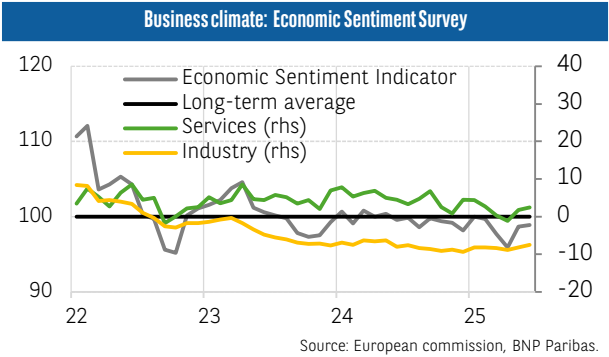
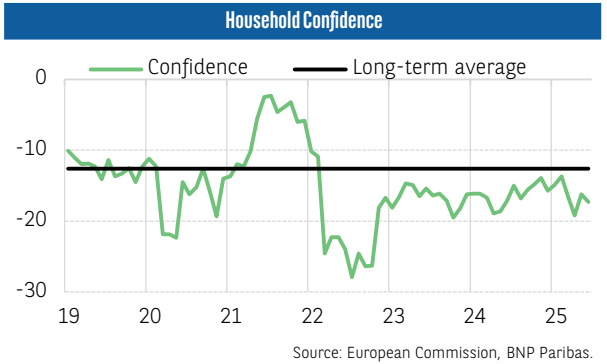


# Italy: Business climate on the rise, household confidence down



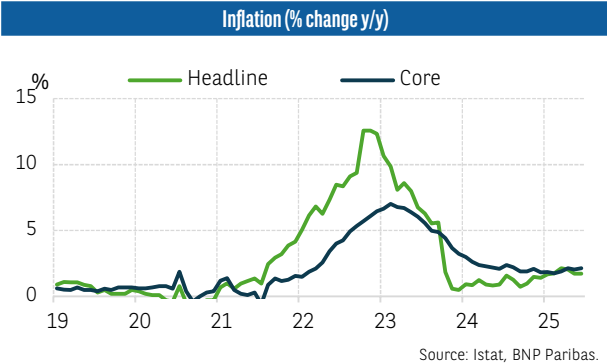
**Business climate: the improvement continues.** The economic sentiment index has been improving for two months, reaching 98.6 in June (+0.2 points m/m). The indicator for industry remains weak but is back to its highest level in 13 months, with production and hiring expectations for the coming months improving. Industrial production rose year-on-year (+0.1%), the first increase since January 2023. In the services sector, the indicator rose sharply (+0.7 points).



**Household confidence declined (-1.1 points).** Households anticipate a deterioration in the economic and financial situation over the next year, causing a drop in major purchasing intentions (-3.1 points m/m). For the time being, retail sales continue to decline (-0.3% y/y in April), as do new vehicle registrations (-0.2% y/y in May).



**The unemployment rate rose slightly in May** (+0.4 pp to 6.5%, but -0.1 pp y/y). At the same time, the employment rate continued to rise (62.9; +0.1 pp). Wage growth stabilised at 3.4% y/y (+0.0 pp). However, it remains strong and well above inflation, thereby supporting household purchasing power.



**Inflation stabilised at 1.7% y/y in June.** Core inflation rose very slightly (+0.1 pp m/m to 2.1%). The slowdown in producer prices continued (falling from 2.6% in April to 1.7% y/y in May), which is a favourable sign.

GDP growth q/q : actual, carry-over, forecasts										
Actual				Carry-over	Actual	Forecast		Annual forecasts (y/y)		
Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	2024 (observed)	2025	2026
0,2	0,2	-0,0	0,2	0,2	0,3	0,2	0,3	0,5	0,8	1,3

Source: Refinitiv, BNP Paribas

**GDP growth will remain limited.** In Q2, Italian growth is expected to slow to 0.2% q/q (after +0.3% q/q in Q1) due to a catch-up effect following the sharp rise in investment and exports in Q1. As a result, it is set to remain limited on average for the year (0.8%) and still below eurozone growth (1.2%).

Lucie Barette (completed on 2 July 2025)