






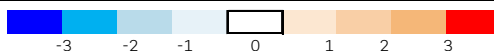


Italy: Good momentum in Q1, but less certainty thereafter

		Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26
	Global												
	Composite Index	-0.3	0.0	0.1	0.1	0.0	0.1	0.2	0.3	0.3	0.4	0.3	0.2
	Credit*												
	Interest rate on new NFC loans, %	3.9	3.8	3.7	3.6	3.5	3.5	3.6	3.6	3.7	3.6	3.5	
	Net flows of NFC loans (12-month cumulative, EUR bn)	-8	-11	-2	1	3	3	4	8	9	8	8	
	Net NFC debt securities issuance (12-month cumulative, EUR bn)	4	8	11	16	16	14	14	11	14	13	14	
	Industry												
	Business Climate												
	Composite	-0.7	-0.5	-0.5	-0.4	-0.5	-0.5	-0.3	-0.2	-0.3	-0.2	-0.3	-0.2
	Expected production	-0.9	-0.8	-0.6	-0.6	-0.7	-0.8	-0.5	-0.3	-0.4	-0.4	-0.4	-0.5
	Order books	-0.5	-0.4	-0.4	-0.4	-0.3	-0.3	-0.3	-0.2	-0.3	-0.2	-0.2	-0.1
	Export order books	-0.9	-0.8	-0.8	-0.8	-0.8	-0.8	-0.7	-0.5	-0.7	-0.6	-0.6	-0.5
	Price expectations	0.1	-0.1	-0.1	0.0	-0.1	-0.2	-0.1	0.0	0.0	0.1	0.4	
	Employment expectations	0.1	0.1	0.3	0.4	0.3	0.4	0.4	0.2	0.1	0.1	0.0	
	Services												
	Business Climate												
	Composite	-0.1	0.1	0.2	0.1	0.2	0.2	0.2	0.4	0.4	0.8	0.6	0.7
	Expected activity	-0.5	-0.1	-0.2	-0.2	0.1	0.6	0.7	0.6	0.5	0.8	0.9	0.8
	Price expectations	1.0	0.7	0.6	0.6	0.6	0.6	0.2	0.4	0.6	1.0	1.0	0.8
	Employment expectations	0.6	0.9	1.4	0.7	0.5	0.2	0.3	0.6	0.9	1.0	0.9	
	Retail												
	Business Climate												
	Retail trade	0.7	0.7	0.6	0.8	0.5	0.5	0.8	1.0	0.9	0.4	0.7	0.4
	Price expectations (Food)	1.0	0.6	0.4	0.2	0.4	0.5	0.5	0.1	0.2	0.0	0.0	0.6
	Construction												
	Business Climate												
	Composite	1.1	1.1	1.2	1.2	1.0	1.1	1.2	1.2	1.1	0.8	1.0	1.1
	Expected activity	1.0	1.1	1.1	1.2	0.9	1.0	1.2	1.0	1.1	0.8	0.9	1.0
	Price expectations	0.5	0.6	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.5	0.7	0.7
	Employment expectations	1.1	1.0	1.2	1.0	1.0	1.0	1.3	1.5	1.1	0.7	1.0	1.1
	Household Confidence & Credit*												
	Housing purchases	0.1	0.1	0.1	1.3	1.3	1.3	0.4	0.4	0.4	5.5	5.5	5.5
	Interest rate on new housing loans, %	3.3	3.2	3.2	3.2	3.3	3.3	3.3	3.3	3.4	3.5	3.4	
	New housing loans (12-month cumulative, EUR bn)	68	69	71	72	72	73	73	73	73	72	72	
	Household Confidence & Credit*												
	Composite	-0.4	0.1	-0.1	0.0	0.0	0.2	0.2	0.1	0.1	0.2	0.3	-0.5
	Expected financial situation	-0.9	-0.4	-0.5	-0.2	-0.9	-0.6	-0.3	-0.7	-0.4	-0.4	-0.7	-1.5
	Major purchases opportunity	1.1	1.3	0.9	1.0	1.3	1.5	0.8	1.0	0.8	1.3	1.6	1.5
	Price expectations	1.6	0.9	0.7	0.9	1.0	0.4	0.2	0.5	0.6	0.4	0.5	2.0
	Fears of Unemployment	0.4	0.5	0.5	0.6	0.5	0.5	0.7	0.5	0.5	0.5	0.4	0.3
	Interest rate on new consumer loans, %	8.6	8.5	8.5	8.6	8.7	8.6	8.5	8.5	8.3	8.5	8.5	
	New consumer loans (12-month cumulative, EUR bn)	55	55	55	55	55	55	55	55	55	55	55	



Indicators are converted into z-scores, i.e. deviations from their long-term average (expressed in standard deviations). Positive (negative) values indicate that the indicator is above (below) its long-term average by a given number of standard deviations. Red shading corresponds to strong economic activity, elevated inflation expectations, and low unemployment fears, while blue indicates a slowdown in activity, moderate inflation expectations, and heightened unemployment fears.

*Credit indicators are neither standardised as z-scores nor associated with any colour coding: they are shown in levels (or as 12-month cumulative flows) and should be interpreted separately from the other indicators.

Business sentiment remains solid for the time being, despite the energy shock. Above all, companies are reporting, above all, a rise in input costs, which is expected to lead to higher prices for goods sold in the coming months. Output remains buoyant, in both industry and services. However, household confidence is deteriorating significantly, driven by sharply rising inflation expectations.

The divergence in trends between households and businesses is reflected in lending, as lending to households continues to slow, whilst lending to businesses is picking up. New loans to households for house purchase and consumer loans continued to slow year-on-year in February for the fourth consecutive month. Interest rates remained stable in February. On a year-to-date basis, net bank lending to businesses and net debt issues saw a slight uptick in February, against a backdrop of a moderate fall in lending rates.

GDP: growth, carry-over and forecasts									
OBSERVED GROWTH (q/q)			CARRY-OVER	FORECAST (q/q)			ANNUAL FORECAST		
Q2 2025	Q3 2025	Q4 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	2025 (observed)	2026	2027
0.0	0.2	0.3	0.3	0.3	0.3	0.3	0.7	1.0	0.9

Source: Refinitiv, BNP Paribas

In Q1, growth is expected to maintain solid momentum of 0.3% q/q. It is expected to have been supported by investment (via continued disbursements of NGEU funds) and an increase in inventories (a precautionary stance ahead of accelerating inflation). Consumption is also expected to have remained buoyant, driven in particular by the Winter Olympics.

Our forecast for Q2 carries a significant downside risk. Rising energy prices are likely to spread rapidly, and household spending intentions would suffer a setback following the pre-inflation stockpiling observed in Q1. Nevertheless, investment should remain a supportive factor for the rest of the year.

Lucie Barette and Thomas Humblot (completed on 13 April 2026)



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