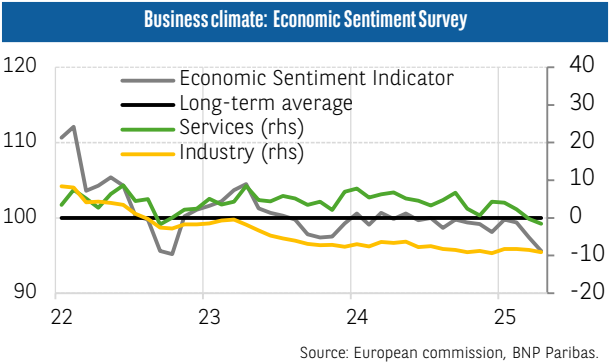
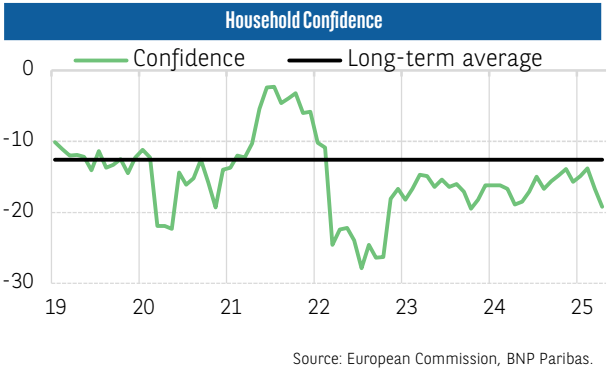


Italy: Sharp Deterioration in April



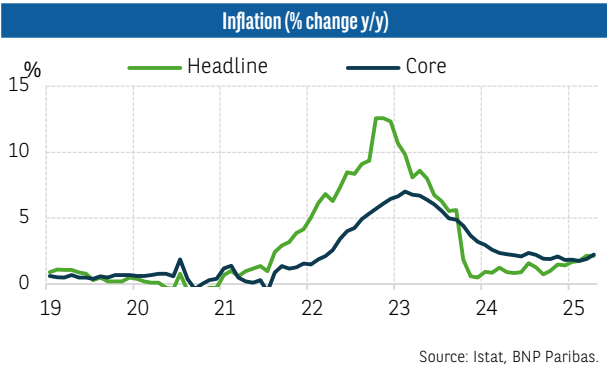
Business sentiment deteriorated sharply in April. Confidence in the services sector is at its lowest since October 2022, causing the economic sentiment index to plunge. Confidence in industry continues to deteriorate (-0.6pt m/m), also due to a decline in order-book levels.



Household confidence fell back to its October 2023 level in April. Expectations regarding the overall economic situation over the coming year (-7.3pts m/m) and intentions to make major purchases (-2.2pts m/m) deteriorate. Inflation expectations return to their highest level since October 2022.



The labour market is resilient. The unemployment rate rose slightly in March (6.0%; +0.1pp over one month) but remains close to its historic low (5.8% in April 2007). The employment rate reached new records (63.0%; +0.0pp). Wage growth continues (+3.9% y/y in February) at a faster pace than inflation.



Inflation has risen. Harmonised inflation reached 2.1% y/y in April (+0.0pp m/m), after accelerating in Q1. Core inflation is back on the rise (2.2%; +0.3pp m/m) due to the acceleration in services prices (+3.4%; +0.6pp m/m). Energy prices have begun to slow (-0.2%; -2.9pp m/m), suggesting that overall inflation should ease over the coming months.

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

*Q1 2025 preliminary estimation

Source: Refinitiv, BNP Paribas

Growth: upward surprise in Q1, slowdown expected in Q2. Growth exceeded our expectations in Q1 (+0.3% q/q), but the deterioration in business surveys in April suggests a slowdown in Q2 (+0.2% q/q). Ultimately, this should enable annual growth to reach 0.8% in 2025 (after 0.5% in 2024).

Lucie Barette (completed on May 2, 2025)