain at low levels. Securities purchases by the Eurosystem helped to maintain favourable financial conditions (Figure 45; see Section 1.2). The yield spread between Italian and German ten-year government bonds remained stable, below end-2019 levels (Figure 46). The volatility implied by derivatives on Italian ten-year bonds stayed at very low levels (Figure 47).

Figure 45

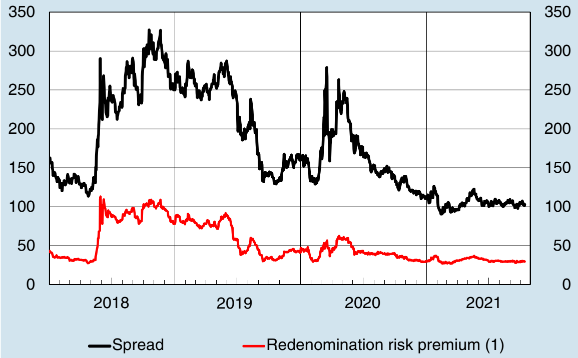
Yields on 10-year government bonds of Italy and 11 euro-area countries (1)
(daily data; per cent)



Sources: Based on Refinitiv and Bloomberg data.
(1) Average yields, weighted by 2020 GDP at constant prices, of the 10-year benchmark government bonds of 11 euro-area countries (Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Portugal and Spain) and yields on 10-year BTPs.

Figure 46

Spread between Italian and German 10-year government bonds and the redenomination risk premium
(daily data; basis points)



Sources: Based on Bloomberg and ICE CMA data.
(1) Spread between the premiums on Italian sovereign CDS ISDA-2014 and ISDA-2003 contracts with 5-year maturities. Compared with ISDA-2003, ISDA-2014 contracts offer greater protection against a redenomination of the underlying debt.

[9] In the first six months of last year, loan loss provisions had risen sharply, following the significant deterioration in the macroeconomic outlook.

Equity prices rise

Share prices rose more sharply in Italy than in the euro area from the second half of July (by 7.4 and 3.6 per cent respectively; Figure 48.a). The positive announcement effect of higher than expected earnings was partially offset by fears about potential increases in market rates and trends in energy prices.

The index for the banking sector rose in both Italy and the euro area, (by 13.4 and 9.6 per cent respectively; Figure 48.a), benefiting in particular from higher than anticipated second-quarter earnings, the removal of profit distribution restrictions previously recommended by the supervisory authorities, and expectations of higher net interest income. The prospects for consolidation in Italy's banking sector also had a positive effect. The volatility of equity prices remained stable (Figure 48.b).

Figure 47

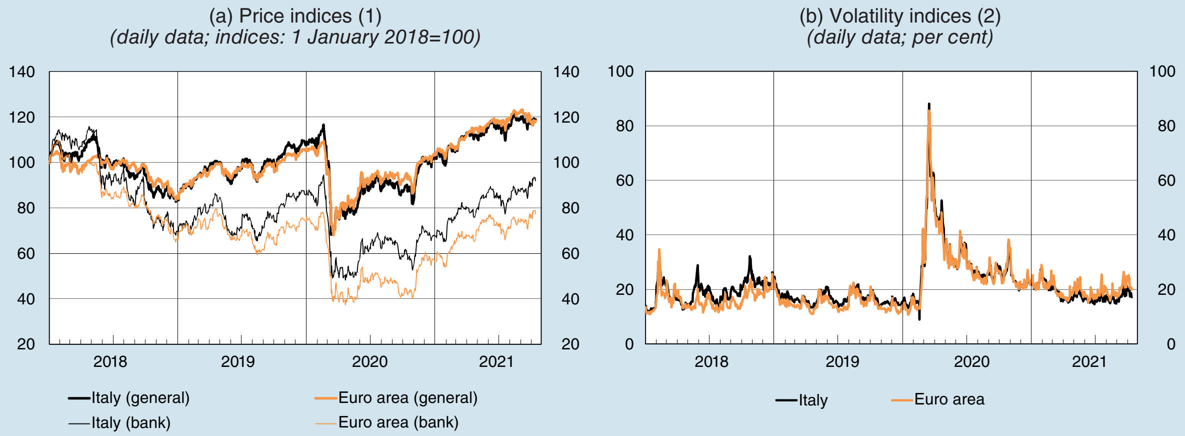
Implied volatility of options on BTP futures (1)

(daily data; per cent)

Source: Based on Refinitiv data.
(1) Implied volatility of at-the-money options with a 1-month maturity on 10-year BTP futures traded on the Eurex.

Figure 48

Equity prices



Source: Based on Refinitiv data.
(1) General and bank indices: FTSE MIB for Italy; Dow Jones Euro STOXX for the euro area. – (2) Indices: VSTOXX for the euro area, volatility implied by the prices of options on the FTSE MIB for Italy.

From mid-July, secondary market yields on bonds issued by Italian banks and non-financial corporations rose moderately for non-financial corporations while they were practically unchanged for banks, remaining nevertheless at very low levels (1.0 and 1.1 per cent respectively; Figure 49). The yields on bonds in both sectors recorded a small increase on average in the euro area.

Net issues by firms continue …

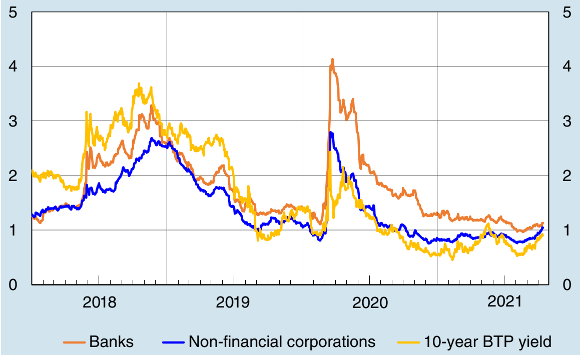
In the second quarter of 2021, net bond placements by non-financial corporations amounted to €6.6 billion (up from €6.3 billion in the first quarter); banks instead made net redemptions worth €2.0 billion (compared with €5.2 billion in the previous quarter). According to preliminary data from Bloomberg, gross bond issues by non-financial corporations decreased in the third quarter, while those by banks remained stable.

... as do net subscriptions to investment funds

According to Assogestioni data, the net inflow of savings towards open-end investment funds contracted slightly in the second quarter, though it remained at high levels (€17.1 billion, from €18.7 billion in the previous quarter). This was mostly thanks to the contribution of foreign investment funds. Investors purchased equity funds (with net subscriptions amounting to €8.4 billion), balanced funds (€7.7 billion) and bond funds (€3.0 billion). Money market funds, hedge funds and flexible funds recorded net negative subscriptions (€-0.9, €-0.1 and -0.9 billion respectively). Net subscriptions to open-end investment funds increased in July and August, by €6.6 billion and €7.9 billion respectively, against €4.1 billion in June.

Figure 49

Yields on bonds issued by Italian banks and non-financial corporations (1)
(daily data; per cent)



Sources: Based on ICE BofAML and Bloomberg data.
(1) The data refer to the average yields (to maturity) of a basket of euro-denominated bonds issued by Italian banks and non-financial corporations and traded on the secondary market. Even if the basket contains bonds with different maturities, selected on the basis of an adequate level of liquidity, the figure shows, for comparison purposes, the 10-year BTP yields, which are especially representative of the yields offered on Italian government bonds.

2.9 THE PUBLIC FINANCES

The Government has updated the public accounts estimates and the budget objectives for the next three years. During the current year, it is estimated that net borrowing will decline to 9.4 per cent of GDP and that the debt-to-GDP ratio will start to come down, falling by more than 2 percentage points. With respect to April's estimates, the improvement incorporates the upward revision of GDP growth expectations and takes into account the favourable data on trends in general government revenue and expenditure. In the Government's plans, the ratios of borrowing and debt to GDP should continue to decline gradually in the next few years, reaching 3.3 and 146.1 per cent respectively in 2024.

The deficit estimate for 2021 improves

In its Update to the 2021 Economic and Financial Document,[10] the Government estimates general government net borrowing of 9.4 per cent of GDP for this year (Table 17), slightly down on 2020; the debt-to-GDP ratio is expected to fall by

Table 17

Public finance objectives and estimates for 2021
(per cent of GDP)

	General government				*Memorandum items:*	
	Net borrowing	Structural net borrowing	Primary surplus	Change in debt (1)	Real GDP growth rate	Nominal GDP growth rate
Objectives						
December 2020 (2)	7.0	5.7	-3.7	-2.4	6.0	6.8
April 2021 (3)	11.8	9.3	-8.5	4.0	4.5	5.6
September 2021 (4)	9.4	7.6	-6.0	-2.1	6.0	7.6
Estimates						
April 2021 (3)	9.5	7.2	-6.2	2.0	4.1	5.2
September 2021 (4)	9.4	7.6	-6.0	-2.1	6.0	7.6

(1) Change in the debt-to-GDP ratio compared with the previous year. – (2) Italy's 2021 Draft Budgetary Plan. – (3) 2021 Economic and Financial Document. – (4) Update to the 2021 Economic and Financial Document.

[10] 'Preliminary hearing on the Update to the 2021 Economic and Financial Document', testimony by E. Gaiotti, Director General for Economics, Statistics and Research, before the Senate of the Republic, Rome, 5 October 2021 (only in Italian).

more than 2 percentage points, to 153.5 per cent (Table 18). In last April's Economic and Financial Document, the Government had planned to increase both net borrowing (to 11.8 per cent of GDP) and debt (to 159.8 per cent) with respect to last year. The revision of the estimates takes account of the improvement in GDP growth forecasts compared with those formulated in April and, among other factors, considers several favourable indications that have emerged in the course of monitoring general government revenue and expenditure.

Table 18

Outturns and official objectives of the main public finance indicators (1)
(per cent of GDP)

	2020	2021	2022	2023	2024
Net borrowing	9.6	9.4	5.6	3.9	3.3
Primary surplus	-6.1	-6.0	-2.7	-1.2	-0.8
Interest expense	3.5	3.4	2.9	2.7	2.5
Structural net borrowing	4.7	7.6	5.4	4.4	3.8
Debt (2)	155.6	153.5	149.4	147.6	146.1

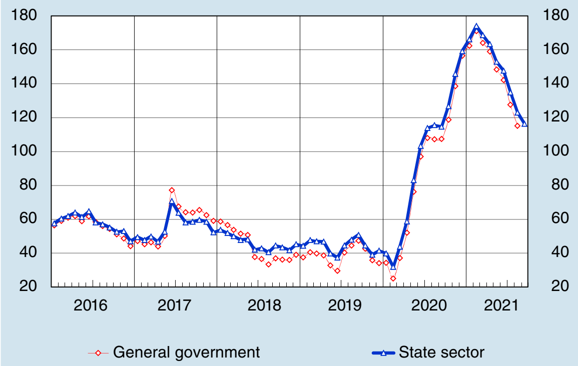
Source: Update to the 2021 Economic and Financial Document.
(1) Outturns for 2020 and official objectives for 2021-24. Rounding of decimal points may cause discrepancies in totals. – (2) Gross of financial support to EMU countries.

The trend in the cash-basis figures is positive

In the first nine months of 2021, the state sector borrowing requirement exceeded €85 billion, down by almost €43 billion compared with the corresponding period of 2020. For general government as a whole, for which data are available for the first eight months of the year, the borrowing requirement amounted to just over €60 billion, around €40 billion below what it was in the corresponding period of last year. This is also due to the postponement of several tax payments from 2020 to 2021 and to other extraordinary factors, including the receipt of a first tranche of grants in pre-financing payments under the Next Generation EU programme (€9 billion).[11] In the twelve months ending in August 2021, the general government borrowing requirement stood at just over €115 billion (Figure 50).

Figure 50

12-month cumulative borrowing requirement (1)
(monthly data; billions of euros)



Source: For the state sector, Ministry of Economy and Finance.
(1) Excludes state privatization receipts.

The tax revenue entered in the State's budget, net of lottery and gaming receipts, increased by 12.7 per cent (over €36 billion) in the first nine months of 2021 compared with the same period of last year. This mostly reflects the brighter economic outlook and, in part, temporal lags in tax payments, including the abovementioned deferral to this year of several tax payments due in 2020.

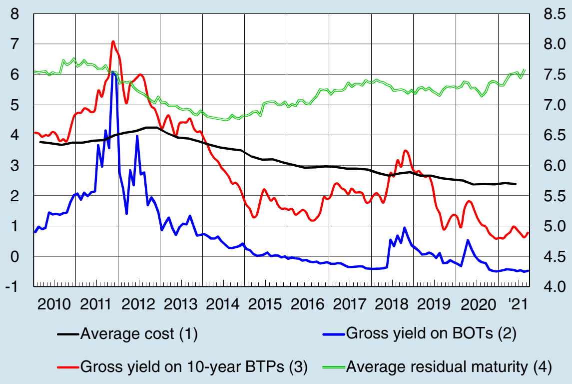
In the first eight months of 2021, the general government debt expanded by €161 billion, reflecting not only the borrowing requirement but also the increase in the Treasury's liquid balance (more than €97 billion). The average residual maturity of the debt lengthened slightly, from 7.4 years at the end of last year to 7.6 years in August. The average cost of the debt was equal to 2.4 per cent at the end of June, in line with the figure recorded at the end of 2020 (Figure 51).

[11] On 13 August, the European Commission disbursed a first tranche of resources in pre-financing payments under the National Recovery and Resilience Plan (NRRP), equal to 13 per cent of the total amount (€24.9 billion, of which €15.9 billion in the form of loans and entered in the public debt; see Sections 1.2 and 2.4).

Figure 51

Gross yields on BOTs and 10-year BTPs, average cost and average residual maturity of the debt

(monthly and quarterly data; per cent and years)



Source: Istat, for interest expense.
(1) Ratio between interest expense in the 4 quarters ending in the reference quarter and the stock of the debt at the end of the corresponding year-earlier quarter. – (2) The yield at issue is the average, weighted by the issue amounts allotted, of the compound allotment rates at the auctions settled during the month. – (3) Average monthly yield at maturity of the benchmark traded on the online government securities market. – (4) Right-hand scale.

Over the next few years, the Government plans a smaller reduction in the deficit and the debt than foreseen in the current legislation scenario

According to the current legislation scenario in the Update to the 2021 Economic and Financial Document, in the three years 2022-24, both the deficit and the debt will gradually decline (reaching, in 2024, 2.1 and 143.3 per cent respectively of GDP). These outcomes would be significantly more favourable than what was hypothesized in April.

The Government plans to utilize most of the space for manoeuvre deriving from the improvement in the current legislation scenario for new expansionary measures that will be defined in the next budget law. Compared with the current legislation scenario, the budgetary package would in fact raise the deficit by 1.3 percentage points of GDP on average over the three years. In the policy scenario, the deficit would amount to 5.6 per cent next year, 3.9 per cent in 2023 and 3.3 per cent in 2024.

According to the Government's projections, the debt-to-GDP ratio will fall by 7.4 percentage points in the next three years, reaching 146.1 per cent in 2024, around 3 percentage points higher than in the current legislation scenario. The progressive reduction in the ratio is being driven by the very favourable trend in the gap between nominal GDP growth and the average cost of the debt, which amply offsets the impact of the primary deficit. As shown in the Update, this favourable trend remains exposed to the risks surrounding the macroeconomic outlook.

The draft enabling law for the tax reform is approved

In early October, the Council of Ministers approved the draft enabling law for the reform of the tax system, which is expected to be implemented in the 18 months subsequent to its approval by Parliament. The reform aims, in particular, to reduce the tax burden on the factors of production, to streamline and simplify the taxation system, to preserve its progressive nature, and to combat tax evasion and avoidance.

On 19 October, the Government passed the 2022 Draft Budgetary Plan, in which it traced the broad outlines of the next budget.

SELECTED STATISTICS

Additional tables are contained in the Statistical Appendix of the *Economic Bulletin* available on the Internet at www.bancaditalia.it/pubblicazioni

CONTENTS

Table A1

Price competitiveness indicators based on producer prices in manufacturing (1)

(period averages; indices: 1999=100)

	Belgium	Canada	China	South Korea	France	Germany
2015	106.0	105.1	132.4	93.6	90.9	87.4
2016	105.7	103.8	126.2	90.3	91.4	89.6
2017	111.9	105.3	126.6	93.4	91.0	89.2
2018	117.2	104.6	128.5	93.6	91.9	90.0
2019	116.1	103.1	125.2	89.8	90.5	89.2
2020	115.5	103.6	125.5	87.7	90.7	91.7
2020 – Q1	115.0	102.7	124.4	87.9	89.5	89.7
Q2	112.4	101.2	125.4	86.5	90.4	92.2
Q3	117.2	104.5	124.3	86.5	91.6	92.7
Q4	117.4	105.9	128.0	90.0	91.5	92.3
2021 – Q1	119.6	110.6	128.9	90.4	90.6	91.0
Q2	122.0	116.2	130.4	91.5	89.7	90.2
2020 – Jan.	115.9	104.4	123.8	89.4	89.4	88.8
Feb.	114.9	103.9	123.9	88.0	89.1	88.8
Mar.	114.2	99.8	125.4	86.3	89.8	91.5
Apr.	112.2	100.2	127.1	86.7	89.8	92.4
May	109.9	100.8	125.7	86.1	90.5	92.2
June	115.0	102.6	123.5	86.5	91.0	92.1
July	116.4	102.9	123.4	86.5	91.3	92.2
Aug.	117.8	105.1	123.4	86.4	91.8	93.0
Sept.	117.3	105.6	126.0	86.6	91.6	92.9
Oct.	116.9	105.3	127.8	88.7	91.5	92.7
Nov.	116.8	105.1	128.4	90.1	91.2	92.2
Dec.	118.4	107.3	127.8	91.2	91.8	92.2
2021 – Jan.	118.4	108.8	128.7	90.8	91.0	91.8
Feb.	119.6	110.8	128.7	90.1	90.7	90.8
Mar.	120.6	112.2	129.2	90.4	90.2	90.3
Apr.	121.3	113.8	129.2	92.0	90.0	90.5
May	121.7	118.3	131.2	90.9	89.8	90.3
June	122.9	116.5	130.9	91.5	89.4	89.8
July	123.1	112.8	130.3	91.3	88.9	89.6

(1) The indicators of overall competitiveness shown in the table are based on producer prices of manufactures of 61 countries. For the method of calculation see A. Felettigh, C. Giordano, 'A novel three-market view of price competitiveness', *Journal of Economic and Social Measurement*, 44, 2019, pp. 86-116, also published in Banca d'Italia, Questioni di Economia e Finanza (Occasional Papers), 447, 2018 and 'Balance of Payments and International Investment Position', Banca d'Italia, Statistics Series, Methods and Sources: Methodological Notes, 19 November 2019. Rounding may cause discrepancies between monthly, quarterly and annual data.

cont.

Table A1 *cont.*

Price competitiveness indicators based on producer prices in manufacturing (1)

(period averages; indices: 1999=100)

	Japan	Italy	Netherlands	United Kingdom	Spain	United States
2015	60.3	96.2	107.7	91.6	105.9	102.6
2016	67.9	97.3	109.5	83.3	106.7	104.7
2017	64.0	97.2	111.3	78.5	108.1	103.5
2018	63.2	98.1	112.8	79.5	109.4	103.4
2019	66.1	96.6	113.7	79.9	107.7	105.9
2020	68.3	98.0	115.2	80.2	107.4	105.8
2020 – Q1	67.9	96.4	114.8	81.2	107.1	106.6
Q2	69.6	97.8	114.1	80.4	106.2	108.2
Q3	68.4	99.0	115.9	79.7	108.1	105.5
Q4	67.5	98.9	116.0	79.6	108.2	103.0
2021 – Q1	65.0	97.9	118.7	81.1	109.5	102.9
Q2	62.2	97.5	120.3	81.0	110.6	104.2
2020 – Jan.	66.7	96.2	114.8	81.7	107.4	105.2
Feb.	67.1	95.7	114.3	82.4	106.9	105.9
Mar.	69.9	97.4	115.2	79.4	107.1	108.5
Apr.	70.1	97.6	113.8	81.3	106.2	108.1
May	70.0	97.6	113.8	80.3	105.8	109.3
June	68.7	98.2	114.7	79.6	106.7	107.1
July	68.7	98.4	115.5	79.4	107.7	106.8
Aug.	68.4	99.4	116.1	80.3	108.4	105.2
Sept.	68.2	99.2	116.0	79.3	108.1	104.5
Oct.	68.0	99.1	115.8	79.3	108.1	104.2
Nov.	67.6	98.6	115.6	80.2	107.8	103.1
Dec.	66.8	99.1	116.4	79.3	108.8	101.7
2021 – Jan.	66.4	98.5	118.0	80.2	109.1	101.5
Feb.	65.2	97.8	118.6	81.4	109.5	102.4
Mar.	63.5	97.5	119.4	81.8	110.1	104.9
Apr.	63.1	97.4	120.8	81.0	110.3	104.2
May	62.0	97.5	120.6	81.0	110.9	103.7
June	61.5	97.5	119.5	80.9	110.4	104.8
July	62.4	97.1	120.0	80.6	110.0	106.4

(1) The indicators of overall competitiveness shown in the table are based on producer prices of manufactures of 61 countries. For the method of calculation see A. Felettigh, C. Giordano, 'A novel three-market view of price competitiveness', *Journal of Economic and Social Measurement*, 44, 2019, pp. 86-116, also published in Banca d'Italia, Questioni di Economia e Finanza (Occasional Papers), 447, 2018 and 'Balance of Payments and International Investment Position', Banca d'Italia, Statistics Series, Methods and Sources: Methodological Notes, 19 November 2019. Rounding may cause discrepancies between monthly, quarterly and annual data.

Table A2

Unit labour costs, per capita compensation and productivity: Italy (1)

(year-on-year percentage changes)

	Hourly compensation	Hourly productivity			Unit labour costs
			Value added (2)	Hours worked	
		Total industry excluding construction			
2018	1.1	0.6	2.0	1.4	0.5
2019	2.2	0.0	-0.3	-0.3	2.3
2020	2.7	0.1	-10.9	-11.0	2.6
2019 – Q1	2.6	-1.6	0.0	1.7	4.3
Q2	1.4	-0.6	-0.2	0.4	2.0
Q3	1.6	1.2	0.2	-1.0	0.3
Q4	3.0	0.5	-1.4	-2.0	2.4
2020 – Q1	5.0	1.7	-9.5	-11.1	3.2
Q2	5.0	-3.6	-26.4	-23.7	9.0
Q3	0.1	-0.5	-5.2	-4.7	0.6
Q4	0.8	1.8	-3.3	-5.0	-1.0
2021 – Q1	-0.0	1.7	6.8	5.0	-1.7
Q2	-0.4	5.0	32.5	26.2	-5.1
		Services			
2018	1.9	-0.2	0.6	0.8	2.1
2019	1.6	0.4	0.5	0.1	1.2
2020	4.1	3.9	-8.3	-11.8	0.2
2019 – Q1	2.0	-0.9	0.3	1.2	2.9
Q2	0.9	0.6	0.7	0.1	0.3
Q3	1.6	0.7	0.8	0.1	0.9
Q4	1.7	1.0	0.3	-0.7	0.7
2020 – Q1	4.3	4.7	-4.5	-8.8	-0.3
Q2	8.3	7.5	-15.8	-21.7	0.7
Q3	3.1	3.2	-5.5	-8.4	-0.1
Q4	2.1	1.5	-7.5	-8.9	0.6
2021 – Q1	1.3	-0.5	-3.3	-2.8	1.8
Q2	-1.8	-3.7	12.7	17.0	2.0
		Total economy			
2018	1.6	0.0	0.9	0.9	1.6
2019	1.8	0.4	0.4	0.0	1.4
2020	3.4	2.5	-8.7	-11.0	0.9
2019 – Q1	2.2	-0.9	0.4	1.3	3.1
Q2	1.3	1.0	0.6	-0.3	0.3
Q3	1.7	0.9	0.6	-0.3	0.8
Q4	2.0	0.6	-0.0	-0.7	1.4
2020 – Q1	4.0	3.6	-5.6	-8.9	0.5
Q2	6.6	4.1	-18.2	-21.4	2.4
Q3	2.2	1.9	-5.0	-6.8	0.3
Q4	1.9	1.4	-6.3	-7.5	0.5
2021 – Q1	0.6	-0.6	-0.5	0.1	1.2
Q2	-1.5	-2.2	17.5	20.1	0.7

Source: Based on Istat data.
(1) Based on hours effectively worked. Annual figures are unadjusted; quarterly data are adjusted for seasonal and calendar effects. – (2) Value added at base prices; volumes at chain-linked prices. Reference year 2015.

Table A3

Unit labour costs, per capita compensation and productivity: euro area (1)

(year-on-year percentage changes)

	Hourly compensation	Hourly productivity			Unit labour costs
			Value added (2)	Hours worked	
		Total industry excluding construction			
2018	1.8	0.4	1.9	1.4	1.4
2019	1.9	0.0	0.5	0.5	1.9
2020	3.1	0.6	-6.8	-7.3	2.4
2019 – Q1	1.6	-0.7	1.1	1.8	2.3
Q2	1.9	-0.2	0.3	0.5	2.1
Q3	2.4	0.3	0.6	0.4	2.1
Q4	1.7	0.6	0.0	-0.5	1.1
2020 – Q1	3.5	0.2	-4.0	-4.3	3.2
Q2	7.1	-2.2	-18.2	-16.3	9.5
Q3	1.5	0.6	-5.0	-5.5	0.9
Q4	2.9	4.2	-1.3	-5.3	-1.3
2021 – Q1	1.2	4.5	3.1	-1.3	-3.2
Q2	-4.3	6.0	21.6	14.7	-9.7
		Services			
2018	1.9	0.1	1.9	1.8	1.8
2019	2.5	0.6	1.8	1.2	1.9
2020	5.5	1.5	-6.4	-7.8	4.0
2019 – Q1	1.9	0.0	2.0	2.0	1.9
Q2	2.9	0.9	1.9	1.1	2.0
Q3	2.6	1.0	2.0	1.0	1.6
Q4	2.5	0.5	1.4	0.9	1.9
2020 – Q1	4.5	1.1	-2.5	-3.6	3.3
Q2	10.3	4.3	-13.9	-17.5	5.8
Q3	3.6	0.7	-4.0	-4.6	2.9
Q4	5.5	1.0	-5.7	-6.6	4.4
2021 – Q1	3.9	1.2	-2.7	-3.8	2.7
Q2	-3.8	-2.6	12.5	15.5	-1.2
		Total economy			
2018	1.9	0.1	1.8	1.7	1.8
2019	2.3	0.6	1.6	1.0	1.8
2020	4.9	1.2	-6.3	-7.4	3.7
2019 – Q1	1.8	0.0	1.9	2.0	1.8
Q2	2.7	0.8	1.6	0.8	1.9
Q3	2.5	1.0	1.7	0.7	1.5
Q4	2.3	0.5	1.1	0.6	1.7
2020 – Q1	4.2	1.0	-2.8	-3.8	3.2
Q2	9.4	2.7	-14.6	-16.9	6.6
Q3	3.0	0.3	-4.1	-4.4	2.7
Q4	4.8	1.6	-4.5	-6.0	3.2
2021 – Q1	3.1	1.3	-1.3	-2.6	1.8
Q2	-4.0	-1.2	14.2	15.6	-2.8

Source: Based on Eurostat data.
(1) Based on hours effectively worked. Annual figures are unadjusted; quarterly data are adjusted for seasonal and calendar effects. – (2) Value added at base prices; volumes at chain-linked prices. Reference year 2015.

Table A4

Consumer prices: Italy, euro area and main economies

(indices: 2015=100; year-on-year percentage changes)

	Italy		France		Germany		Euro area (1)	
	Total	Total excl. food and energy	Total	Total excl. food and energy	Total	Total excl. food and energy	Total	Total excl. food and energy
2018	1.2	0.6	2.1	0.9	1.9	1.3	1.8	1.0
2019	0.6	0.5	1.3	0.6	1.4	1.3	1.2	1.0
2020	-0.1	0.5	0.5	0.6	0.4	0.7	0.3	0.7
2019 – Jan.	0.9	0.6	1.4	0.6	1.7	1.8	1.4	1.1
Feb.	1.1	0.4	1.6	0.6	1.7	1.6	1.5	1.0
Mar.	1.1	0.3	1.3	0.3	1.4	1.0	1.4	0.8
Apr.	1.1	0.7	1.5	0.5	2.1	2.0	1.7	1.3
May	0.9	0.5	1.1	0.3	1.3	0.9	1.2	0.8
June	0.8	0.4	1.4	0.7	1.5	1.5	1.3	1.1
July	0.3	0.4	1.3	0.7	1.1	0.9	1.0	0.9
Aug.	0.5	0.6	1.3	0.6	1.0	0.8	1.0	0.9
Sept.	0.2	0.5	1.1	0.8	0.9	1.0	0.8	1.0
Oct.	0.2	0.7	0.9	0.8	0.9	1.1	0.7	1.1
Nov.	0.2	0.7	1.2	0.8	1.2	1.8	1.0	1.3
Dec.	0.5	0.6	1.6	1.0	1.5	1.7	1.3	1.3
2020 – Jan.	0.4	0.5	1.7	0.9	1.6	1.3	1.4	1.1
Feb.	0.2	0.5	1.6	1.2	1.7	1.4	1.2	1.2
Mar.	0.1	0.6	0.8	0.7	1.3	1.3	0.7	1.0
Apr.	0.1	0.6	0.4	0.3	0.8	1.0	0.3	0.9
May	-0.3	0.6	0.4	0.7	0.5	1.1	0.1	0.9
June	-0.4	0.5	0.2	0.4	0.8	1.1	0.3	0.8
July	0.8	2.1	0.9	1.4	0.0	0.7	0.4	1.2
Aug.	-0.5	0.3	0.2	0.6	-0.1	0.6	-0.2	0.4
Sept.	-1.0	-0.5	0.0	0.4	-0.4	0.3	-0.3	0.2
Oct.	-0.6	-0.1	0.1	0.3	-0.5	0.1	-0.3	0.2
Nov.	-0.3	0.3	0.2	0.4	-0.7	-0.1	-0.3	0.2
Dec.	-0.3	0.4	0.0	0.2	-0.7	-0.1	-0.3	0.2
2021 – Jan.	0.7	1.3	0.8	1.1	1.6	2.0	0.9	1.4
Feb.	1.0	1.5	0.8	0.6	1.6	1.7	0.9	1.1
Mar.	0.6	0.7	1.4	1.0	2.0	1.6	1.3	0.9
Apr.	1.0	0.3	1.6	1.1	2.1	1.1	1.6	0.7
May	1.2	0.2	1.8	1.1	2.4	1.6	2.0	1.0
June	1.3	0.3	1.9	1.3	2.1	1.2	1.9	0.9
July	1.0	-0.9	1.5	0.3	3.1	1.8	2.2	0.7
Aug.	2.5	0.8	2.4	1.3	3.4	2.1	3.0	1.6
Sept.	2.9	1.4	2.7	1.7	4.1	2.5	3.4	1.9

Source: Based on Eurostat data.
(1) Weighted average of the indices of the countries belonging to the euro area at the date shown.

Table A5

Italy's international investment position: stocks and reconciliation with the flows of the financial account in the balance of payments (1)

(billions of euros; per cent)

	Stocks									Stock-flow reconciliation		
	Direct investment	Portfolio investment			Financial derivatives	Other investment	Official reserves	Total	Total as a percentage of GDP	Change in total stocks	Valuation adjustments (2)	Financial account flows
		Total	Equity and investment funds	Debt securities						(a)=(b)+(c)	(b)	(c)
							Assets					
2017	558	1,404	868	536	76	523	126	2,687	154.7	149	-6	155
2018	594	1,369	825	543	76	551	133	2,722	153.7	35	-80	115
2019	622	1,545	940	605	75	561	156	2,959	164.9	237	118	119
2020	605	1,656	1,014	643	82	567	172	3,082	186.4	123	8	115
2020 – Q1	615	1,414	830	584	85	594	167	2,875	162.4	-84	-122	39
Q2	611	1,531	909	622	84	574	175	2,974	175.3	99	82	18
Q3	612	1,578	945	633	86	566	178	3,021	180.2	47	11	35
Q4	605	1,656	1,014	643	82	567	172	3,082	186.4	61	37	24
2021 – Q1	614	1,708	1,063	645	77	564	164	3,127	188.2	45	12	33
Q2	618	1,763	1,113	650	73	576	170	3,201	185.5	74	22	51
							Liabilities					
2017	456	1,308	263	1,045	107	938	–	2,808	161.7	72	-28	101
2018	489	1,148	216	931	107	1,055	–	2,798	158.0	-10	-88	78
2019	519	1,364	282	1,082	116	977	–	2,977	165.9	179	106	72
2020	510	1,342	252	1,090	131	1,060	–	3,042	184.0	65	13	52
2020 – Q1	517	1,228	206	1,022	133	1,047	–	2,925	165.3	-52	-86	34
Q2	517	1,263	231	1,032	133	1,074	–	2,986	176.0	61	47	14
Q3	514	1,293	222	1,071	136	1,051	–	2,994	178.5	8	8	-1
Q4	510	1,342	252	1,090	131	1,060	–	3,042	184.0	48	43	5
2021 – Q1	513	1,388	275	1,113	117	1,058	–	3,076	185.2	34	7	27
Q2	521	1,395	280	1,116	112	1,082	–	3,111	180.3	35	-2	37
							Net position					
2017	102	96	604	-508	-31	-415	126	-121	-7.0	76	22	55
2018	105	221	609	-388	-31	-504	133	-76	-4.3	45	8	37
2019	102	181	658	-477	-41	-417	156	-18	-1.0	58	12	46
2020	96	315	762	-447	-49	-493	172	40	2.4	58	-5	63
2020 – Q1	98	186	623	-437	-48	-453	167	-50	-2.8	-32	-37	5
Q2	95	268	679	-410	-49	-501	175	-12	-0.7	38	35	3
Q3	98	286	724	-438	-51	-485	178	27	1.6	39	3	36
Q4	96	315	762	-447	-49	-493	172	40	2.4	13	-6	19
2021 – Q1	100	320	788	-468	-41	-493	164	51	3.0	11	4	6
Q2	97	368	833	-466	-39	-506	170	90	5.2	39	24	15

(1) Based on the international standards in the sixth edition of the IMF's *Balance of Payments and International Investment Position Manual (BPM6)*, 2009. – (2) Adjustments of exchange rates, prices and other changes in volume.

Table A6

Balance of payments of Italy: current account and capital account (1)

(millions of euros)

	Current account					Capital account		
	Total	Goods	Services	Primary income	Secondary income	Total	Intangible assets	Capital transfers
2015	23,761	54,144	-4,245	-11,181	-14,956	6,110	-1,183	7,294
2016	44,175	59,963	-4,082	4,973	-16,678	-2,645	-1,973	-673
2017	44,923	54,372	-3,787	9,436	-15,098	1,243	-1,188	2,431
2018	44,760	45,926	-2,920	19,153	-17,399	-322	-1,482	1,160
2019	57,913	60,743	-730	15,031	-17,130	-1,769	-2,603	834
2020	62,084	68,351	-7,287	20,274	-19,253	-417	-1,106	689
2020 – Q1	7,759	13,345	-4,731	4,738	-5,594	-946	-713	-233
Q2	5,903	12,440	-3,063	819	-4,294	141	48	93
Q3	25,442	20,884	2,826	5,588	-3,855	-254	-384	130
Q4	22,981	21,682	-2,320	9,129	-5,511	641	-58	699
2021 – Q1	8,844	14,351	-3,953	5,675	-7,228	-1,375	-515	-860
Q2	16,307	20,718	-3,488	2,812	-3,736	-463	-540	77
2020 – Jan.	-844	1,008	-1,287	744	-1,309	-280	-271	-9
Feb.	5,020	6,447	-1,522	1,945	-1,851	-285	-235	-50
Mar.	3,583	5,889	-1,922	2,049	-2,433	-381	-207	-174
Apr.	-1,639	-40	-1,008	728	-1,319	-32	-9	-23
May	3,336	5,910	-1,207	-187	-1,180	-1	28	-29
June	4,205	6,570	-848	277	-1,794	174	29	145
July	10,389	9,838	624	1,133	-1,206	-64	-128	63
Aug.	6,993	4,679	1,387	2,234	-1,307	-48	-104	57
Sept.	8,059	6,366	815	2,221	-1,343	-142	-152	10
Oct.	8,381	7,916	-850	2,734	-1,419	317	-19	336
Nov.	7,128	6,990	-1,011	2,680	-1,532	256	-18	274
Dec.	7,472	6,776	-459	3,714	-2,560	68	-20	89
2021 – Jan.	1,214	2,349	-814	1,456	-1,777	-319	-160	-159
Feb.	4,084	5,722	-1,325	2,053	-2,366	-408	-159	-249
Mar.	3,547	6,280	-1,814	2,166	-3,084	-648	-196	-452
Apr.	6,611	7,148	-1,279	1,958	-1,215	-196	-177	-18
May	4,573	6,654	-1,464	474	-1,090	-200	-178	-22
June	5,123	6,917	-745	381	-1,431	-68	-185	117
July	(8,261)	(9,021)	(182)	(582)	(-1,524)	(-73)	(-168)	(96)
Aug.	(5,031)	(2,470)	(1,623)	(2,609)	(-1,671)	(-46)	(-134)	(88)

(1) Based on the international standards in the sixth edition of the IMF's *Balance of Payments and International Investment Position Manual (BPM6)*, 2009.

Table A7

MFI loans adjusted for the accounting effect of securitizations: Italy and euro area (1)

(12-month percentage changes)

	Italy (2)				Euro area (3)			
	Private sector (4)	Non-financial private sector	Non-financial corporations	Households	Private sector (4)	Non-financial private sector	Non-financial corporations	Households
2013	-3.7	-3.6	-5.2	-1.3	-2.4	-1.6	-3.2	-0.3
2014	-1.6	-1.6	-2.3	-0.6	-0.3	-0.6	-1.6	0.1
2015	-0.3	0.0	-0.6	0.7	0.7	1.0	0.6	1.4
2016	1.1	1.0	0.3	1.9	2.4	2.2	2.4	2.0
2017	1.8	1.3	0.1	2.8	2.9	3.0	3.2	2.9
2018	2.1	2.0	1.4	2.8	3.4	3.6	4.1	3.2
2019	0.2	0.2	-1.9	2.6	3.7	3.4	3.2	3.6
2020	4.7	5.4	8.3	2.3	4.7	4.8	7.1	3.1
2019 – Jan.	1.1	1.0	-0.5	2.7	3.1	3.4	3.5	3.2
Feb.	1.4	1.3	0.1	2.8	3.3	3.6	3.9	3.3
Mar.	1.0	1.0	-0.4	2.7	3.3	3.5	3.8	3.3
Apr.	1.0	1.0	-0.4	2.7	3.5	3.6	4.0	3.3
May	1.1	1.2	0.0	2.7	3.4	3.6	3.9	3.3
June	0.6	0.9	-0.5	2.5	3.5	3.6	3.9	3.3
July	0.8	1.0	-0.3	2.5	3.6	3.6	4.0	3.4
Aug.	0.6	0.8	-0.6	2.4	3.8	3.7	4.2	3.4
Sept.	0.6	0.7	-0.8	2.5	3.6	3.5	3.6	3.4
Oct.	0.4	0.4	-1.3	2.4	3.7	3.6	3.8	3.4
Nov.	0.2	0.1	-1.8	2.4	3.6	3.5	3.4	3.5
Dec.	0.2	0.2	-1.9	2.6	3.7	3.4	3.2	3.6
2020 – Jan.	0.6	0.6	-1.0	2.6	3.7	3.5	3.2	3.7
Feb.	0.4	0.5	-1.2	2.5	3.7	3.4	3.0	3.8
Mar.	1.5	1.7	1.5	1.8	5.1	4.3	5.6	3.4
Apr.	1.5	1.5	1.8	1.2	5.0	4.6	6.7	3.0
May	1.6	1.7	2.0	1.3	5.3	4.9	7.4	3.0
June	2.3	2.8	3.7	1.7	4.9	4.8	7.2	3.1
July	2.9	3.2	4.5	1.8	4.8	4.8	7.1	3.0
Aug.	3.7	4.1	6.0	2.0	4.7	4.8	7.2	3.0
Sept.	3.9	4.6	6.8	2.2	4.7	4.8	7.1	3.1
Oct.	4.3	4.9	7.4	2.2	4.7	4.7	6.9	3.2
Nov.	4.6	5.3	8.1	2.3	4.8	4.8	6.9	3.1
Dec.	4.7	5.4	8.3	2.3	4.7	4.8	7.1	3.1
2021 – Jan.	4.3	4.9	7.3	2.2	4.5	4.7	6.9	3.0
Feb.	4.5	5.1	7.6	2.4	4.5	4.7	7.0	3.0
Mar.	3.9	4.5	5.7	3.2	3.5	4.2	5.3	3.3
Apr.	3.7	4.3	4.5	4.0	3.2	3.5	3.2	3.8
May	3.8	4.3	4.6	3.9	2.7	3.0	1.9	3.9
June	3.4	3.8	3.8	3.8	3.0	3.1	1.9	4.0
July	2.1	2.7	1.8	3.8	3.0	3.1	1.7	4.2
Aug.	1.8	2.3	1.2	3.7	2.9	3.0	1.5	4.2

(1) Loans include bad loans and repos, as well as the securitized component of these not recognized in banks' balance sheets. The percentage changes are calculated net of reclassifications, changes in exchange rates, valuation adjustments and other changes not associated with transactions. For more information on the euro-area data, see 'Monetary Developments in the Euro Area' on the ECB website. – (2) Loans to Italian residents. – (3) Loans to euro-area residents. – (4) The series are based on the new definitions for monetary aggregates and counterparties adopted by the ECB in September 2012, which exclude repo transactions with central counterparties (for the euro area, starting with the June 2010 data).

Table A8

Net bond issues: Italy and euro area (1)

(billions of euros)

	Banks	Other financial corporations (2)	Non-financial corporations	Total
		Italy		
2019	-2.0	24.9	-3.5	19.4
2020	-19.4	5.8	7.8	-5.8
2020 –Q1	-14.5	-7.6	-3.6	-25.7
Q2	7.6	4.2	1.6	13.4
Q3	..	-4.1	2.7	-1.4
Q4	-12.4	13.4	7	7.9
2021 –Q1	-5.2	-4.4	6.3	-3.2
Q2	-2.1	-0.4	6.6	4.2
		Euro area		
2019	119.5	164.5	62.2	346.2
2020	135.1	107.3	166.5	408.8
2020 –Q1	32.9	4.4	10.6	47.9
Q2	136.5	45.4	105.5	287.4
Q3	0.7	39	37.4	77.1
Q4	-35.1	18.5	13	-3.5
2021 –Q1	51.6	45.2	23	119.7
Q2	17.1	42.4	19.8	79.3

Sources: Bank of Italy and ECB.
(1) Bonds with an original maturity of more than one year, at face value, issued by companies resident in Italy (top panel) or the euro area (bottom panel) and belonging to the sector indicated. Net issues are equal to the difference between the face value of the securities placed and that of the securities redeemed. – (2) Includes insurance companies, other financial intermediaries, financial auxiliaries, lenders and captive financial institutions.

Table A9

Financing of the general government borrowing requirement: Italy (1)

(billions of euros)

	Currency and deposits	*of which:* PO funds	Short-term securities	Medium- and long-term securities	MFI loans	European institutions loans	Other liabilities	Transactions in debt instruments	Change in Treasury's liquid balances (2)	*of which:* investment of liquidity	Borrowing requirement	*of which:* in connection with financial support to EMU countries (3)
2016	-4.8	0.4	-8.0	63.3	0.5	-	-0.3	50.6	-7.4	-3.0	43.2	0.0
2017	-0.6	-2.4	-0.5	41.1	3.7	-	1.6	45.3	13.8	10.5	59.1	0.0
2018	5.2	-2.1	0.8	42.4	-4.6	-	1.0	44.8	-5.8	19.5	39.0	0.0
2019	-10.3	-4.7	6.4	43.0	-7.4	-	0.2	32.0	2.2	-18.0	34.1	-0.4
2020	1.6	-2.5	11.5	134.8	0.6	16.6	0.9	166.1	-9.6	13.0	156.6	-0.1
2019 – Jan.	4.0	-1.0	8.0	29.4	-0.6	-	-0.9	39.9	-44.0	-14.0	-4.1	0.0
Feb.	-3.9	-0.4	-0.1	4.2	-0.3	-	0.1	0.0	9.8	-2.0	9.8	0.0
Mar.	0.2	-2.1	0.6	-3.2	-0.2	-	0.3	-2.4	22.4	1.4	20.0	0.0
Apr.	0.9	1.3	0.7	12.7	-0.2	-	-0.1	13.9	-11.6	-1.4	2.4	0.0
May	-1.0	-0.6	0.3	-10.2	1.0	-	-0.2	-10.1	11.3	3.0	1.2	0.0
June	-1.8	-1.1	-0.4	23.0	-0.5	-	0.7	20.9	-20.5	-3.0	0.4	0.0
July	5.8	1.6	-0.1	19.0	-2.3	-	1.2	23.7	-27.1	3.0	-3.4	0.0
Aug.	-0.1	-1.3	1.8	-4.4	0.1	-	-0.3	-2.9	5.3	-3.0	2.4	0.0
Sept.	1.8	-0.3	1.0	-23.0	0.0	-	-0.5	-20.7	43.7	-10.0	23.0	0.0
Oct.	-0.2	1.2	1.2	7.1	-0.1	-	0.2	8.2	-9.8	-3.4	-1.5	-0.2
Nov.	-5.2	-1.8	-0.0	3.6	0.4	-	-0.2	-1.5	0.1	2.0	-1.4	-0.2
Dec.	-10.8	-0.2	-6.6	-15.1	-4.7	-	0.0	-37.1	22.5	9.4	-14.6	0.0
2020 – Jan.	2.7	-1.7	5.8	25.1	1.1	-	-0.1	34.6	-38.6	-6.0	-4.0	0.0
Feb.	-2.2	-0.3	-1.1	6.2	-0.0	-	-0.4	2.5	-1.8	-0.5	0.7	0.0
Mar.	10.8	1.3	-0.2	-23.1	1.3	-	0.1	-11.2	43.2	15.5	32.1	0.0
Apr.	-1.9	-0.0	10.1	25.7	0.6	-	-0.4	34.0	-16.8	11.5	17.2	0.0
May	-4.2	0.2	10.9	32.7	0.6	-	-0.1	39.9	-14.5	-2.5	25.4	0.0
June	-0.7	-0.3	1.4	20.4	-1.5	-	0.7	20.4	0.8	0.0	21.2	-0.0
July	-0.8	-0.4	-3.0	34.7	0.2	-	-0.2	30.8	-23.3	-1.0	7.6	0.0
Aug.	0.3	-0.1	1.3	18.4	-1.5	-	-0.2	18.4	-16.8	1.5	1.6	0.0
Sept.	-1.6	-0.3	-0.3	7.4	0.9	-	0.5	7.0	16.3	-6.0	23.3	-0.0
Oct.	-1.0	-0.3	-4.1	-1.8	0.5	10.1	0.0	3.7	6.1	-1.0	9.8	0.0
Nov.	3.5	-0.5	-0.6	-7.3	-0.4	6.6	-0.2	1.6	16.9	0.5	18.4	0.0
Dec.	-3.3	-0.1	-8.7	-3.5	-1.3	0.0	1.1	-15.7	19.1	1.0	3.4	-0.0
2021– Jan.	3.6	-1.6	5.6	25.5	-0.0	0.0	-0.3	34.4	-32.6	0.0	1.8	0.0
Feb.	-1.5	-1.1	-3.4	37.2	0.6	4.6	-0.3	37.2	-27.8	0.0	9.3	0.0
Mar.	0.2	-0.7	-2.9	5.0	-1.4	5.7	0.3	6.9	18.3	1.0	25.2	-0.1
Apr.	-0.2	-0.6	-1.5	28.1	3.4	0.0	-0.6	29.3	-17.1	-5.0	12.1	0.0
May	-1.2	-0.4	-0.2	3.4	1.6	0.7	-0.1	4.2	10.5	0.0	14.7	0.0
June	2.9	-0.3	0.1	3.4	0.6	0.0	1.3	8.2	6.8	0.0	15.0	-0.1
July	-1.1	-0.3	0.5	28.5	1.3	0.0	0.0	29.2	-36.3	0.0	-7.1	0.0
Aug.	-0.8	-0.2	0.7	-8.5	1.1	15.9	-0.2	8.1	-18.9	0.0	-10.7	0.0

(1) For more information, see the Methodological Appendix in 'The Public Finances: Borrowing Requirement and Debt' in Supplements to the Statistical Bulletin for data up to December 2016 and for subsequent months 'The Public Finances: Borrowing Requirement and Debt' in the Statistics Series. – (2) Treasury deposits held at the Bank of Italy and investment of liquidity with the banking system. – (3) Includes loans to other EMU countries, disbursed both bilaterally and via the European Financial Stability Facility, and the contribution to the capital of the European Stability Mechanism.

Table A10

General government debt: Italy (1)

(billions of euros)

	Currency and deposits	*of which:* PO funds	Short-term securities	Medium- and long-term securities	MFI loans	European institutions loans	Other liabilities	*of which:* in connection with EFSF loans	General government debt	Memorandum item: Treasury's liquid balances (2)	*of which:* investment of liquidity	Deposits with resident MFIs net of liquidity transactions	Financial support to EMU countries (3)
2016	232.9	76.8	107.0	1,767.3	133.1	–	45.3	33.9	2,285.6	43.1	33.0	29.9	58.2
2017	232.4	74.4	106.6	1,806.8	136.7	–	47.3	33.9	2,329.8	29.3	22.5	32.2	58.2
2018	237.6	72.3	107.4	1,856.0	132.3	–	48.3	33.9	2,381.5	35.1	3.0	31.5	58.2
2019	227.3	67.6	113.8	1,895.6	124.9	–	48.5	33.5	2,410.0	32.9	21.0	35.1	57.8
2020	228.9	65.1	125.3	2,027.9	125.5	16.5	49.4	33.5	2,573.5	42.5	8.0	38.9	57.7
2019 – Jan.	241.6	71.3	115.4	1,885.2	131.7	–	47.3	33.9	2,421.1	79.1	17.0	32.7	58.2
Feb.	237.7	70.9	115.3	1,889.3	131.4	–	47.4	33.9	2,421.1	69.3	19.0	33.6	58.2
Mar.	237.8	68.8	115.9	1,883.7	131.3	–	47.7	33.9	2,416.4	46.9	17.6	32.2	58.2
Apr.	238.7	70.1	116.6	1,896.8	131.1	–	47.6	33.9	2,430.7	58.5	19.0	32.3	58.2
May	237.7	69.4	116.9	1,888.2	132.0	–	47.3	33.9	2,422.2	47.2	16.0	34.3	58.2
June	235.9	68.3	116.5	1,912.2	131.5	–	48.0	33.9	2,444.1	67.7	19.0	34.5	58.2
July	241.8	69.9	116.4	1,931.0	129.2	–	49.2	33.9	2,467.6	94.8	16.0	35.6	58.2
Aug.	241.7	68.6	118.2	1,926.2	129.3	–	49.0	33.9	2,464.3	89.5	19.0	35.9	58.2
Sept.	243.5	68.4	119.2	1,900.9	129.3	–	48.4	33.9	2,441.3	45.8	29.0	36.5	58.2
Oct.	243.3	69.6	120.4	1,907.4	129.2	–	48.6	33.7	2,449.0	55.5	32.4	37.4	58.0
Nov.	238.1	67.7	120.4	1,910.5	129.6	–	48.4	33.5	2,447.0	55.4	30.4	38.7	57.8
Dec.	227.3	67.6	113.8	1,895.6	124.9	–	48.5	33.5	2,410.0	32.9	21.0	35.1	57.8
2020 – Jan.	230.0	65.8	119.6	1,920.0	126.0	–	48.4	33.5	2,444.0	71.5	27.0	36.4	57.8
Feb.	227.8	65.5	118.5	1,926.4	126.0	–	48.0	33.5	2,446.7	73.4	27.5	36.6	57.8
Mar.	238.5	66.9	118.3	1,901.4	127.3	–	48.1	33.5	2,433.6	30.1	12.0	36.4	57.8
Apr.	236.6	66.9	128.5	1,928.4	127.9	–	47.7	33.5	2,469.1	46.9	0.5	35.7	57.8
May	232.4	67.0	139.3	1,962.1	128.5	–	47.6	33.5	2,510.0	61.4	3.0	36.8	57.8
June	231.8	66.8	140.7	1,983.2	127.0	–	48.3	33.5	2,531.1	60.7	3.0	36.5	57.8
July	230.9	66.4	137.7	2,016.6	127.3	–	48.1	33.5	2,560.6	83.9	4.0	36.9	57.8
Aug.	231.3	66.2	139.0	2,034.9	125.8	–	47.9	33.5	2,578.9	100.7	2.5	36.6	57.8
Sept.	229.7	66.0	138.7	2,041.5	126.7	–	48.4	33.5	2,585.1	84.5	8.5	36.4	57.8
Oct.	228.7	65.7	134.6	2,039.2	127.2	10.0	48.5	33.5	2,588.2	78.4	9.5	36.8	57.8
Nov.	232.2	65.1	134.0	2,031.5	126.8	16.5	48.3	33.5	2,589.3	61.5	9.0	39.7	57.8
Dec.	228.9	65.1	125.3	2,027.9	125.5	16.5	49.4	33.5	2,573.5	42.5	8.0	38.9	57.7
2021 – Jan.	232.6	63.4	130.9	2,052.5	125.5	16.5	49.1	33.5	2,607.0	75.1	8.0	39.7	57.7
Feb.	231.1	62.3	127.4	2,089.7	126.1	21.0	48.8	33.5	2,644.1	102.9	8.0	39.7	57.7
Mar.	231.3	61.6	124.5	2,095.0	124.7	26.7	49.1	33.5	2,651.3	84.6	7.0	38.2	57.7
Apr.	231.1	61.0	123.0	2,123.5	128.1	26.7	48.6	33.5	2,680.9	101.8	12.0	39.2	57.7
May	229.9	60.6	122.8	2,128.9	129.6	27.4	48.4	33.5	2,687.1	91.3	12.0	40.3	57.7
June	232.9	60.3	122.8	2,133.2	130.2	27.4	49.7	33.5	2,696.2	84.4	12.0	39.6	57.6
July	231.7	60.0	123.4	2,162.1	131.5	27.4	49.8	33.5	2,725.9	120.8	12.0	38.4	57.6
Aug.	230.9	59.8	124.1	2,154.0	132.5	43.4	49.6	33.5	2,734.4	139.7	12.0	37.9	57.6

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