Franco Bassanini

Overview of the Italian political, economic and financial situation (1Q 2018)[1]

An overview of the current Italian situation presents many lights but also some shadows and some risks.

- **Main lights: the economic recovery progresses and consolidates; Italian economic and financial indicators (in the short, medium and long term) have turned out positively.**
- **Most critical issues and risks: stagnant total factor and labor productivity; demography and ageing; political uncertainty.**
- **Public finance continues in the path of a gradual fiscal consolidation, public debt begins to decrease, but remains too high though sustainable (as long as the ECB's accommodating monetary policy goes on)**

Italy's economic recovery becomes firmer

Italy's economic recovery is progressing on the path of consolidation and stabilization: the crisis, which has been longer and deeper in Italy than in the other European economies (except Greece), is over (*Fig.2*). In 2017, the GDP expanded by 1.5 per cent, sustained by export, consumption and investment (*Fig. 3).* In the first quarter of 2018, the Italian economy kept growing at a stable pace (+0.3% q-o-q, *Fig.4*) confirming the positive trend of the last fourteen quarters, although the rate of growth is still below the euro-area average.

Production is growing both in services and in industry (*Fig.5, 6*), even if it has not yet recovered the pre-crisis levels(*Fig.7).* European Commission's and Bank of Italy's surveys of business conditions indicate that the confidence of firms remains at cyclically high levels, consistent with continued GDP growth, *(Fig.8 and 9*) Consumer confidence is even higher (*Fig.10*).

[1] Speech at the Antin Infrastructure Partners 2018 Investors' Day, Rome, May 15th, 2018

Conditions are also favourable for capital formation, with an acceleration in investment expenditure observed in the second half of the next year (*Fig.11*) and growth rates comparable to the German ones, except for constructions (*Fig.12*). Firms' assessment of conditions for investing remains positive in the first quarter of this year (*Fig 13).*

The leading indicator remains high but it is decelerating thus suggesting relatively lower prospects of economic growth. (*Fig. 14*).

In A.T. Kerney Foreign Direct Investment Confidence Index, Italy rises from the sixteenth place in the world ranking (2016) to the tenth (2018), surpassing Spain, the Netherlands, Brazil, and India *(Fig 15).*

Growth of exports is strengthening, current account surplus is large

Exports grow rapidly and steadily, imports are recovering pre-crisis levels (*Fig.16*): in 2017 as a whole, total exports grew by 5,4 %. Italy's share of world exports has stabilized (*Fig.17*) with even a trend to a slight increase. Firms' assessments of foreign orders are favorable *(Fig 18)*. A number of Italian mid-market companies are global niche leaders in many product categories (food, fashion, electro mechanics, precision mechanics, pharmaceuticals, robotics, biotech, shipbuilding) (*fig 19).*

The current account surplus improved sharply from 2011 to 2016 (*Fig.20*) and remained large in 2017 (€47,3 billion, equal to 2.8 per cent of GDP) led by exports of goods (*Fig.21*). Consequently, Italy's net debtor international position fell to 6,7 per cent of GDP at the end of 2017, almost 18 points below the peak recorded in March 2014.

Unemployment decreases, employment rises, but is still below the EU average

The gradual improvement in the labor market continues, after the 2014 important reform (so-called Jobs' Act). Employment continues to rise returning to the maximum levels reached before the crisis (*Fig.22*), but is still far below the European average (62.3% compared to 72.2% of the EU average,).

Unemployment rate continues to decrease (11,0%), although it remains considerably higher compared to the level of the years before the crisis, with highest levels in the southern Regions and among the young people.

The number of hours worked also increased, recovering the pre-crisis levels (*Fig.23*).

Wage growth remains moderate but shows some signs of a recovery.

Inflation is still weak

Consumer price inflation in Italy remains weak, around 1.1 per cent. Core inflation is particularly low, at 0.5 per cent (*Fig.24*).

Firms, households and analysts expect inflation to rise moderately in the coming months, though it is projected to remain far below 2 per cent*(Fig. 25)*.

Lending to households and businesses is on the road to recovery

The expansion in lending to households was significant already in 2017(*Fig.26*). Lending to firms expanded at a brisk pace in the late months, reflecting increased demand. The growth of demand is associated with the stabilization of the short-term outlook and with the strengthening of productive investment, supported by a number of well-designed measures and incentives approved by the government (so-called Industry 4.0 Program) *(Fig. 27).*

Lending rates are at their historical lows and are aligned with those of France and Germany (*Fig.28*).

Credit quality is improving

Credit quality continued to improve, bolstered by the firming economic recovery.

The ratio of new non-performing loans to outstanding loans fell to 2.1 per cent (*Fig.29*), close or even below the levels recorded before the global crisis. The share of non-performing loans to total loans declined in the first half of 2017 (*Fig.30*) and even more rapidly in the fourth quarter. At the end of the year the ratio of non-performing loans to total loans disbursed by significant banks fell to 14.5 per cent gross and to 7.3 per cent net of loan loss provisions. Both sales of bad loans and internal recovery processes contributed to this fall.

The banking system has overcome the crisis

Banks critical situation have been dealt with. A number of systemic reforms have paved the way for a remarkable consolidation of the Italian banking sector (*Fig.31*). With the precautionary recapitalization of Monte Paschi di Siena and the orderly liquidation of Banca Popolare di Vicenza and Veneto Banca, headline risks have been removed. This result has been achieved with a very limited State support (*Fig.32*).

Banks' capital ratios have strengthened. Capitalization of the Italian banks is now well above minimum regulatory requirements (Common Equity Tier 1 ratio increased from 7% to 13,3% of risk-weighted assets) (*Fig.33*).

Profitability remain the main concern for Italian banks, as many others European banks, but the latest figures show a strong improvement in the Return On Equity (from – 10,6% in 2016 to +8,6% in 2017).

Market appreciation of Italian banks progresses is confirmed by the strong increase of the foreign institutional investors' participation in banks' capital (higher than in the rest of major European countries (*Fig.34*).

Public finance on the road to recovery

Fiscal consolidation and public finance recovery are going ahead (*Fig.35*). The medium-term objective (MTO) of budget balancing should be achieved in 2020. The reduction of public debt, marginally started in 2015 and 2017 (*Fig 36*), should strengthen in the coming years (*Fig.37*), thanks to recovery of growth and inflation on the denominator side, and, on the numerator side, thanks to a significant primary surplus and to spending review policies carried out in Italy for a long time by different governments (*Fig.38*).

Structural long-term factors affecting the Italian economic growth and the sustainability of Italian public finance

Some structural long-term factors explain the soundness of the Italian public finance, despite the high level of public debt:

- public pension expenditure, even if still high in Italy, will undergo a gradual reduction in the long term *(Fig. 39),* thanks to the reforms approved in the last twenty years (*Fig.40*) and should therefore be more sustainable than that of most other European countries. The same remarks also apply to the set of age-related public expenditures, on the whole (*Fig. 41*)
- the total amount of government liabilities is lower than that of most European countries (*Fig.42*)
- lower (and declining) is also the total debt of Italian non-financial corporations as a percentage of GDP (*Fig.43*)
- equally lower (and slightly declining) is the ratio of Italian household debt to disposable income (61%, well below the euro-area average of 94%) (*Fig.44*), as well as the household debt as a share of GDP (41,4% compared to 57,9% of the euro-area)
- Italy will not have to face the huge costs that other European countries will have to support for the decommissioning of nuclear energy production plants, which will reach in the next few years the end of their life cycle

However, I must remember that there are also important negative factors that affect the prospects of economic growth and sustainability of Italian public finance.

The first is **demography and aging**: the Italian birth rate has been declining for many years and continues to decline (*Fig 45*)· Following the National Institute of Statistics last forecast (median scenario), the resident population will decrease from 60,6 million to 59 in 2045 and 54.1 in 2065 (*Fig 46*). The mean age will rise from 44.9 years in 2017 to over 50 years in 2065. The peak of aging will hit Italy in 2045-50, when a share of nearly 34% of population will be 65 years and more. The natural change of the population could draw partial benefit from migration; the net migration is expected to be positive, although marked by a strong uncertainty, mainly due to a widespread resistance against the integration of migrants, fueled by populist political forces

The second negative factor is the low or even stagnant **total factor productivity** (*Fig. 47*).
Many studies show that the low productivity of Italian economy is strongly correlated to the size of firms (in manufacturing the labor productivity of Italian firms over 50 employees largely exceeds that of German and French companies (*Fig. 48)*). But it is well known that the modest size of most firms is one of the structural characteristics of the Italian economy.
A strong correlation is also normally registered between productivity and investments in innovation, infrastructure, human capital and R & D; and in fact in Italy, from 2007 to 2017, public gross fixed capital formation decreased by more than 36 %.
Consequently, the last governments have launched new public investment programs in infrastructure, research and education *(Fig 49);* and have approved a number of measures supporting the dimensional growth of firms and favoring private investments in innovation, R & D and technologies.

The third are the risks stemming from the **global economy and from the political uncertainty (both national and international).**

As stressed by the Bank of Italy, an intensification of geopolitical tensions or greater uncertainty surrounding the future course of international economic policies (commercial wars and unilateral review of duties included) could translate into higher volatility in the financial markets and in risk premiums, with adverse repercussions on the euro-area economy.

Among domestic risks, the Bank of Italy acknowledges that those connected with the weakness of the banking system have abated compared with past years as well as the risks connected with the potential heightening of uncertainty on the part of households and firms over the strength of the recovery under way. But our Central Bank emphasizes that "this positive scenario relies on the continuation of economic policies capable of fostering long-term economic growth by supporting investment and consumption choices, while also lending credibility to public debt reduction objectives by fully exploiting the upturn in the global economy".

In less diplomatic words we could say that this positive scenario depends, to a large extent, on the continuation of public policies carried out in the last years: national policies based on a mix of structural reforms, reasonable budgetary discipline and effective measures supporting innovation and competitiveness of the real economy; and European policies based on an accommodative monetary policy of the ECB (QE, above all) and a balanced use, by the European Commission, of the powers to control national budget policies and of the application of the flexibility clauses provided by the Fiscal Compact. These policies are needed, on the one hand, to consolidate the recovery of the growth and competitiveness of the Italian economy, and, on the other hand, to give to the gradual reduction of the public debt, which has just begun, a faster pace.

Both on the European as well as on the National side the continuation of these policies is not certain.

On the European side, future changes of the highly expansive monetary policy of the European Central Bank (the end of the so-called Quantitative Easing with a gradual process of tapering) are in the agenda, even if with undefined deadlines. And the lively discussion on the reform of the Economic and Monetary Union and on the relationship between risk sharing and risk reduction could lead to a restriction of the margins of flexibility which Italy has used in recent years in order to reconcile fiscal discipline and support for growth.

On the National side, seventy days after the general elections, it is still difficult to understand if a parliamentary majority capable of supporting a stable government will be arranged.

A difficult negotiation is under way between the two political forces that have recorded the greatest progress in the consent of the voters, the League and the Five Star Movement; the first is a supporter of sovereignist, euroskeptic, anti-immigrants and lepenist stances, the second is a supporter of direct democracy through internet and of anti-establishment and environmentalist stances.

The reconciliation between the two parties' programs is not easy. The League wants a sharp reduction in the tax burden on households and businesses through a reform based on a flat tax (with two tax rates of 15% and 20% on the income of individuals and businesses), proposes a strong squeeze on migratory flows with the forced repatriation of 600,000 migrants, supports the abolition of sanctions against Russia, and wants a harsh confrontation with the European institutions in order to change the EU Treaties or at least to relax the EU fiscal rules. The Five Stars Movement supports the introduction of an universal basic income, proposes new rules against corruption and to reduce the costs of politicians, calls for more incentives for SMEs and for a drastic cut of investment in large infrastructures. Both parties plan to make major changes to the pension reform approved by the Monti government, sharply softening its positive effects in term of reduction of public expenditure.

The implementation of the programs of the two parties, summed up together, could indeed promote an acceleration of growth and consumption, and perhaps a mitigation in inequalities and social unease. But, if not balanced by a strong a very difficult cut of public expenditures and by a boost of growth greater than expected, it would produce an increase in the deficit and public debt, incompatible with European rules and constraints, and would therefore have the effect of causing a drastic reversal of the ongoing fiscal consolidation process.

In this case Italy could be exposed to the risks of severe reactions of the international financial markets. And the country could lose the opportunity to participate as a protagonist to the negotiation on the reform of the European Economic and Monetary Union, that Chancellor Merkel and President Macron could launch in the coming months.

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INFRASTRUCTURE PARTNERS

2018 Investor Day

Overview of the Italian political, economic and financial situation (1Q 2018)

Franco Bassanini

Rome, 15th May 2018

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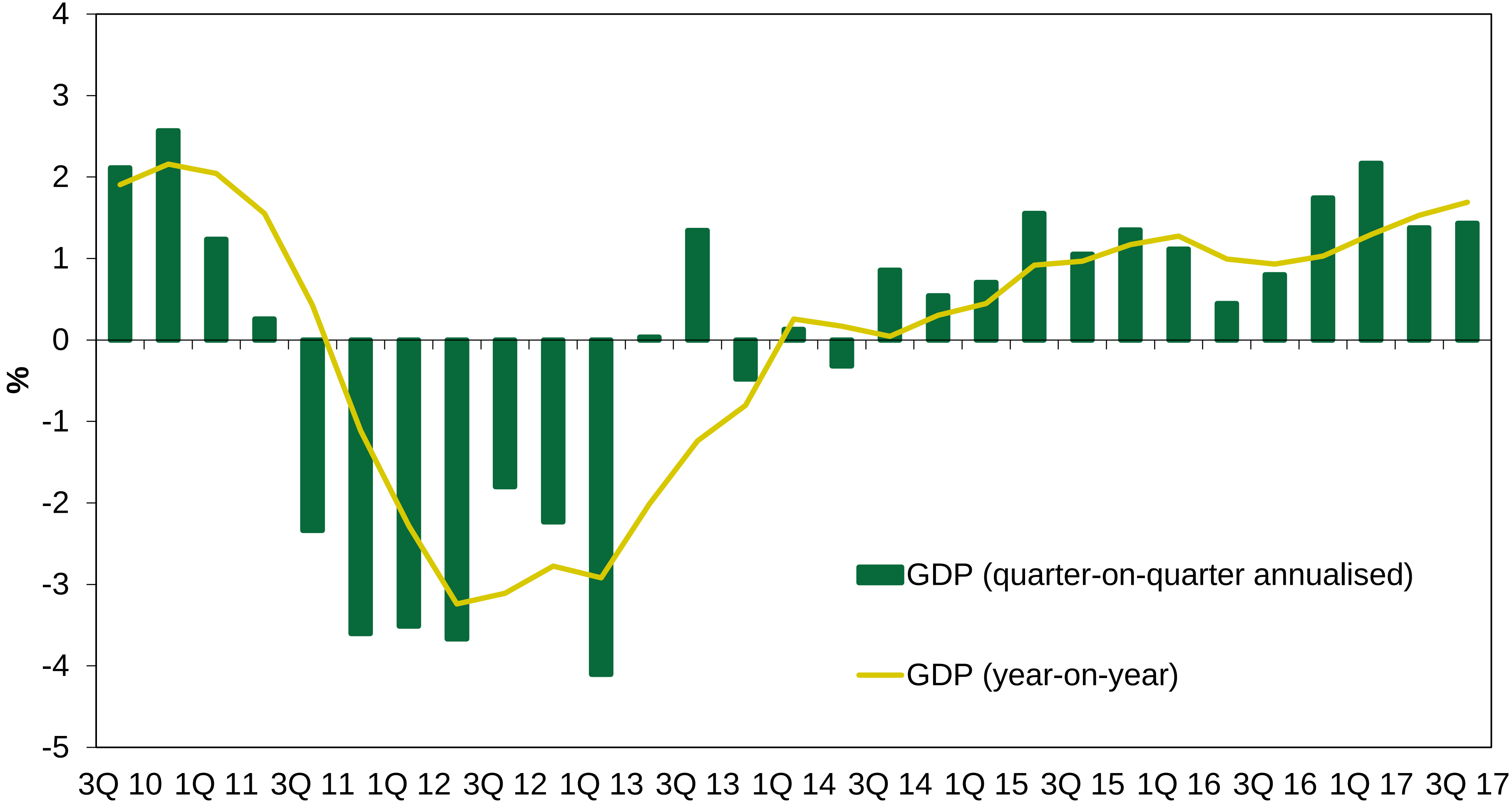
An overview of the current Italian situation presents many lights and also some shadows and some risks.

- **Main lights: the economic recovery is consolidating; many economic and financial indicators, in the short, medium and long term, have turned out positively.**
- **Main critical issue and risks: stagnant total factor and labor productivity; demography and ageing; political uncertainty.**
- **Public finance continues in the path of a gradual fiscal consolidation, public debt begins to decrease, but remains high though sustainable (thanks to the ECB QE)**

Fig.2

Italy's economic recovery is strengthening



Source: Istat

Fig.3

GDP and its main demand components (1)

(quarterly data; indices: 2007=100)

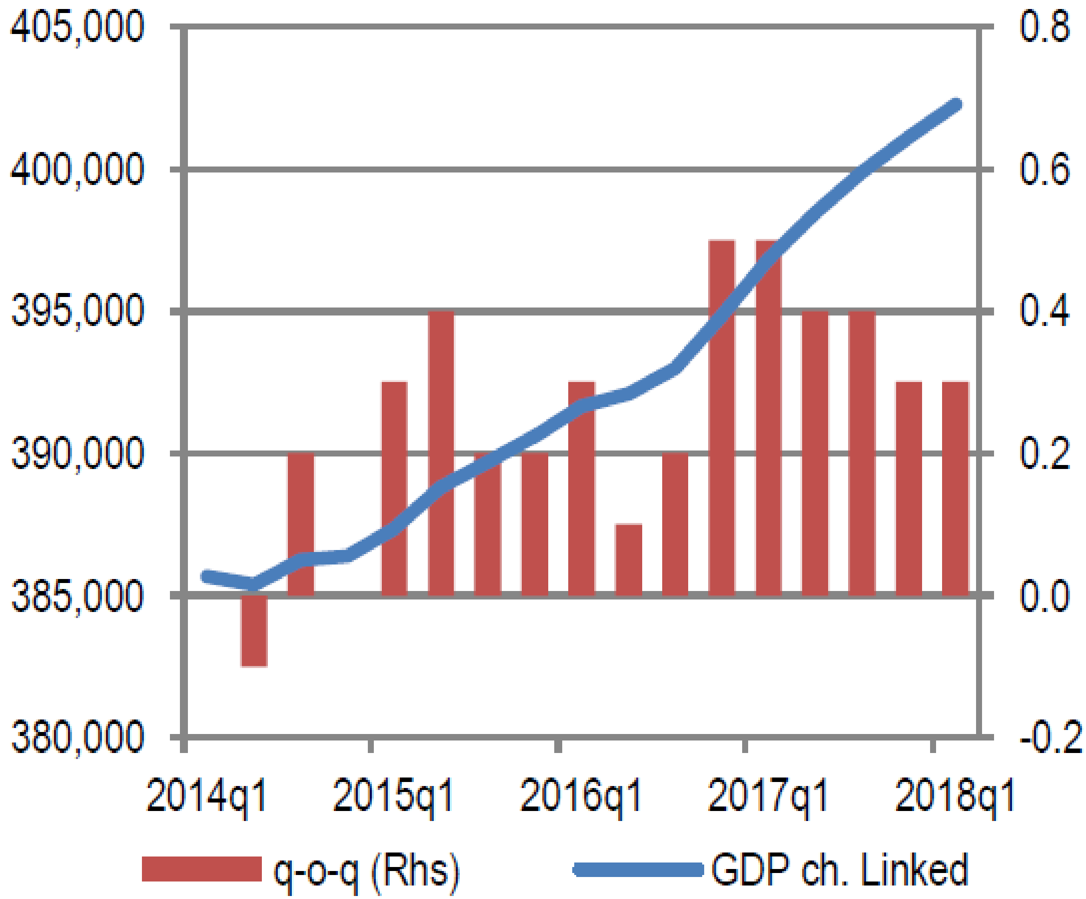
Source: Bank of Italy, Istat

(1) Chain-linked values; the quarterly data are adjusted for seasonal and calendar effects. – (2) Right-hand scale.

Fig.4

Italian GDP

(Thousand, q-o-q % change)

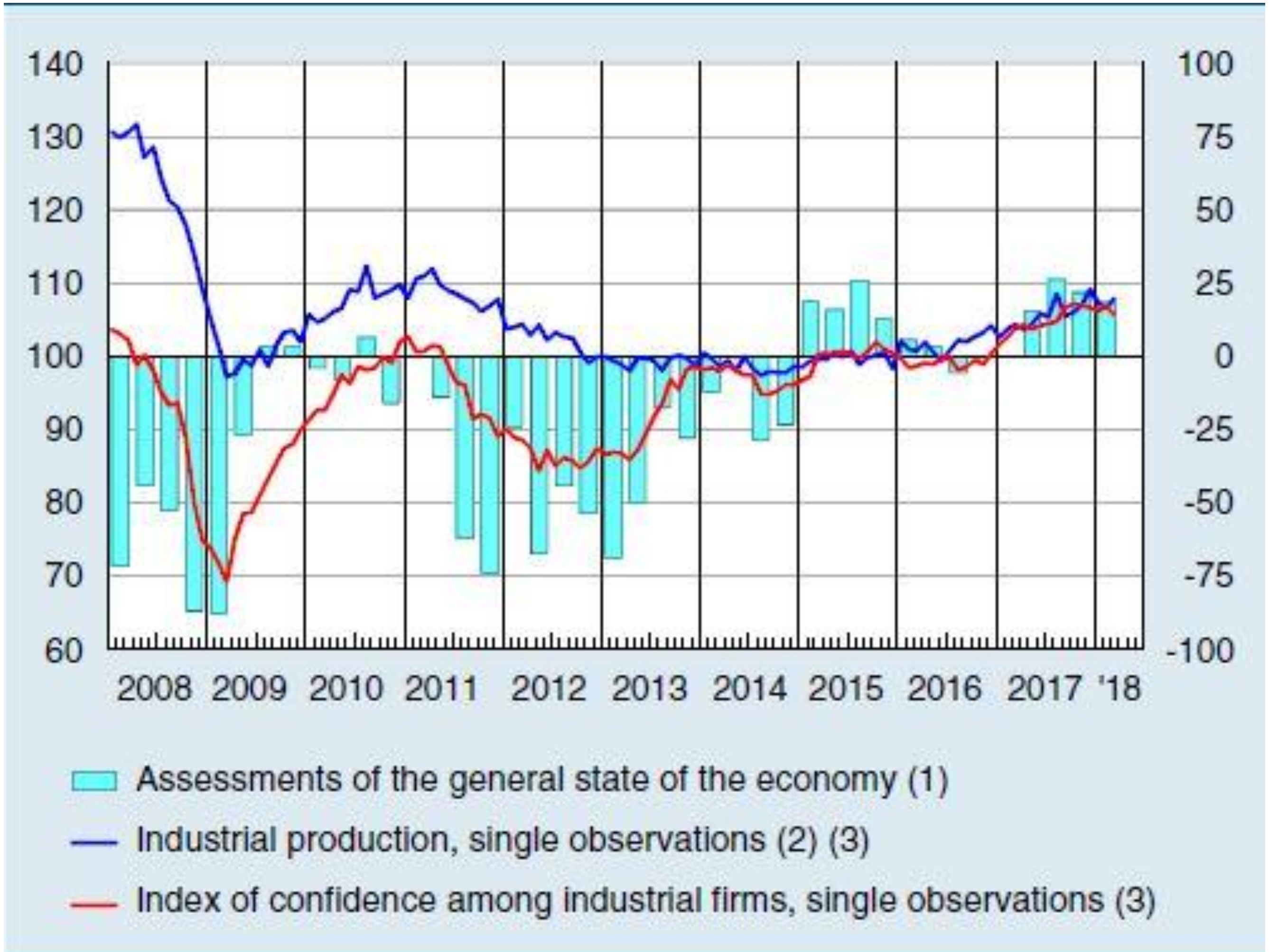


Source: Istat

Fig.5

Industrial production and business confidence indicators

(monthly data)



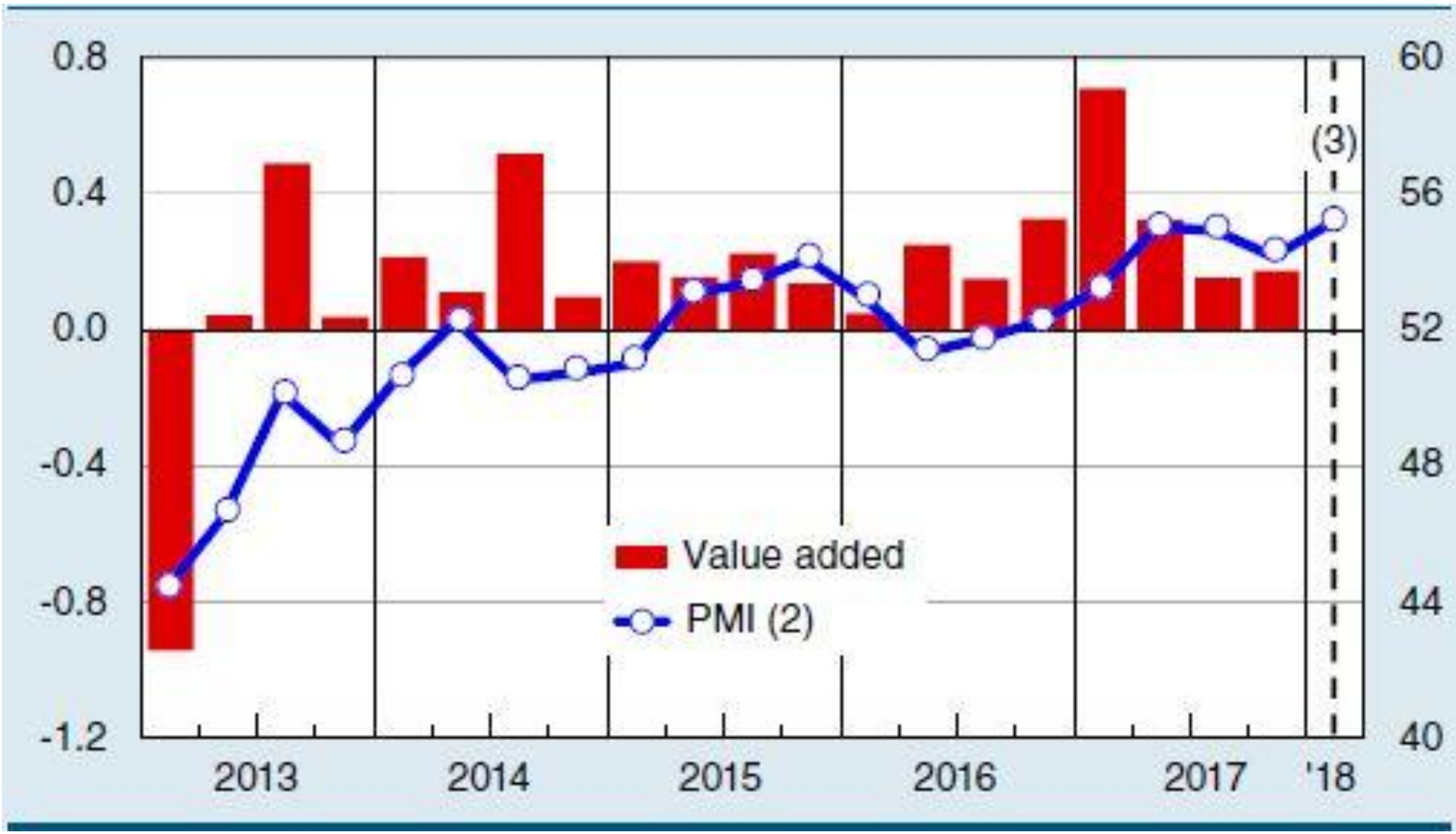
Sources: Based on data from Istat, Terna and Bank of Italy

(1) Right-hand scale. 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, 9 April 2018). – (2) Industrial production adjusted for seasonal and calendar effects; for March, estimated data. – (3) Index 2015=100.

Fig.6

PMI and value added in services (1)

(levels and percentage changes)



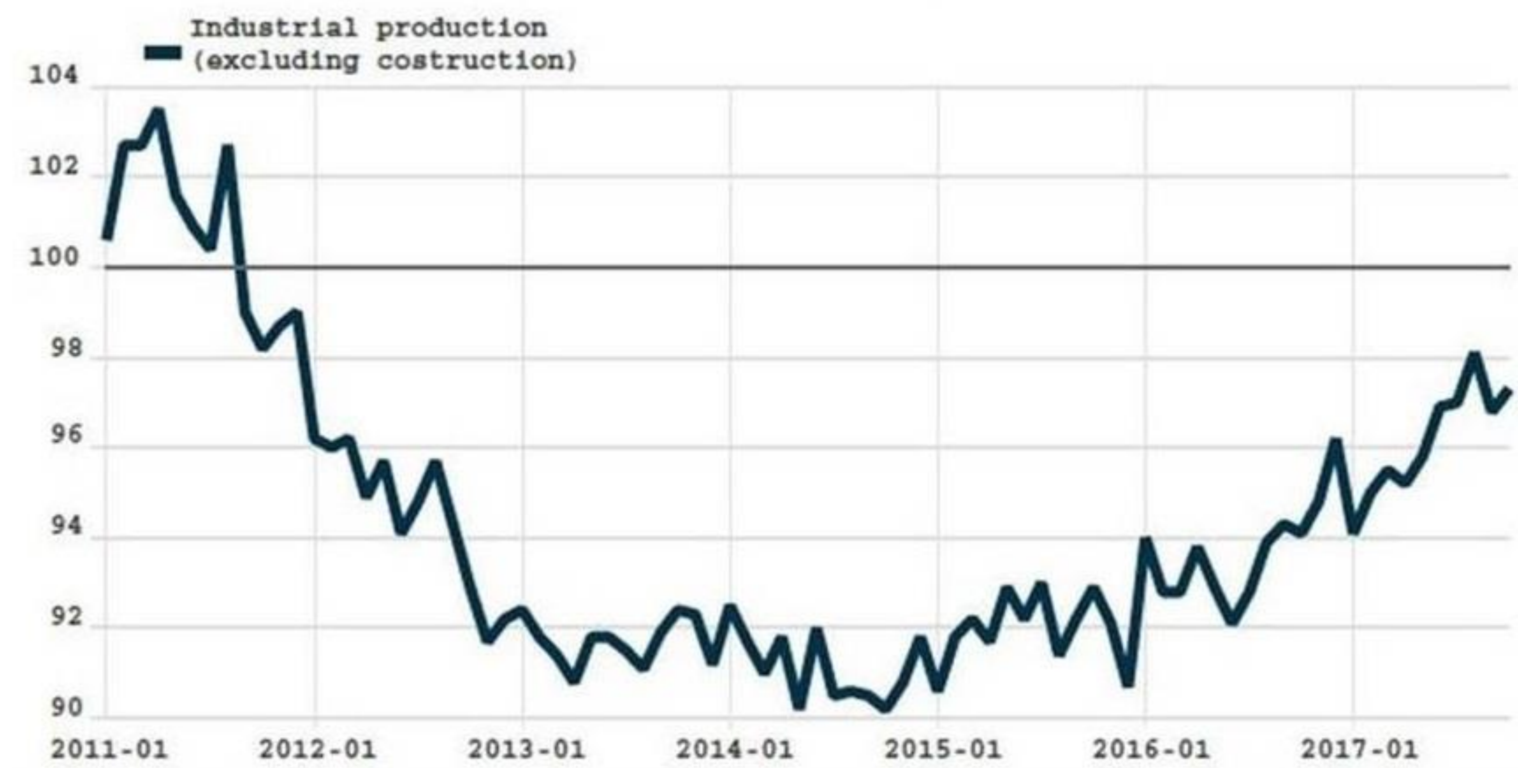
Sources: Based on Istat and Markit data

(1) For the PMI, average level in the reference quarter. For value added in services, percentage change on the previous period, seasonally adjusted. – (2) Right-hand scale. – (3) The figure for value added in the first quarter of 2018 is not yet available.

Fig.7

Industrial production index

seasonally adjusted indices 2010=100



Source: Istat

Fig.8

Economic Sentiment on the rise

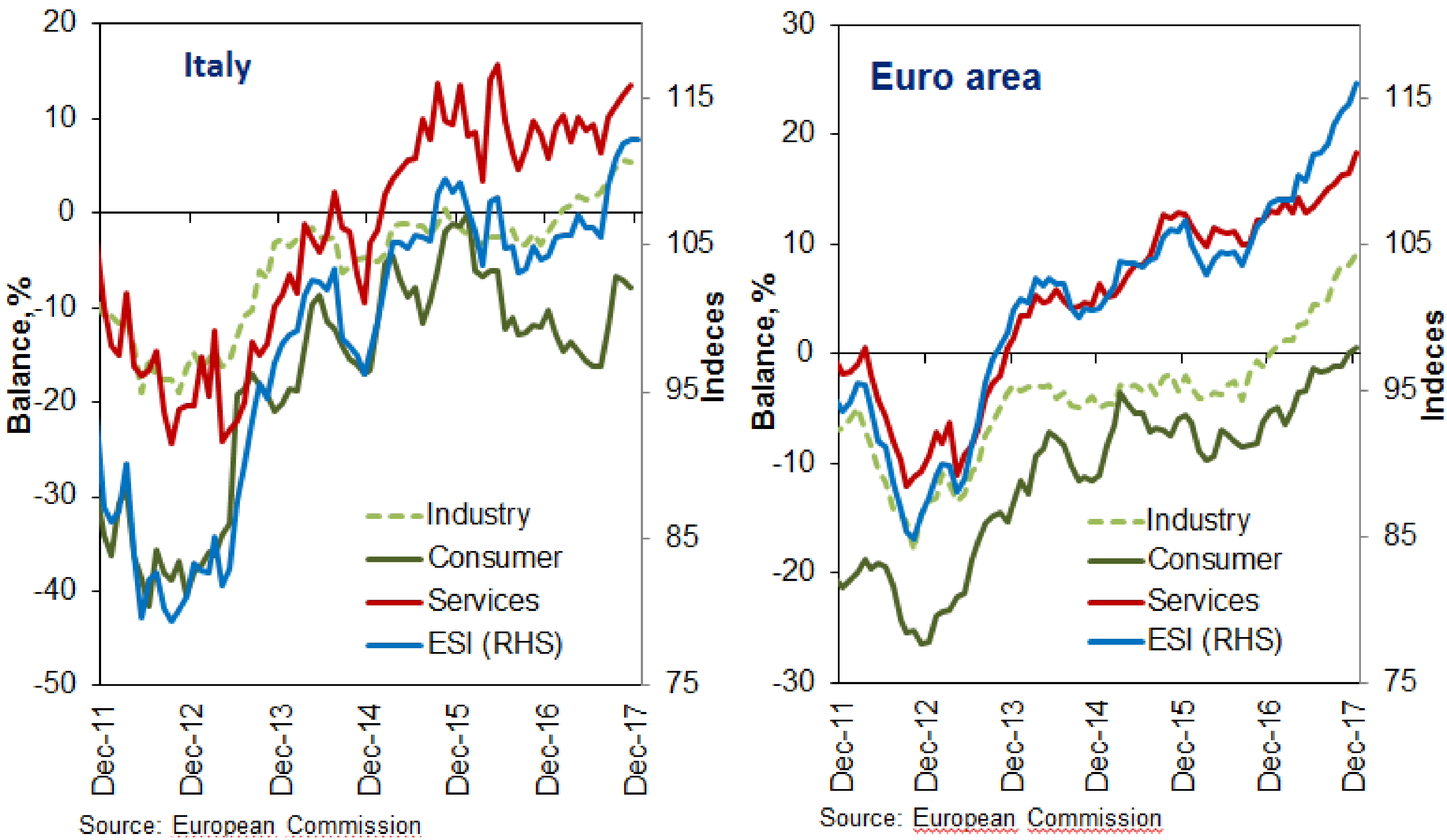


Fig.9

Business confidence indices (1)

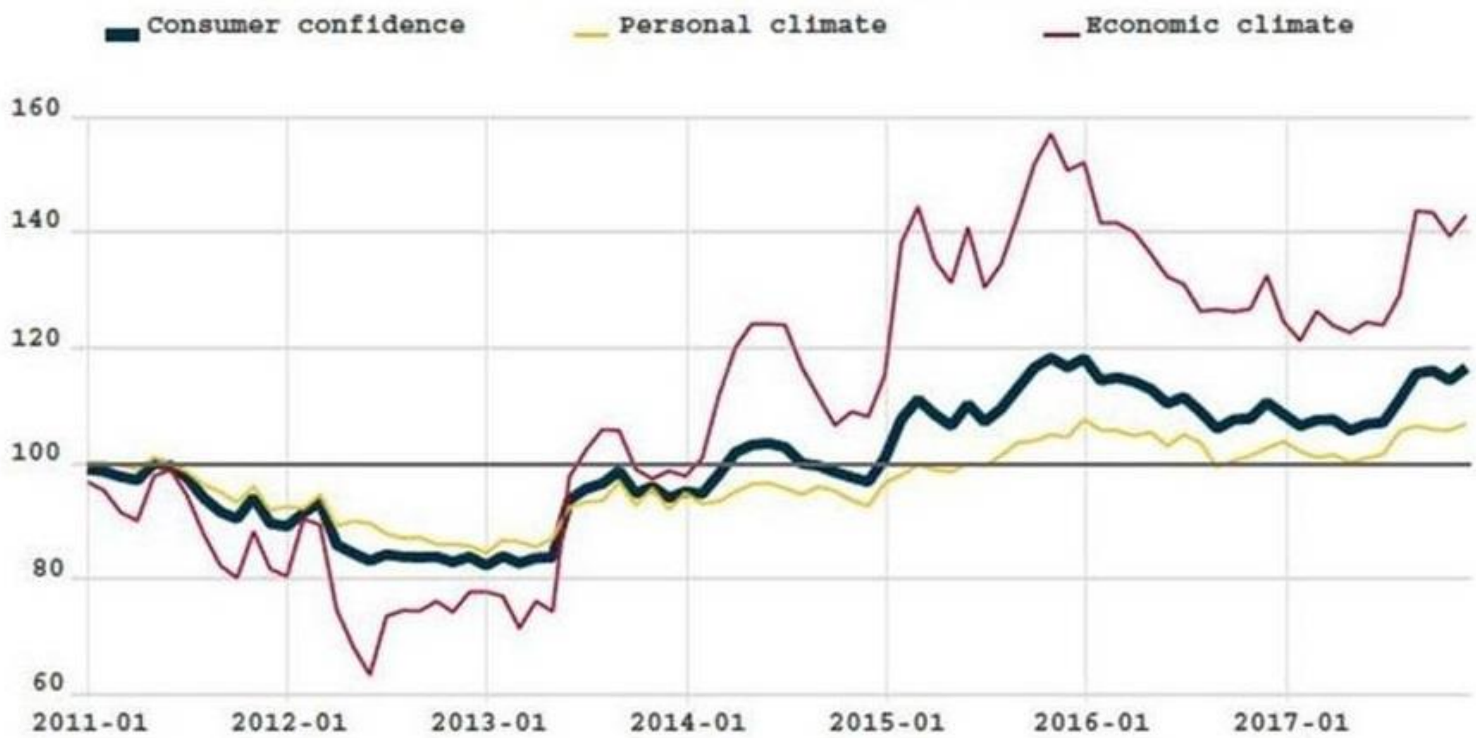
(levels; indices: 2010=100)

Source: Based on Istat data

(1) Average level in the reference quarter.

Fig.10

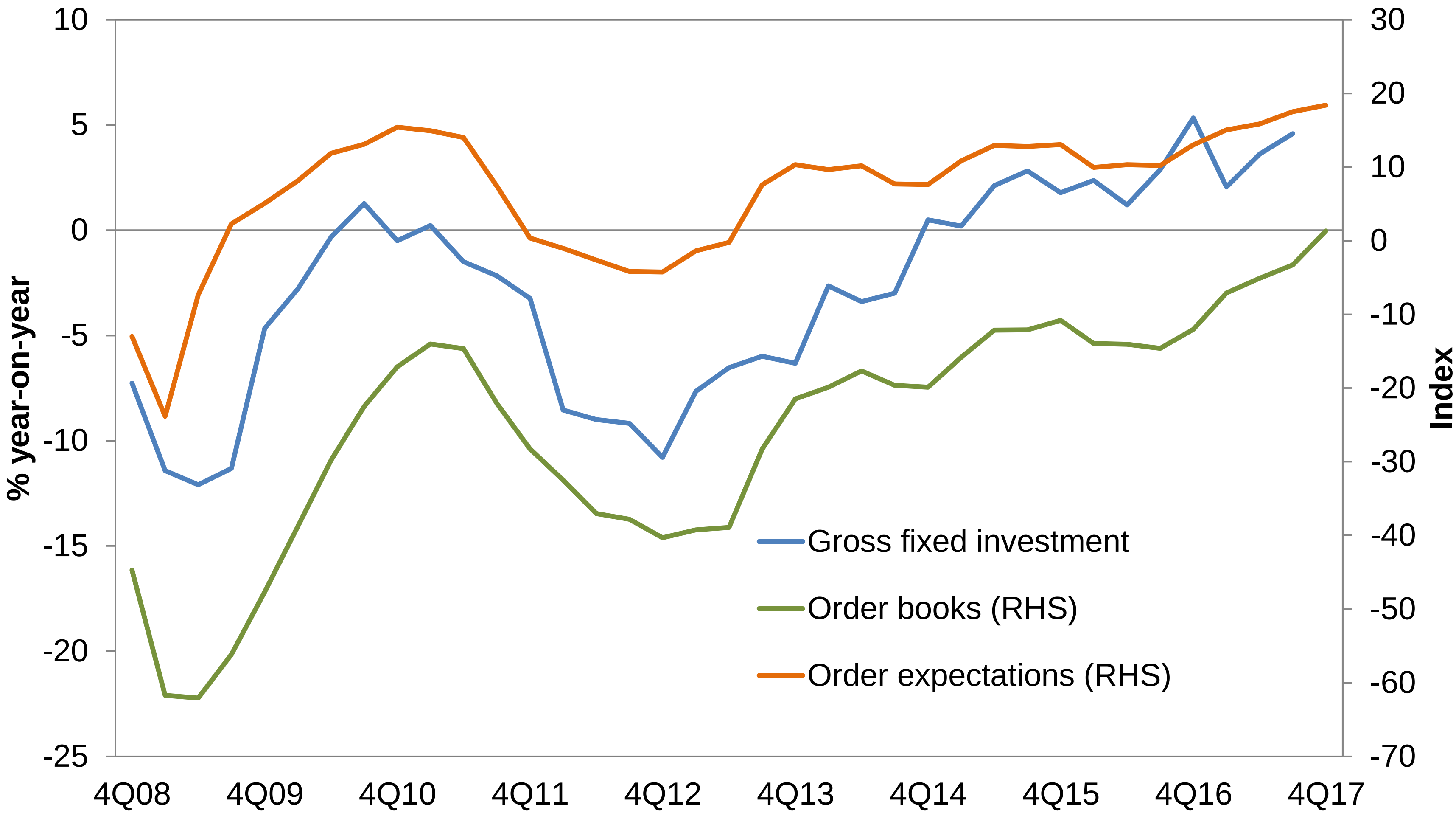
Consumer confidence indicator
seasonally adjusted indices 2010=100



Source: Istat

Fig.11

Investment indicators point to growth ahead despite Q1 dip



Source: ISTAT

Fig.11

Investment and exports very dynamic

Composition of growth

Year-on-year growth rates in Q3 2017 (%)

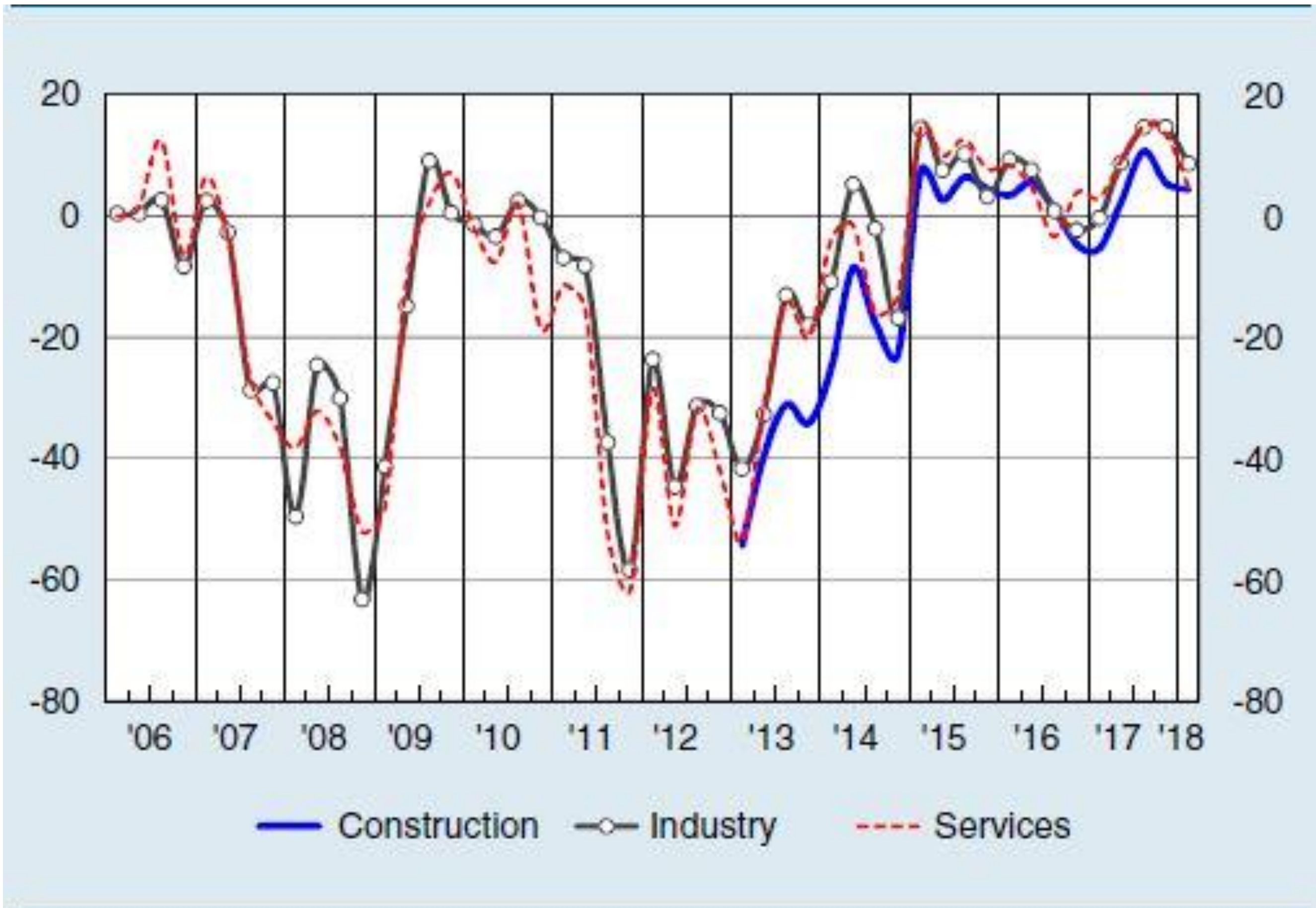
	Germany	Italy
Household consumption	2.3	1.5
Government consumption	0.9	1.2
Gross fixed investment	4.8	4.6
Machinery and equipment	5.9	7.7
Construction	4.7	1.1
Exports	5.8	5.3
Imports	6.3	6.0
Contributions to yearly growth		
Domestic demand	2.4	1.9
Inventories	0.2	-0.2
Net foreign trade	0.2	0.0
Real GDP growth	2.8	1.7

Source: ISTAT and DESTATIS, sa and wda data.

Fig.13

Firms' assessment of conditions for investing compared with the previous quarter (1)

(quarterly data; percentage points)

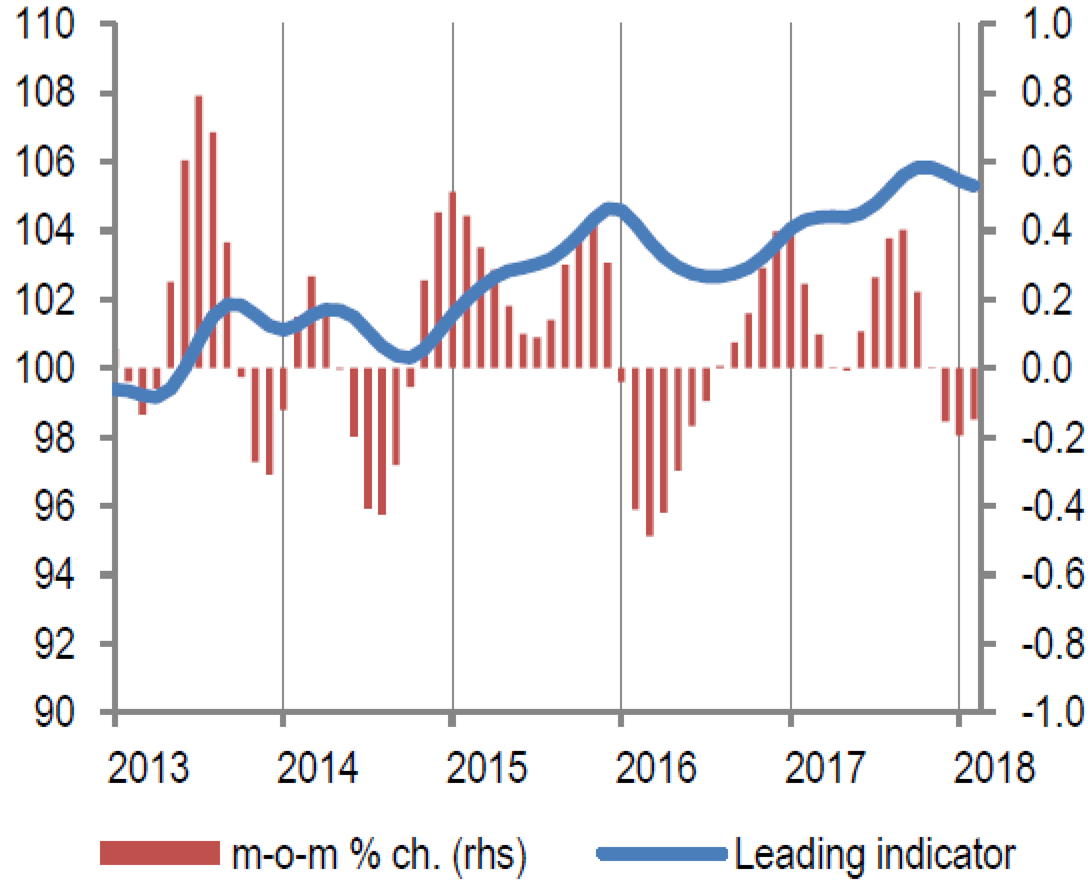


(1) Balance between judgments of improvement and deterioration by comparison with the previous quarter reported in the quarterly survey conducted on a sample of firms with 50 or more workers by the Bank of Italy and Il Sole 24 Ore (see 'Survey on Inflation and Growth Expectations', Banca d'Italia, Statistics Series, 9 April 2018)

Fig.14

Leading indicator

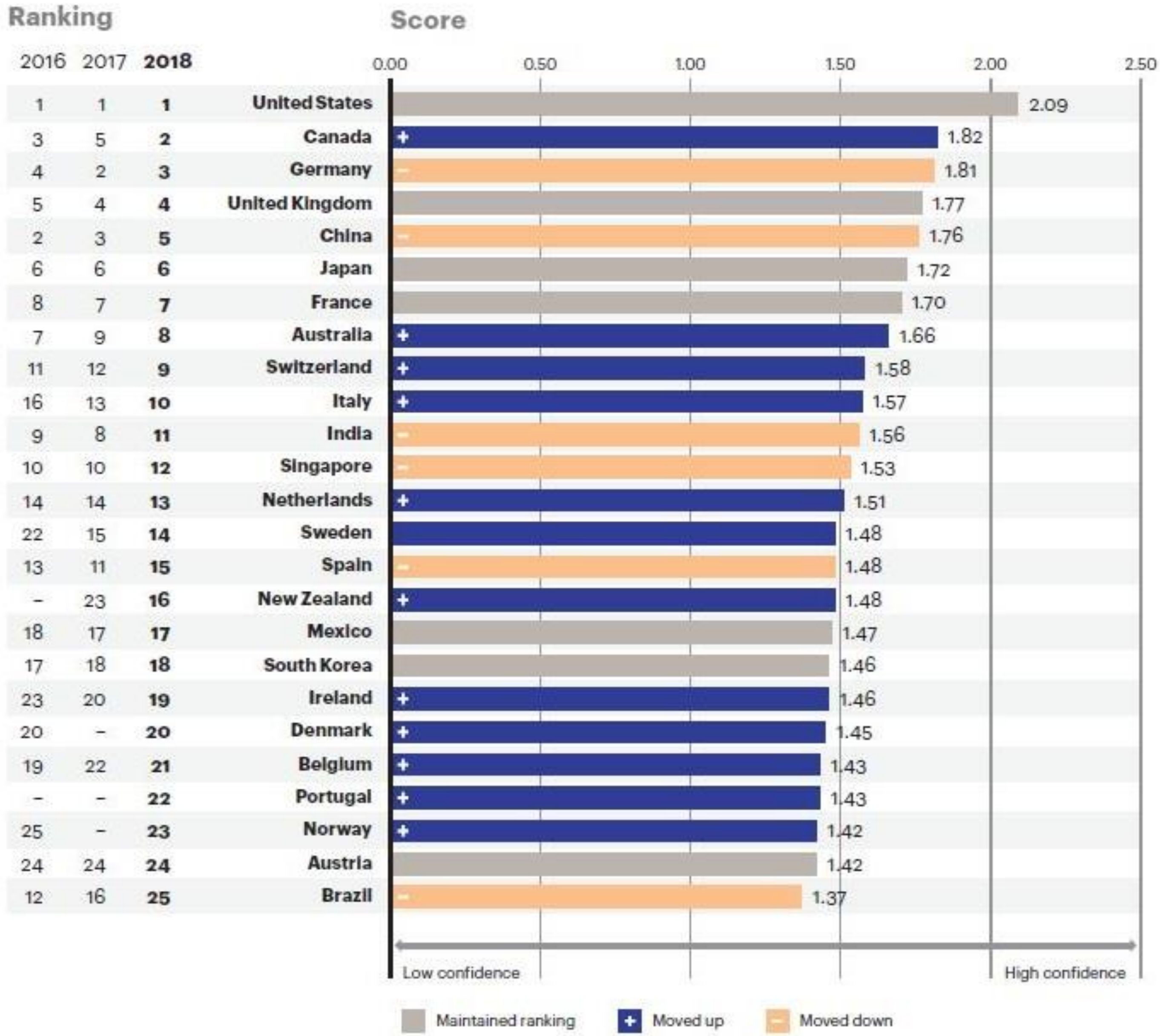
(index and % change)



Source: Istat

2018 A.T. Kearney FDI Confidence Index®

Fig.15

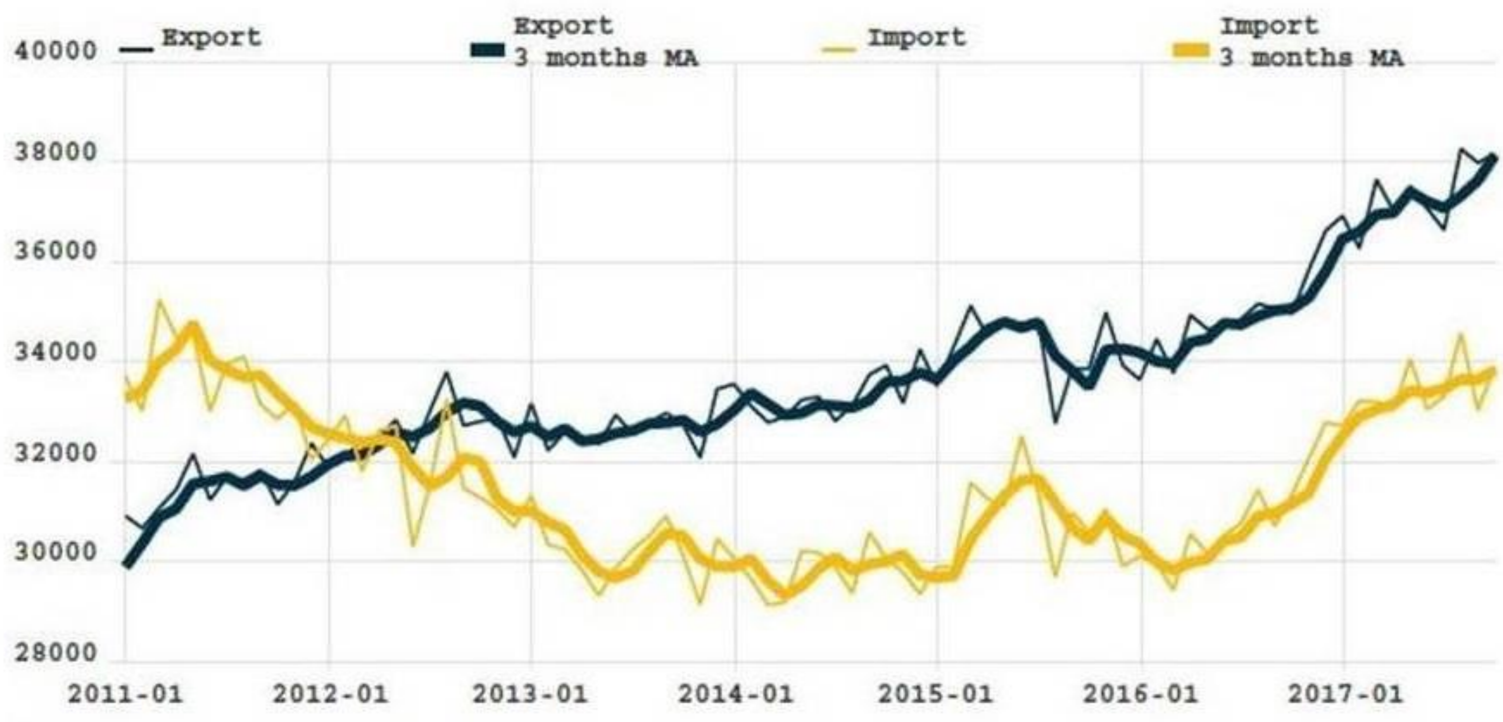


Source: A.T. Kearney Foreign Direct Investment Confidence Index (2016, 2017, 2018)

Note: Values are calculated on a 0 to 3 scale, with 3 being the highest level of confidence in a market as a future destination for FDI.

Fig.16

External trade
seasonally adjusted data, millions of euro

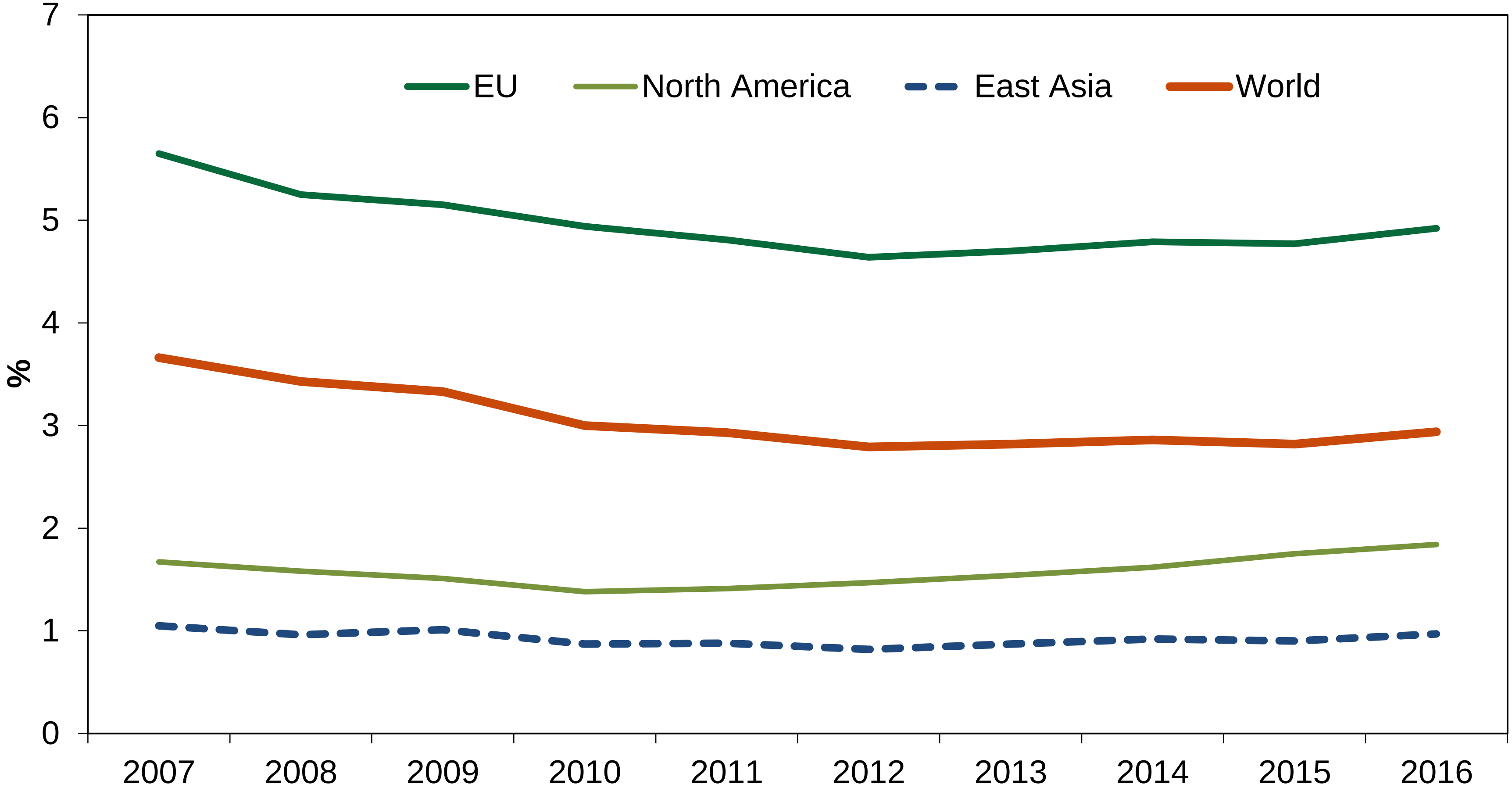


Source: Istat

Fig.17

Italy's share of world exports has stabilised

Italy's share of world exports to main areas of destination

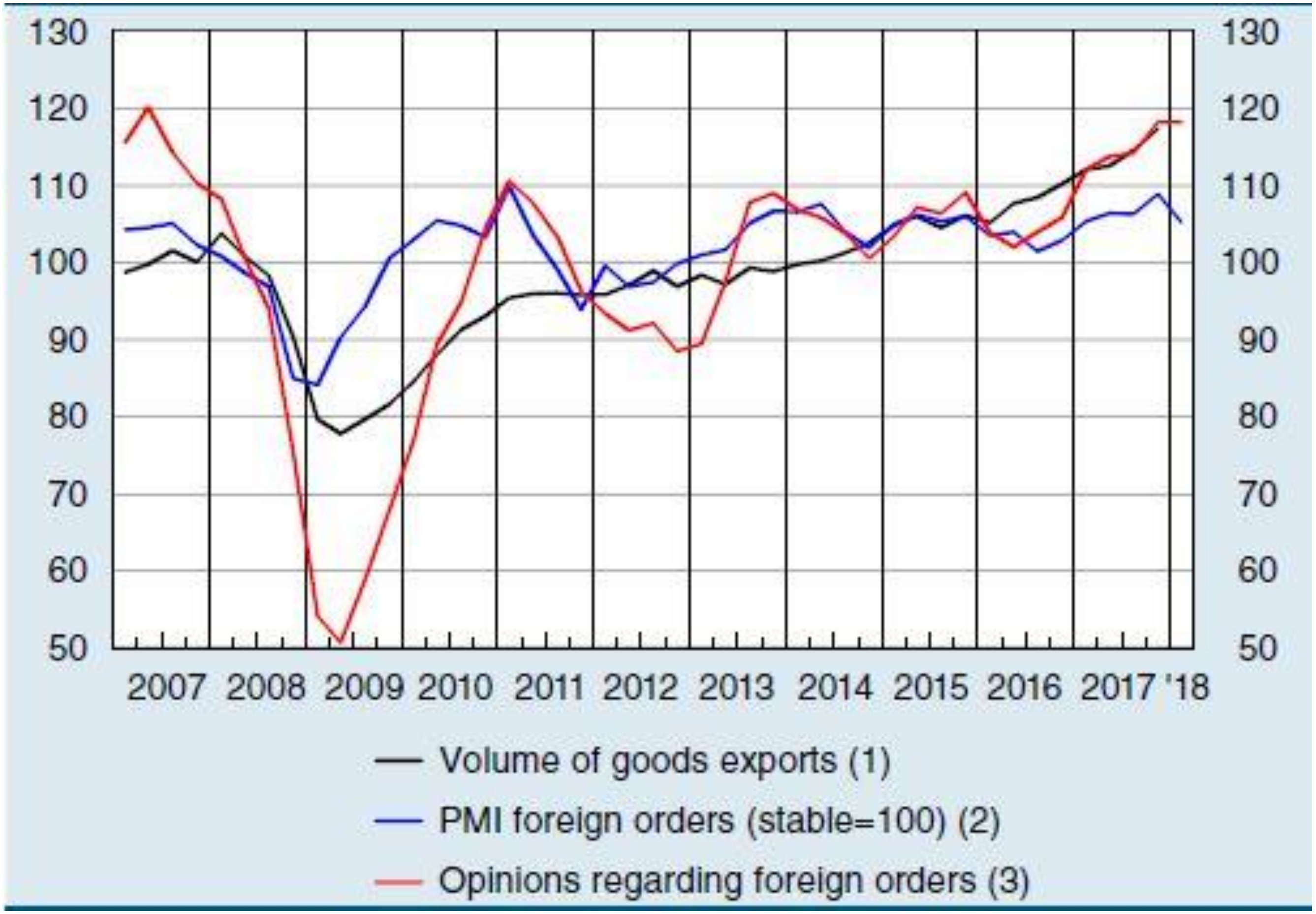


Source: ICE (computations on IMF-DOTS data). Figures for 2016 are preliminary.

Fig.18

Manufacturing firms' assessments of foreign orders

(seasonally adjusted quarterly data; index numbers)



Sources: Istat, Markit and Thomson Reuters Datastream

(1) Index: 2007=100 (national accounts data). – (2) Quarterly average of the PMI plus 50. – (3) Quarterly average based on Istat's monthly survey of firms; percentage balance of replies of 'increasing' and 'decreasing', minus the average, plus 100.

Fig.19

Italian mid-market companies are global niche leaders

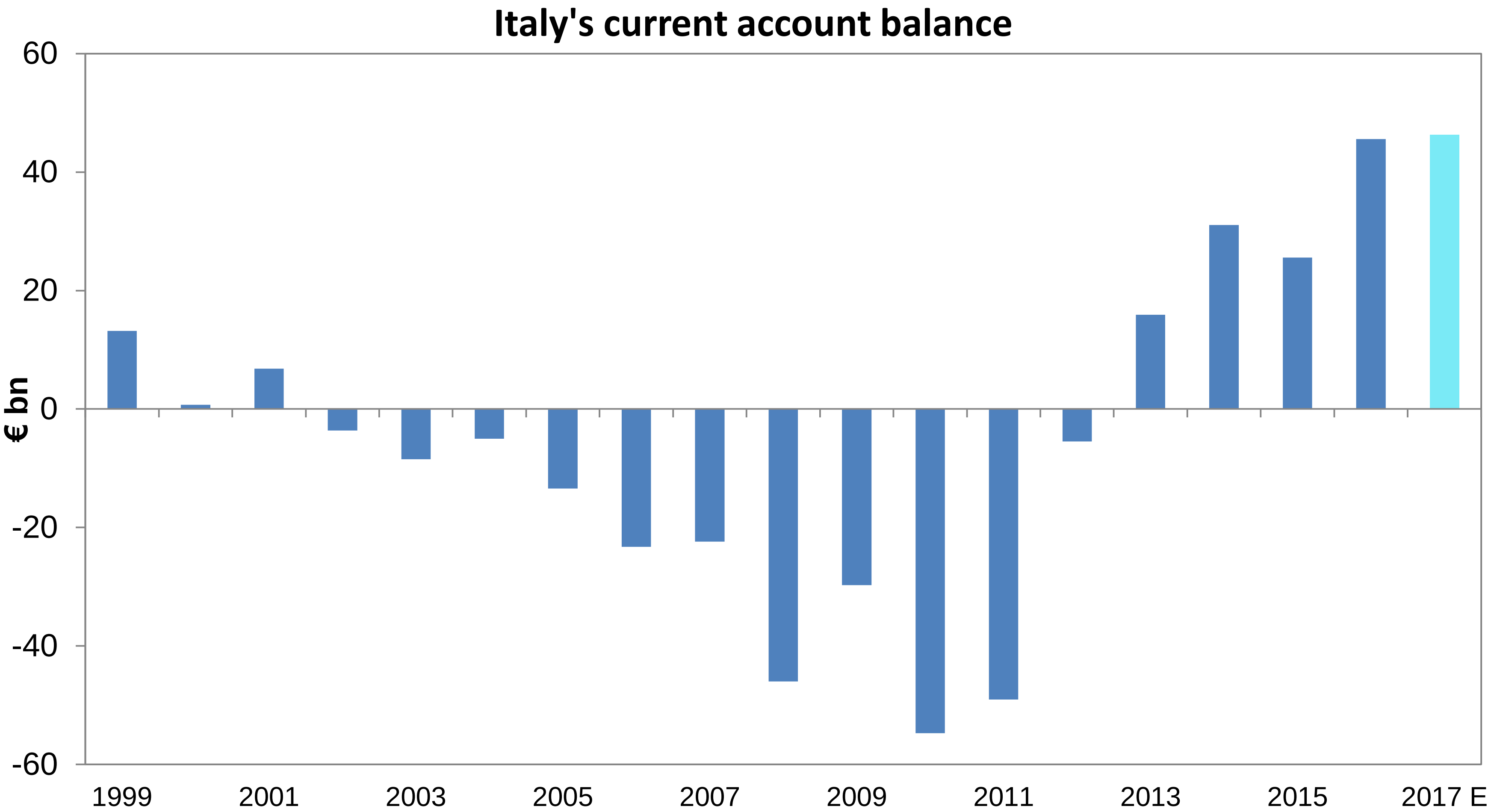
Number of product categories

Ranking	Country	# 1	# 2	# 3	Total
1	Germania	828	638	521	1.987
2	Cina	1.108	533	343	1.984
3	USA	592	579	609	1.780
4	**Italia**	**288**	**382**	**352**	**1.022**
5	Giappone	230	217	253	700
6	Francia	139	234	305	678
7	India	136	163	131	430
8	UK	95	120	184	399
9	Indonesia	111	93	89	293
10	Canada	76	74	101	251
11	Messico	67	66	101	234
12	Corea del Sud	53	80	79	212
13	Turchia	35	63	62	160
14	Brasile	41	44	45	130
15	Russia	36	50	41	127

Source: Edison Foundation

Fig.20

Current account balance has improved sharply

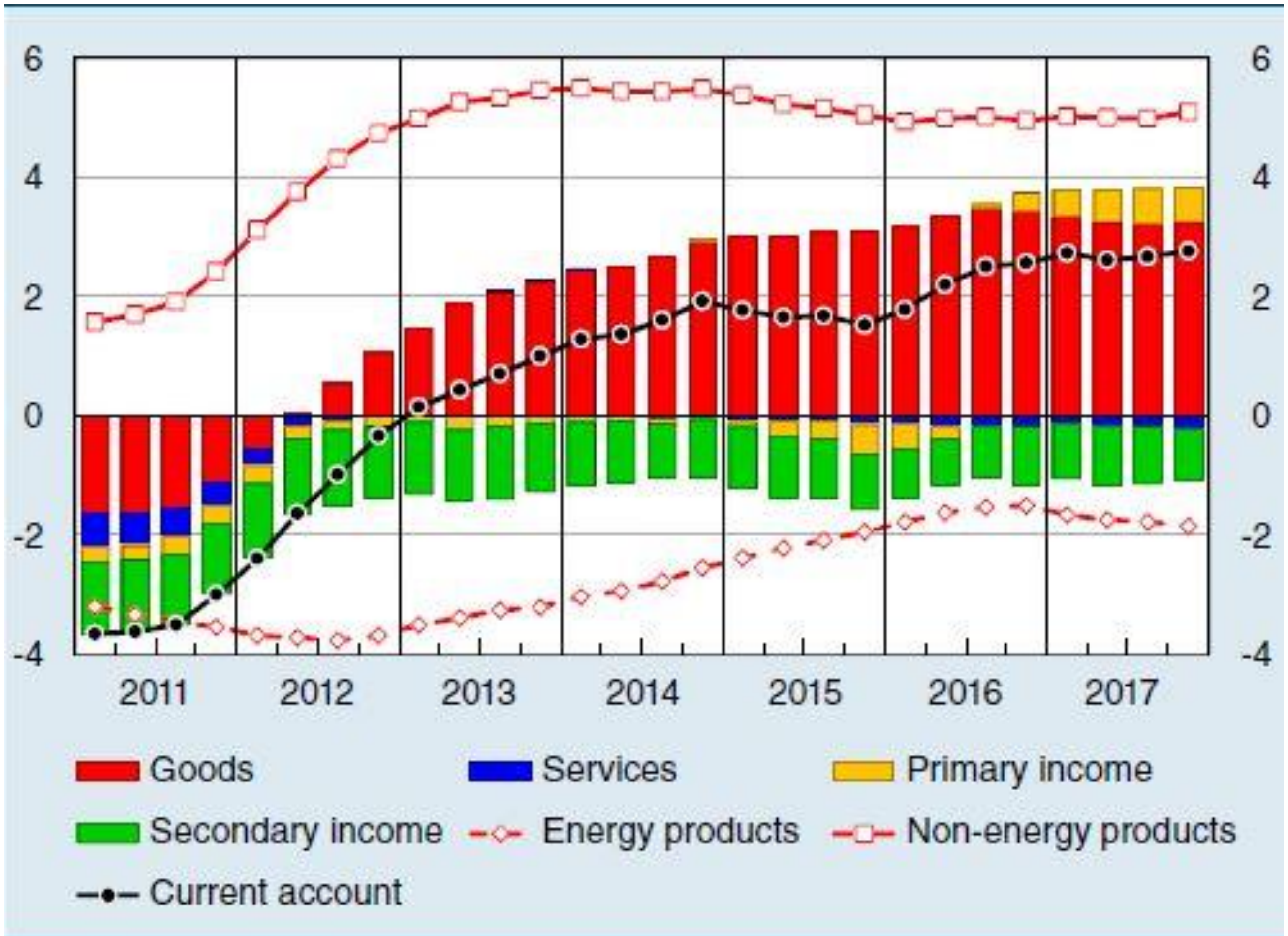


Source: Bank of Italy

Fig.21

Current account balance and its main components

(per cent of GDP; 4-quarter moving averages)

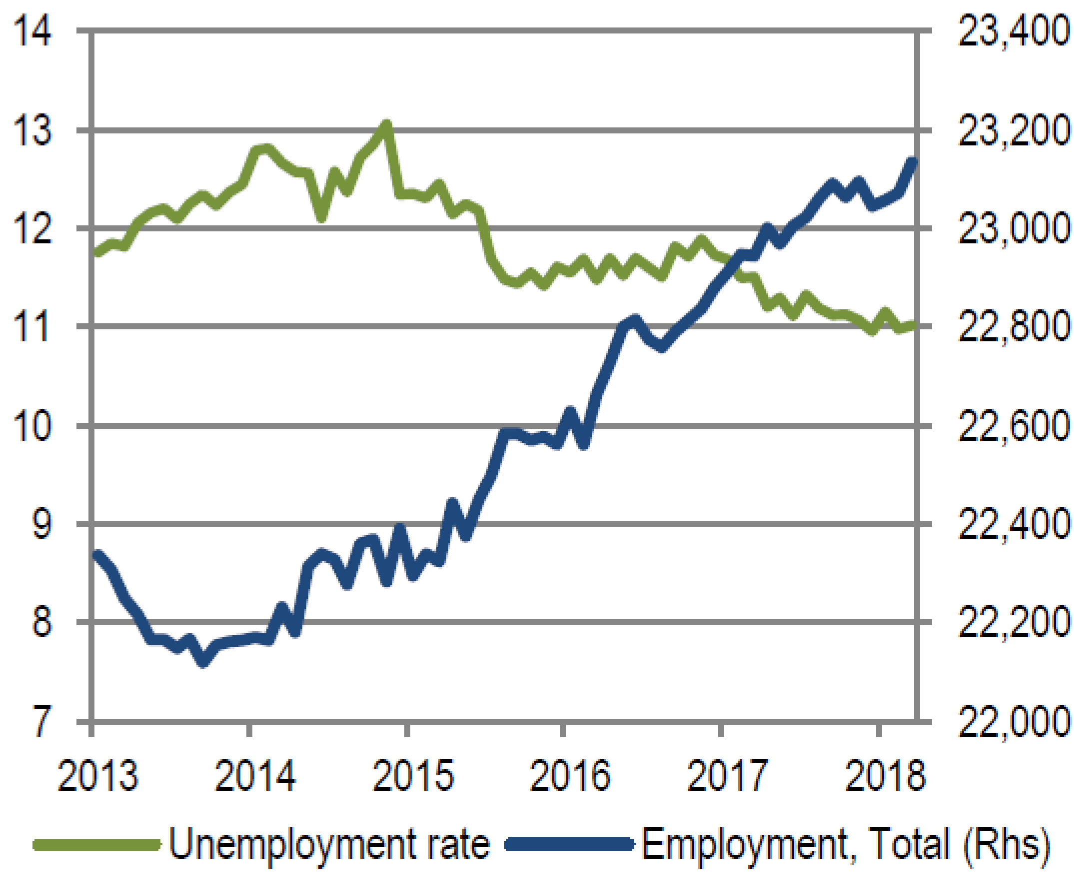


Sources: Bank of Italy, 2018.

Fig.22

Employment and unemployment

(thousand and %)



Source: Istat

Fig.23

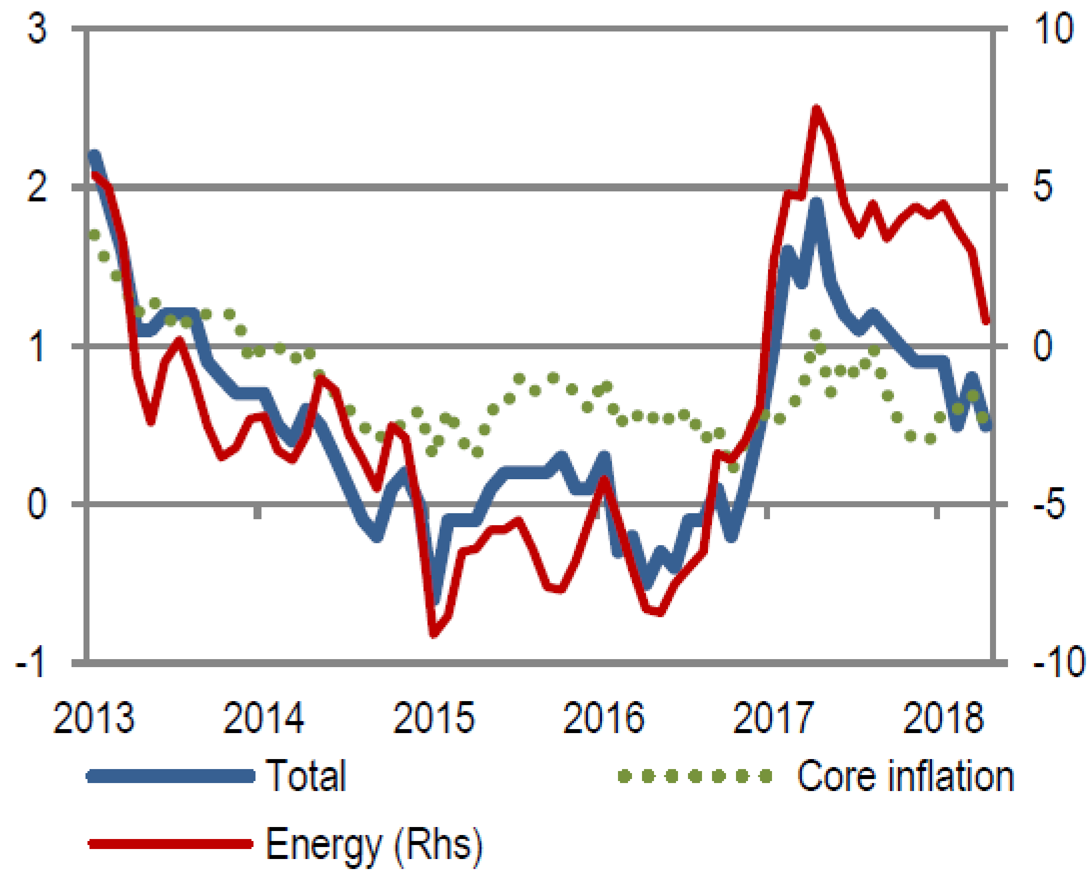
Total number of hours worked, industry and market services (B-N)

Source: Istat

Fig.24

Prices

(y-o-y % change, SA)

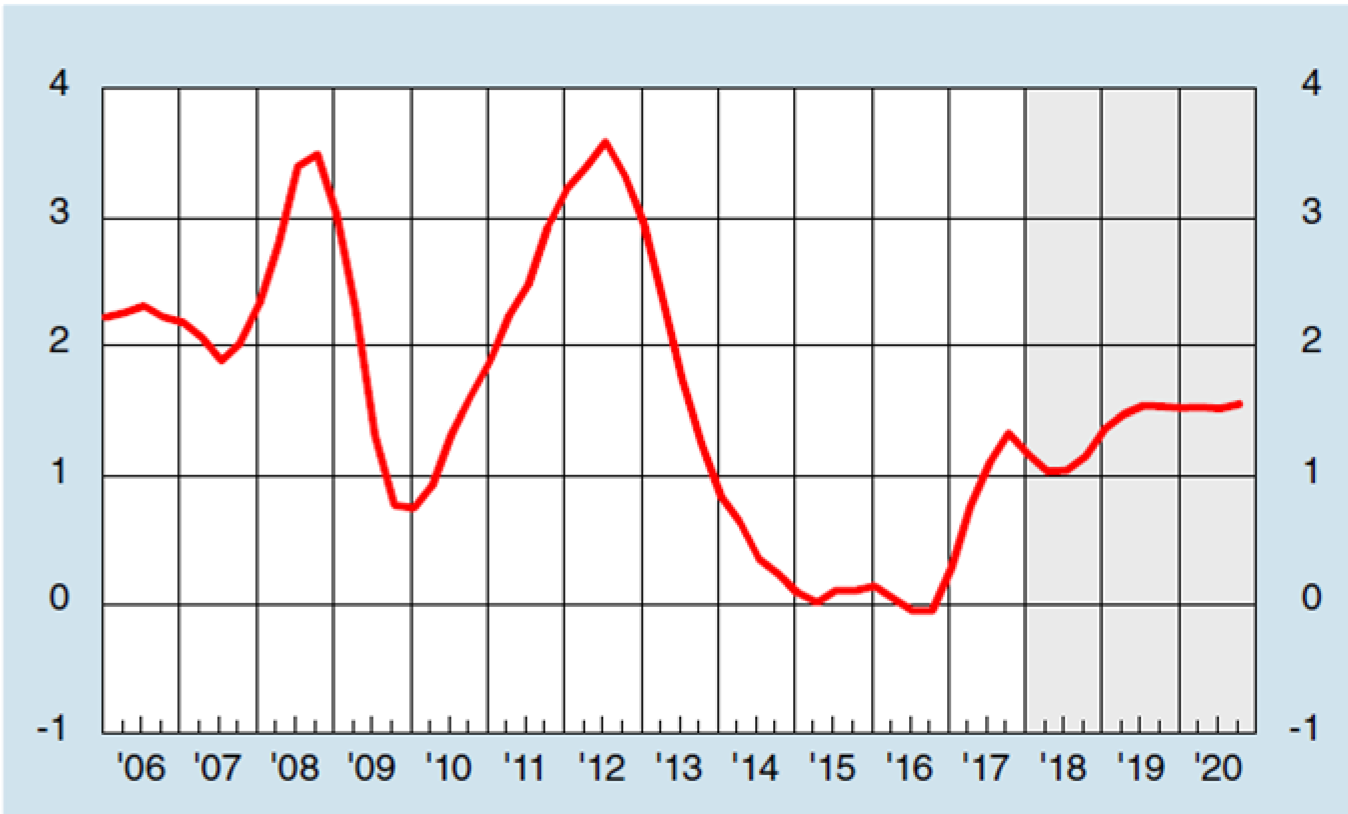


Source: Istat

Fig.25

Consumer price inflation

(quarterly data; percentage changes on year-earlier period; 4-term moving averages)

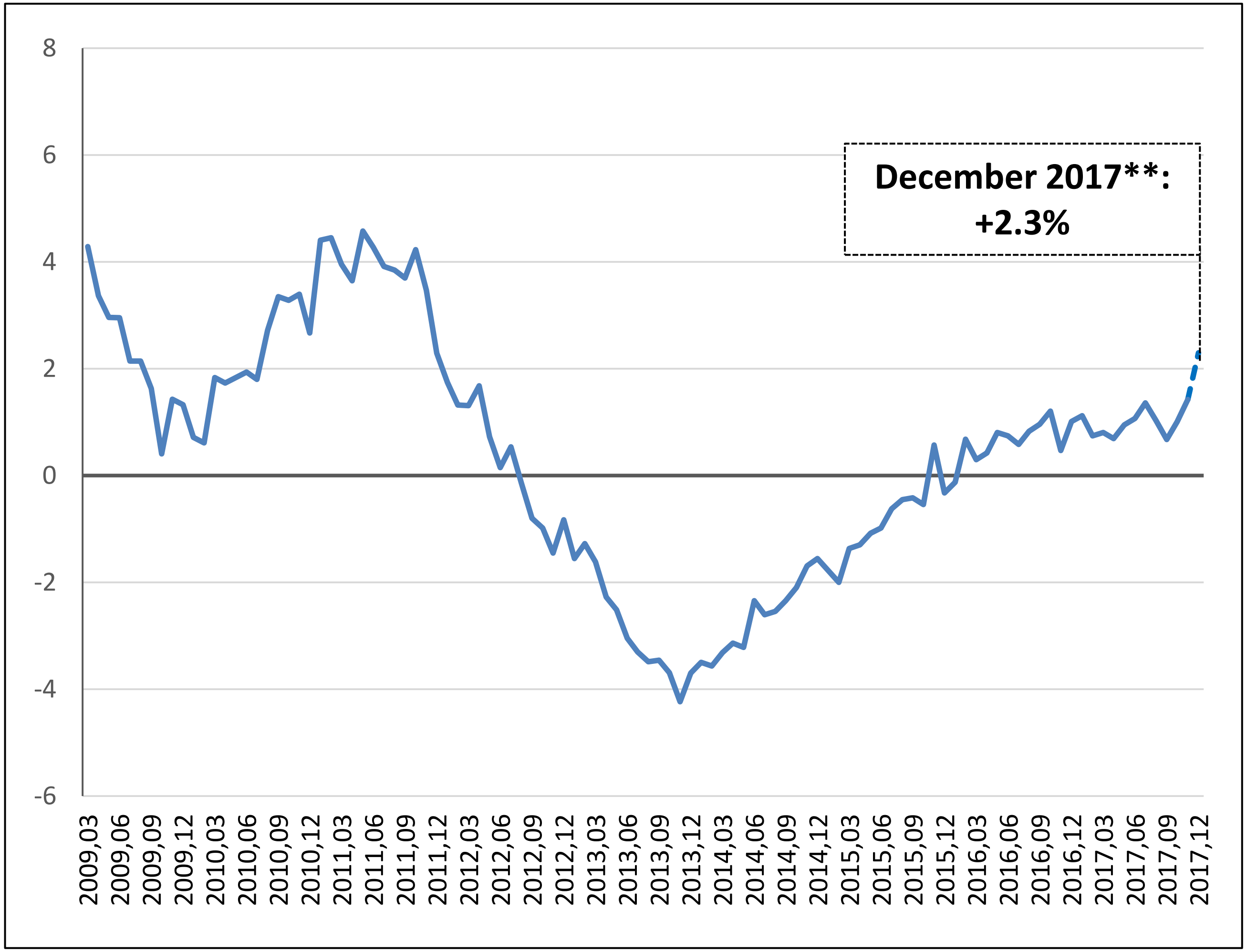


Source: Based on Bank of Italy and Istat data

Fig.26

Loans to households & firms variation in Italy

(YoY % var*; monthly data)

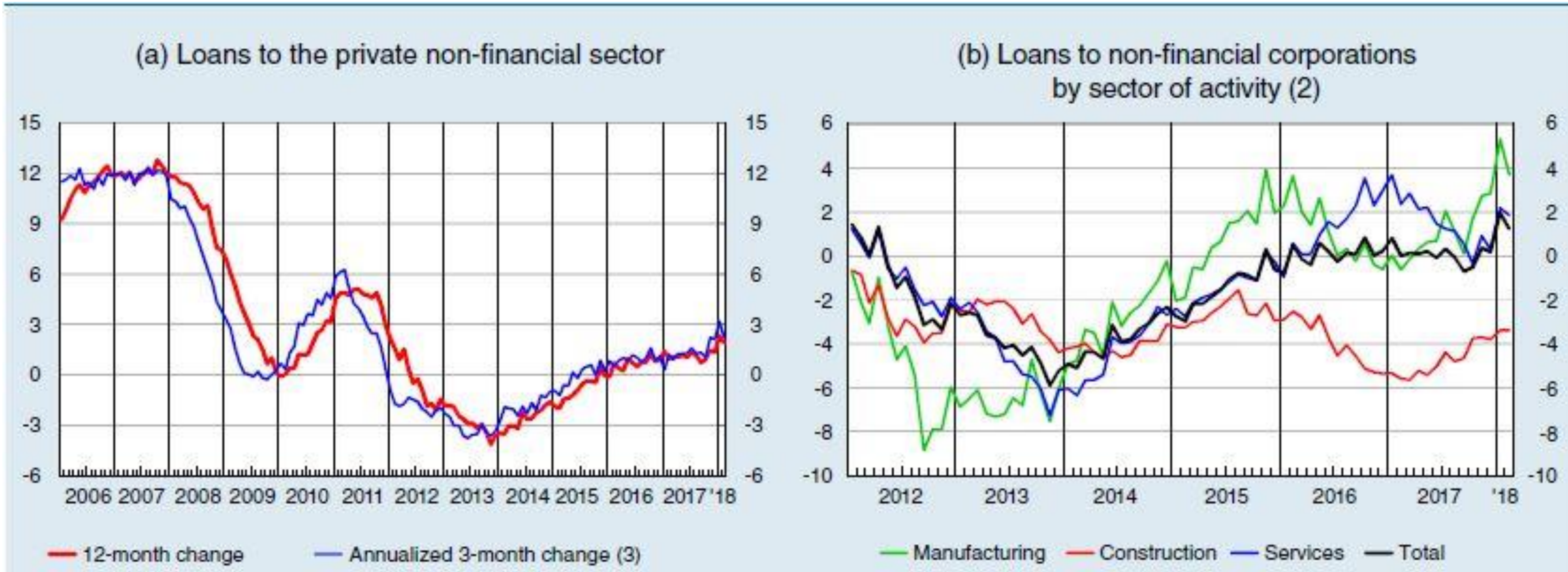


(*) Growth rates calculated according to the common Eurosystem methodology, by adjusting the changes in the stocks to take account of loans not reported on banks' balance sheets because securitized or otherwise transferred, exchange rate fluctuations, value adjustments and reclassifications.

Fig.27

Bank lending (1)

(monthly data; percentage changes)

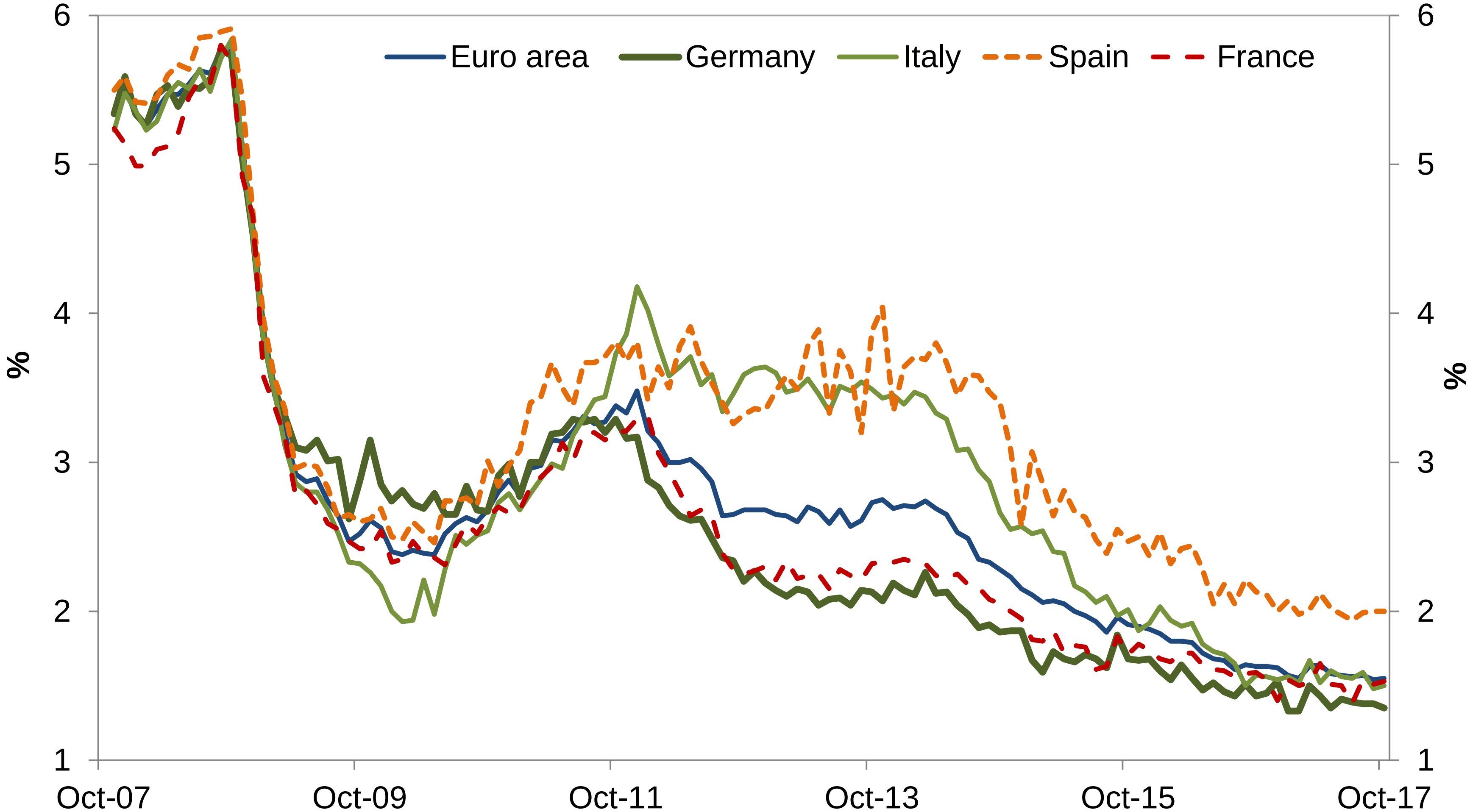


Source: Supervisory reports

(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) Twelve-month changes; until December 2013, the data for each sector are not corrected for value adjustments. – (3) Seasonally adjusted. In accordance with the guidelines of the European Statistical System, the models used to make seasonal adjustments are reviewed annually to ensure they correctly represent the dynamics of the time series. Consequently, direct comparison between the series shown in the graph and the series presented in previous issues of the Economic Bulletin may not be possible.

Fig.28

Lending rates at historical lows



Source: ECB

Fig.29

New non-performing loan rate (1)

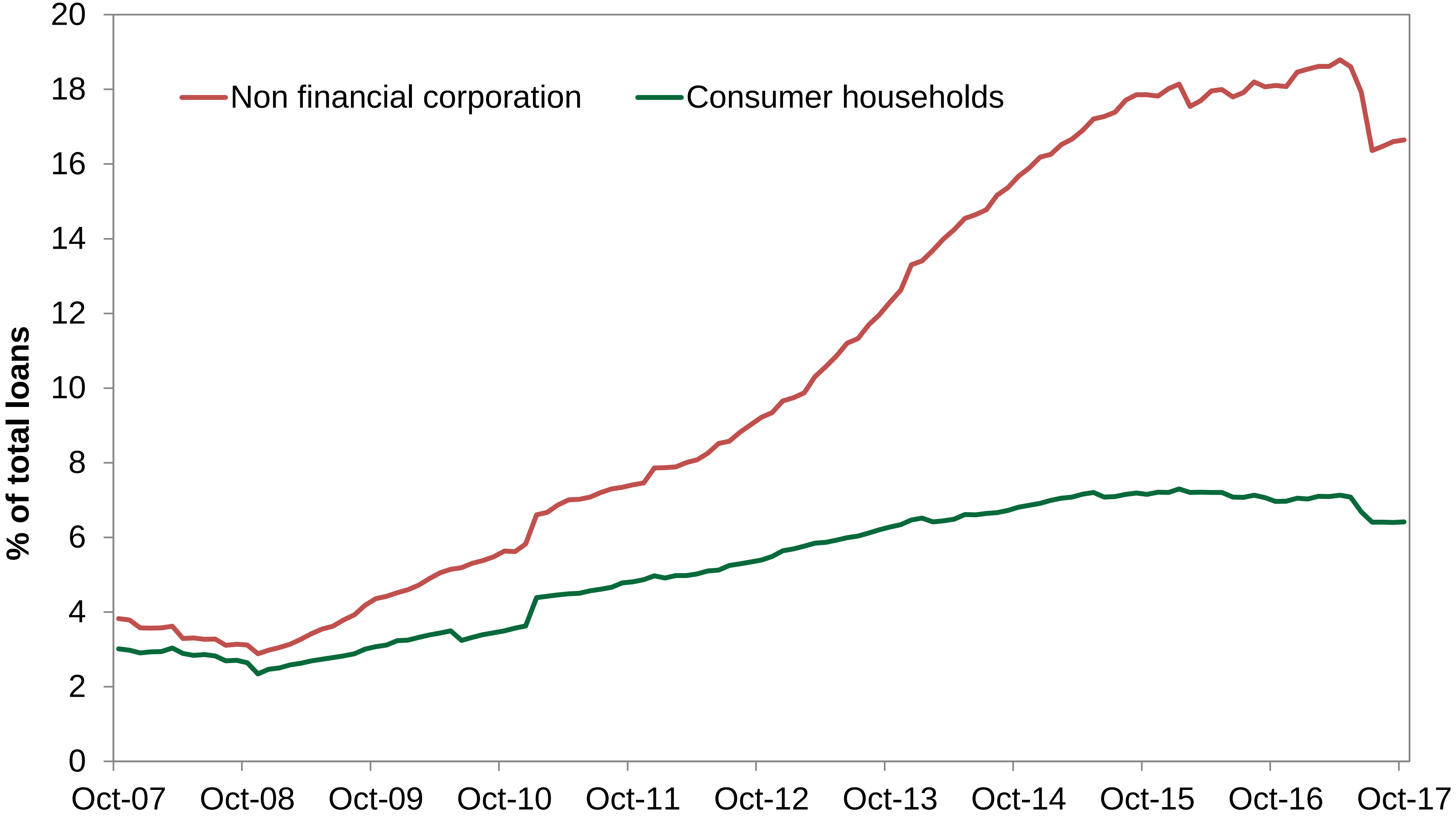
(per cent)

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.

Fig.30

NPLs as a share of bank loans are falling



Source: Bank of Italy

Fig.31

Over the last few years, the Italian Government introduced **a series of systemic reforms** aimed at **facilitating the consolidation** of the sector:

Cooperative banks ("Popolari") reform

- March 2015
- Cooperative banks (known as "Popolari") with more than €8bn in assets **must change their governance structure** and become regular joint stock companies by 31st December 2016

Mutual banks ("BCC") reform

- February 2016 (DL)
- **Over 360 small local mutual lenders** (known as "BCC") will **have to adhere** into centralised institutions with more than €1bn in equity

Cap to Foundations' investments

- April 2015
- The **Ministry of Finance** and **ACRI**, the association of Italian savings banks and foundations, signed an **MoU agreement** forbidding Foundations to invest more than 33% of their equity **in any single asset class.**

Fig.32

Banks' recapitalisation

1. Impact on public finances

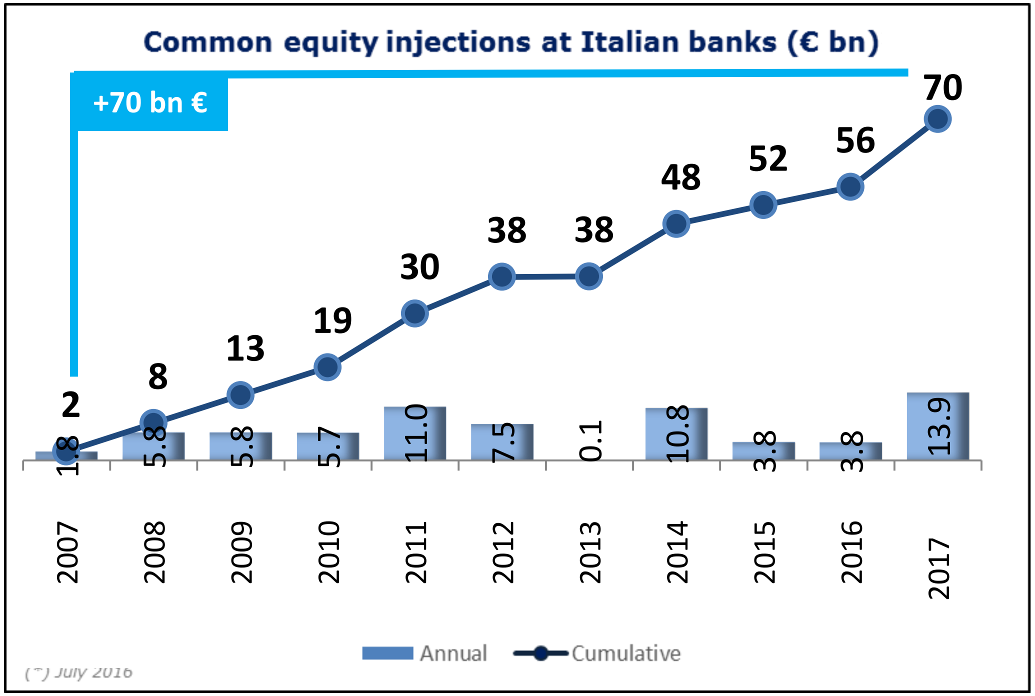
millions of euros	Veneto banks	Monte Paschi	Total
Capital contribution[1]	4785	5400	10185
Fair value of guarantees[2]	400		400
memo items:			
Guarantees[3]	12351		12351
GACS[4]		3256	3256

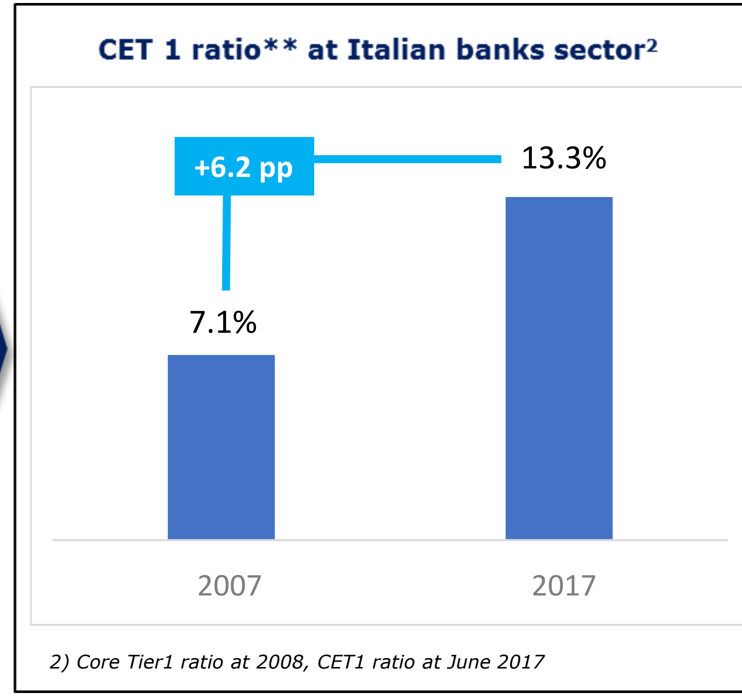
1. Capital injection into Monte Paschi assumes that all conversion rights of retail bondholders will be exercised
2. Fair value of guarantees provided for the liquidation of Veneto banks
3. Maximum level of guarantees provided for the compulsory liquidation of Veneto Banks
4. Amount of Senior A1 notes in Monte Paschi's NPL securitisation covered by the state guarantee scheme

- Capital contribution, €10.2bn, will be recorded as government debt. Amount is in line with estimate used in Stability Program (0.6% of GDP) to project 2017 debt/GDP ratio.
- Fair value of guarantees for the liquidation of Veneto banks will be recorded as deficit.
- The securitisation of Monte Paschi NPLs will involve the use of GACS for the senior tranche
- The total amount of guarantees provided in the two operations is thus €15.5bn.

Fig.33

Banks' recapitalisation
2. Equity injections and CET 1 ratio





Raised €70 billions of additional capital from 2007

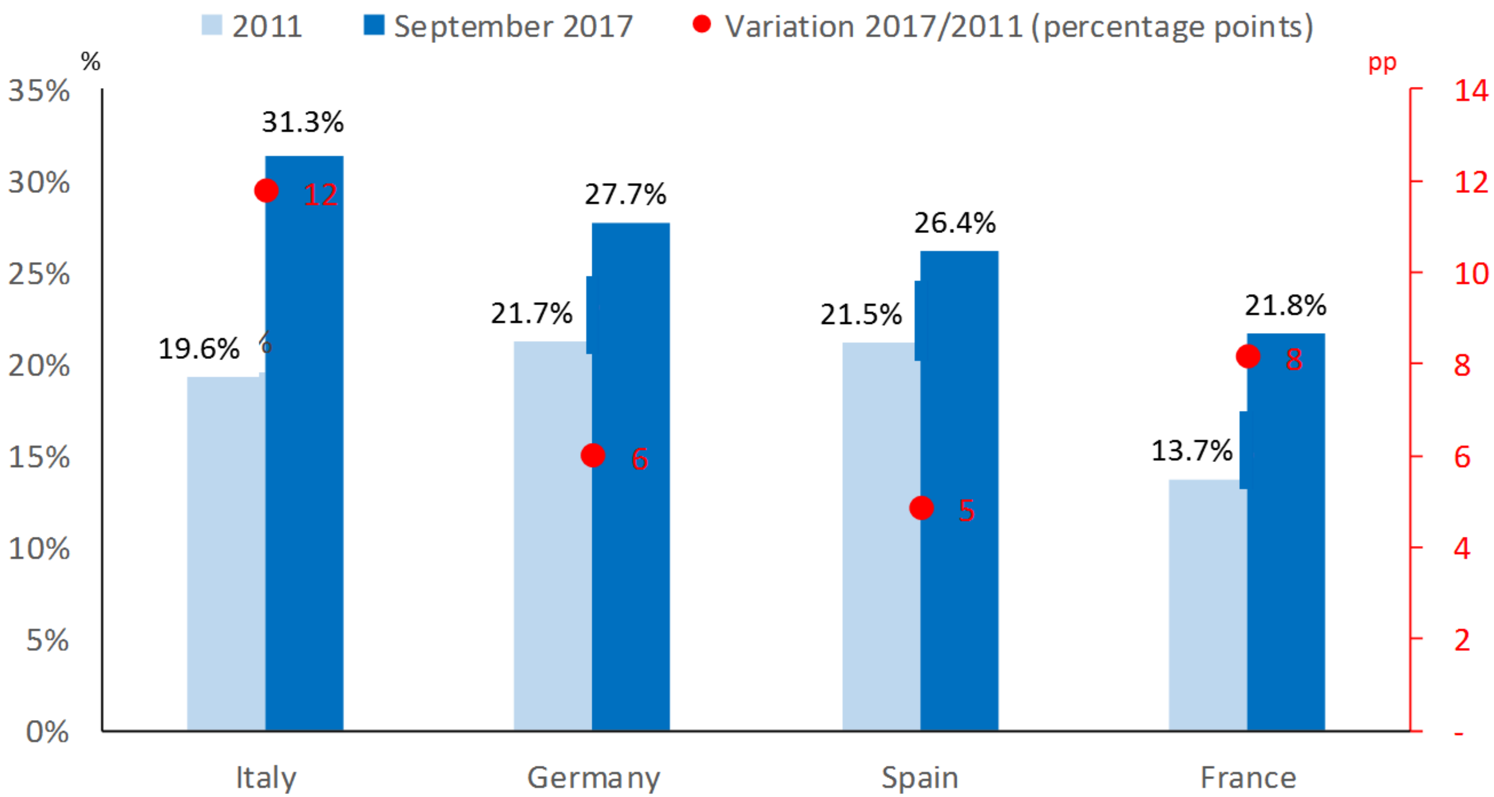
CET1 ratio increased from 7% to 12.5%

Source: ABI on Borsa Italiana and Italian Banks website
Source: ABI on Bank of Italy

Fig.34

Percentage of banking capital held by foreign funds

(main 4 banking groups by country)



(*) weighted average by banking groups for each country

Source: Abi calculation on Reuters data

Fig.35

The outlook for the public finances

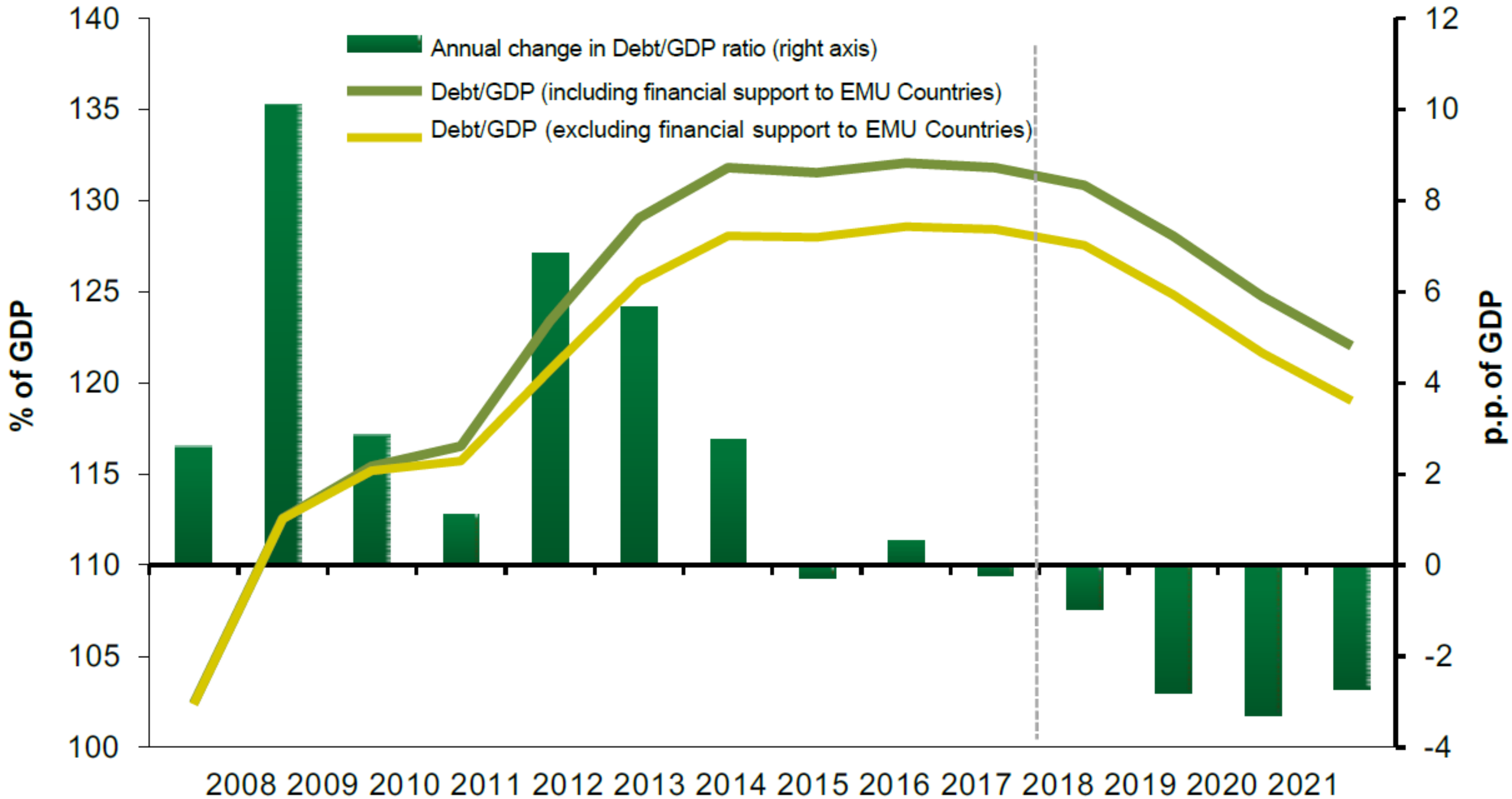
Policy scenario						
% of GDP	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
General government balance	**-2.6**	**-2.5**	**-2.3**	**-1.6**	**-0.8**	**0.0**
Structural balance (1)	*-0.1*	*-0.9*	*-1.0*	*-1.0*	*-0.4*	*0.1*
Change in the structural balance	*0.3*	*-0.8*	*-0.3*	*0.1*	*0.6*	*0.5*
Primary balance	**1.5**	**1.5**	**1.5**	**1.9**	**2.7**	**3.4**
Interest expenditure	**4.1**	**4.0**	**3.8**	**3.5**	**3.5**	**3.5**
Public debt (2)	**131.5**	**132.0**	**131.8**	**130.8**	**128.0**	**124.7**
Public debt ex support EZ (3)	**128.0**	**128.6**	**128.4**	**126.5**	**124.8**	**121.6**

(1) Net of one-off measures and cyclically adjusted. Discrepancies, if any, are due to rounding.
(2) Gross of financial support to Eurozone countries.
(3) Net of financial support given to other Euro area countries.

Source: ISTAT and Government projections for 2018-2021 (Economic and Financial Document 2018

Fig.36

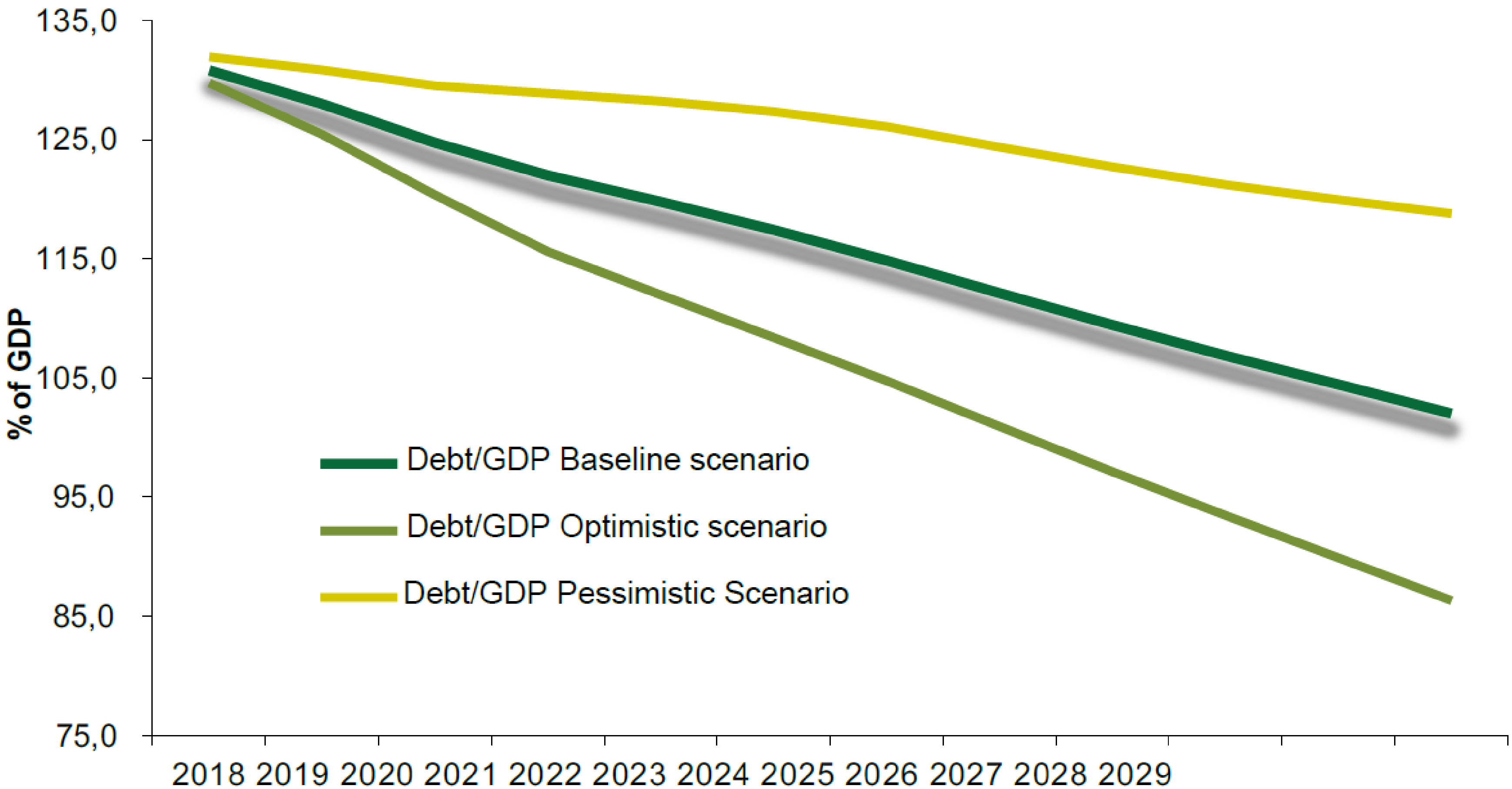
Debt to GDP ratio



Source: DEF 2018

Fig.37

Debt/GDP set to decline in the medium term

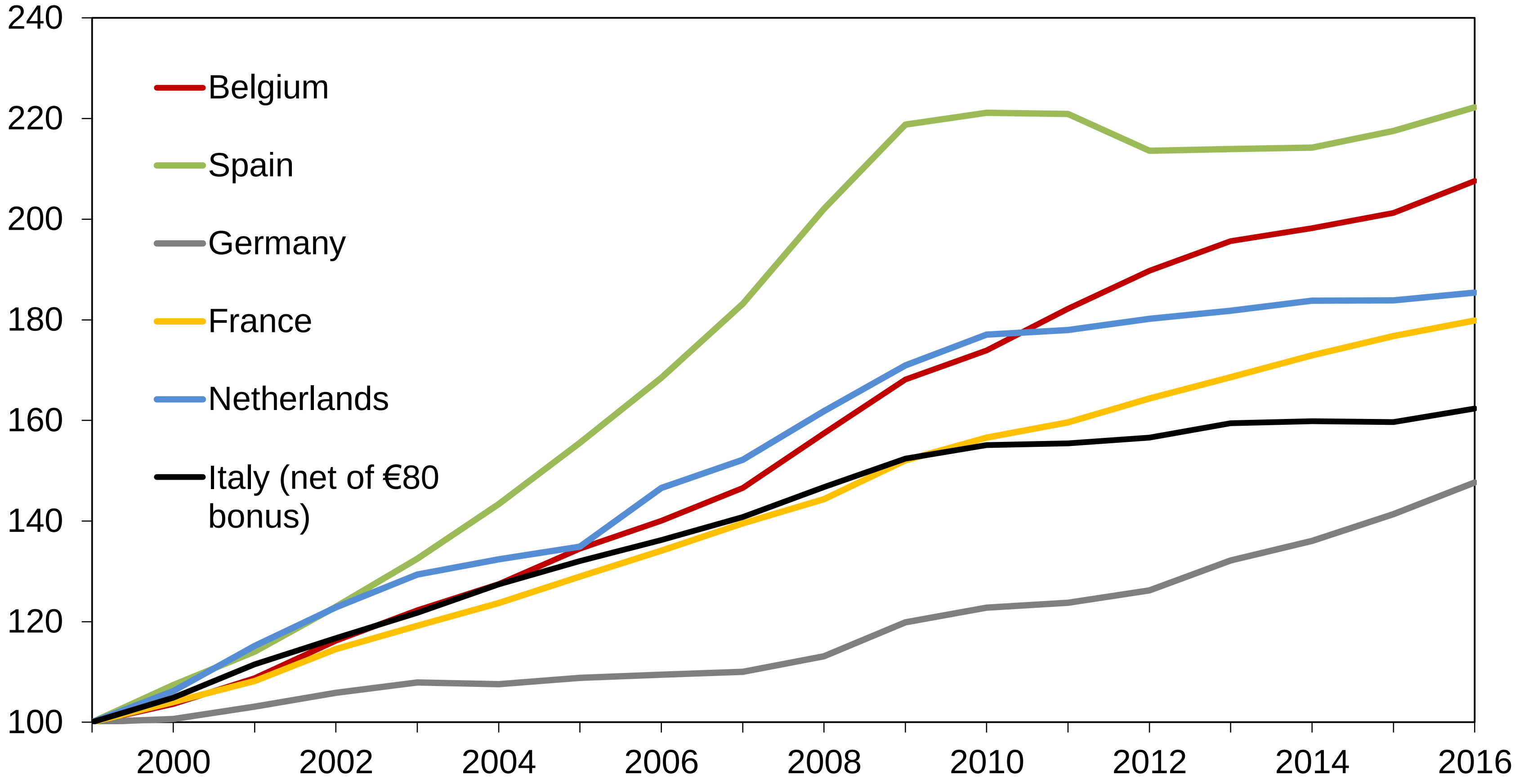


Source: MEF

Fig.38

Spending stability paves way for debt reduction

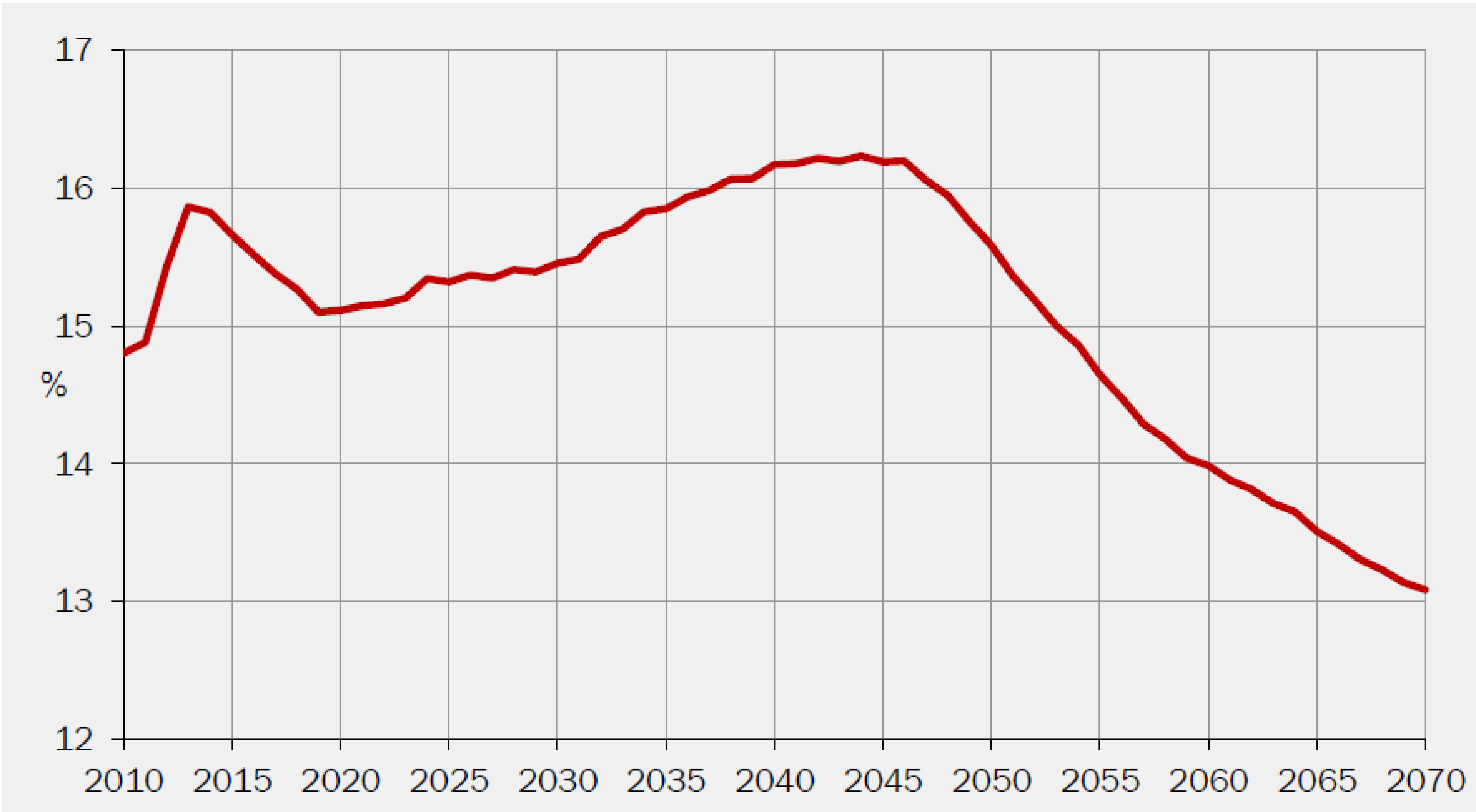
Current expenditure excluding interest payments (1999=100)



Source: MEF elaborations on European Commission AMECO data and ISTAT

Fig.39

Public pension expenditures as a percentage of GDP

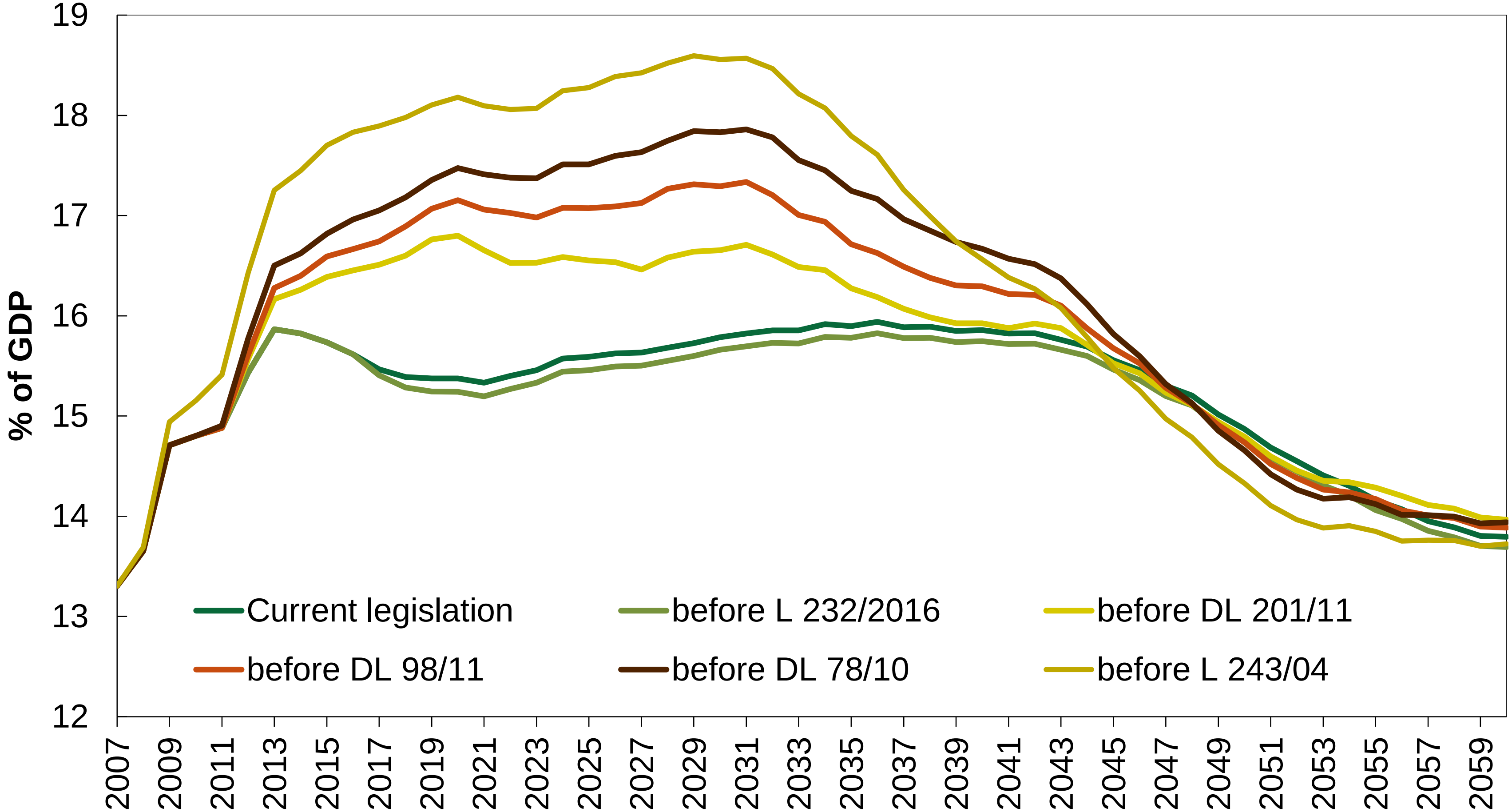


Source: DEF 2018

Fig.40

Public pension expenditure: impact of past reforms

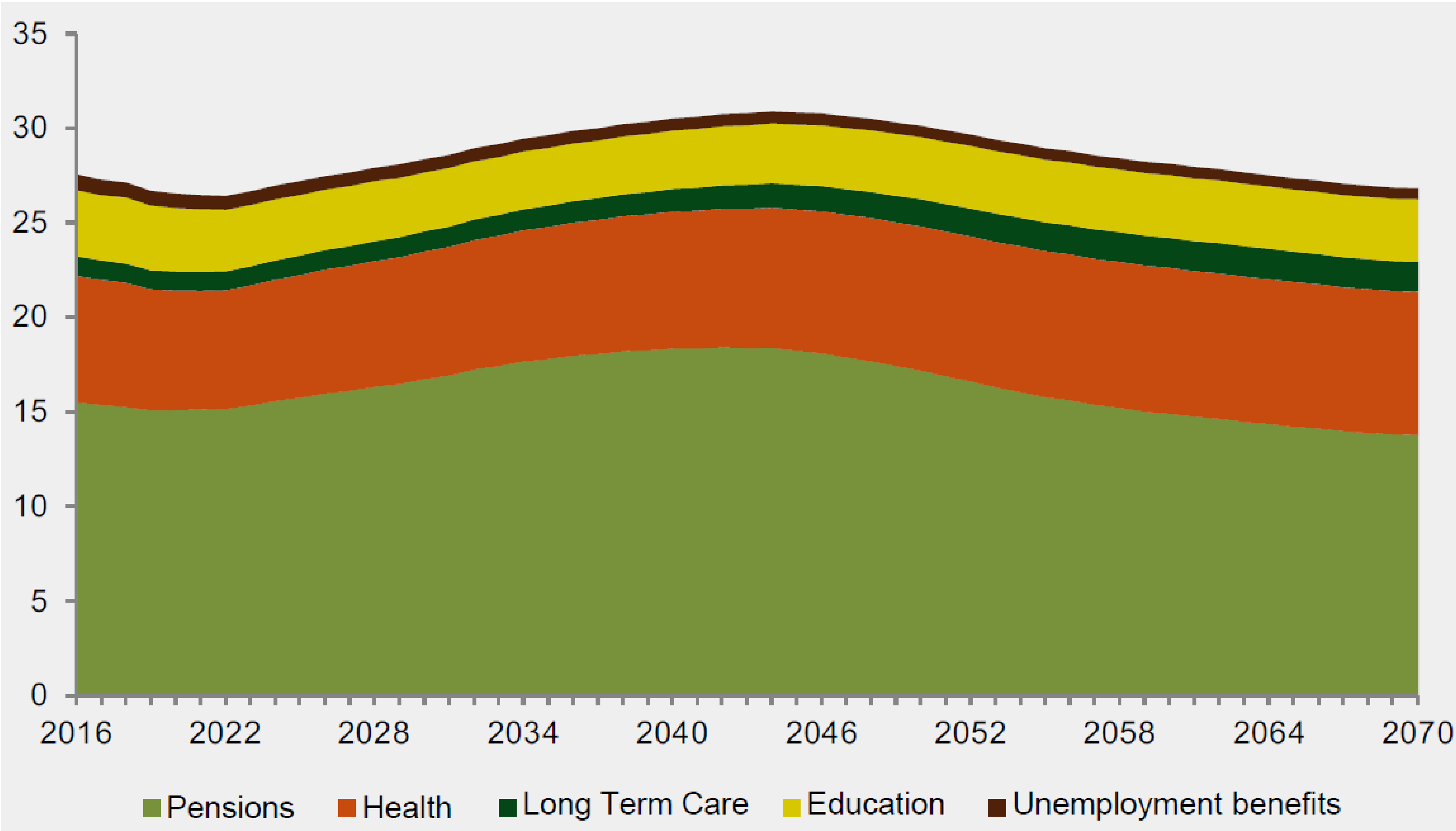
Projected public pension expenditure



Source: EFD 2018, State General Accounting Department long-term forecasting model

Fig.41

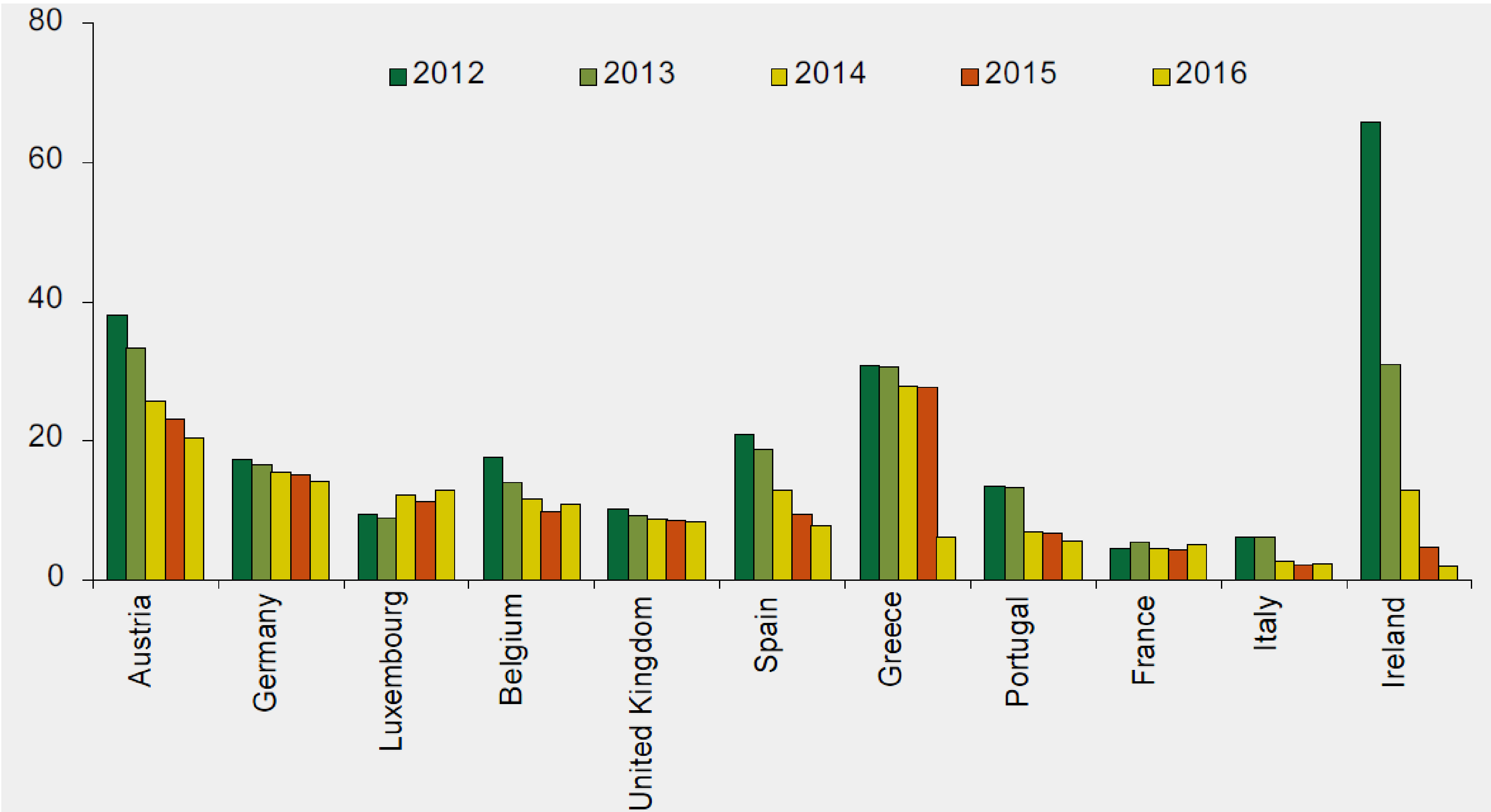
Expected age-related public expenditure as percentage of GDP



Source: DEF 2018

Fig.42

Total general government contingent liabilities

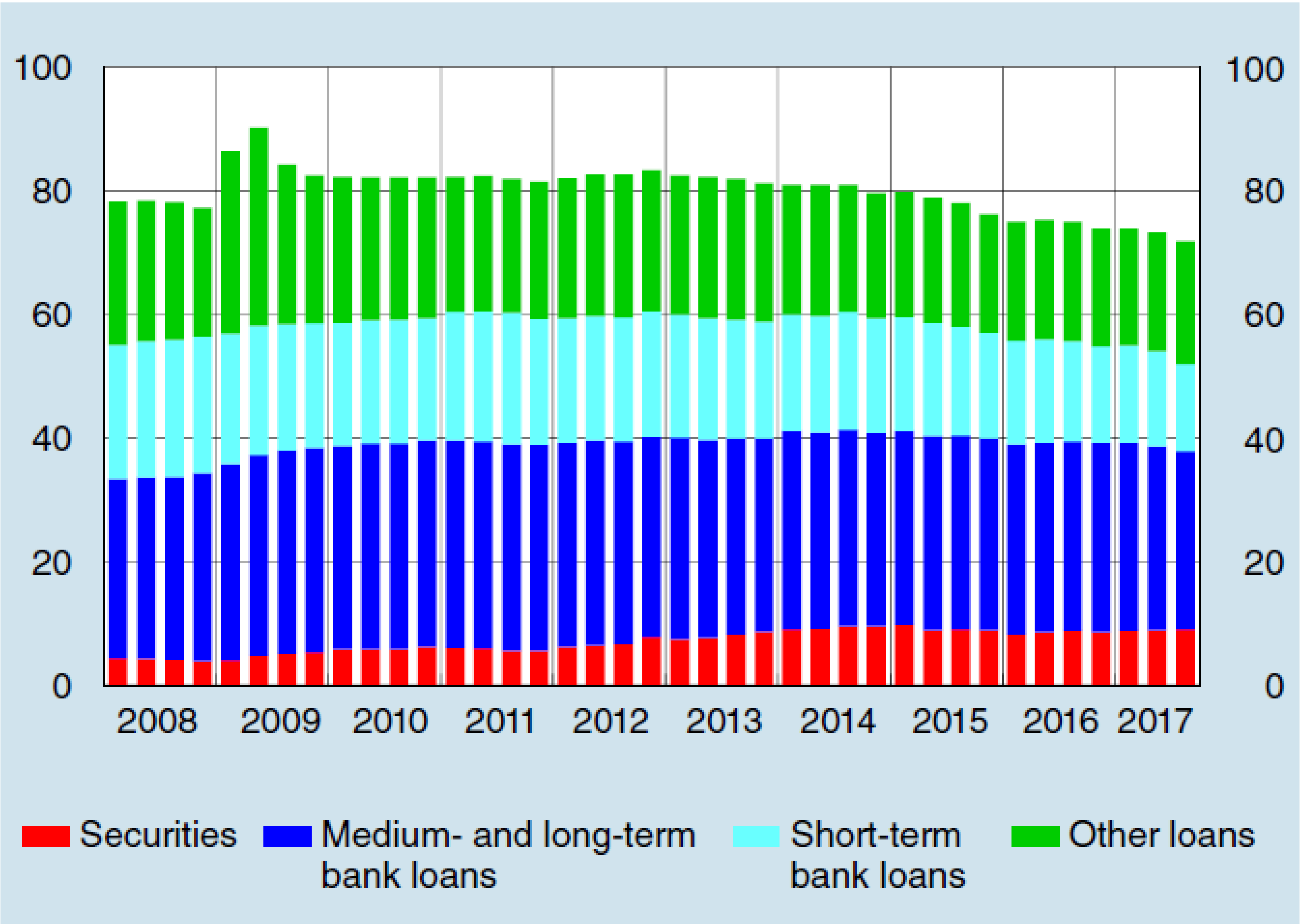


Source: Eurostat

Fig.43

Debt of non-financial corporations (1)

(quarterly data; as a percentage of GDP)



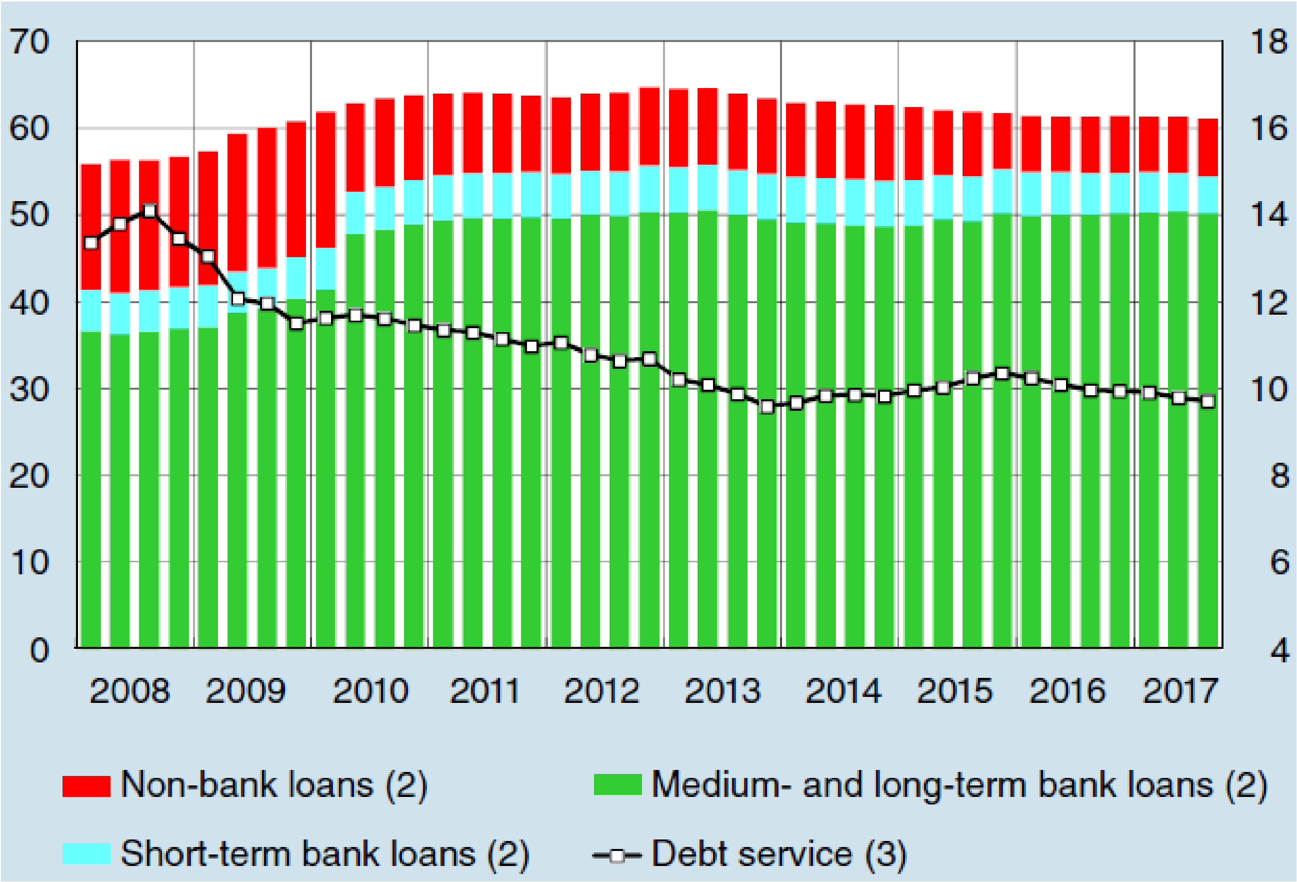
Source: Based on Bank of Italy and Istat data

(1) The data refer to the 12 months ending in the quarter in question. Debt includes securitized loans. The data for the last quarter are provisional

Fig.44

Household Debt (1)

(quarterly data; as a percentage of gross disposable income)



Source: Based on Bank of Italy and Istat data

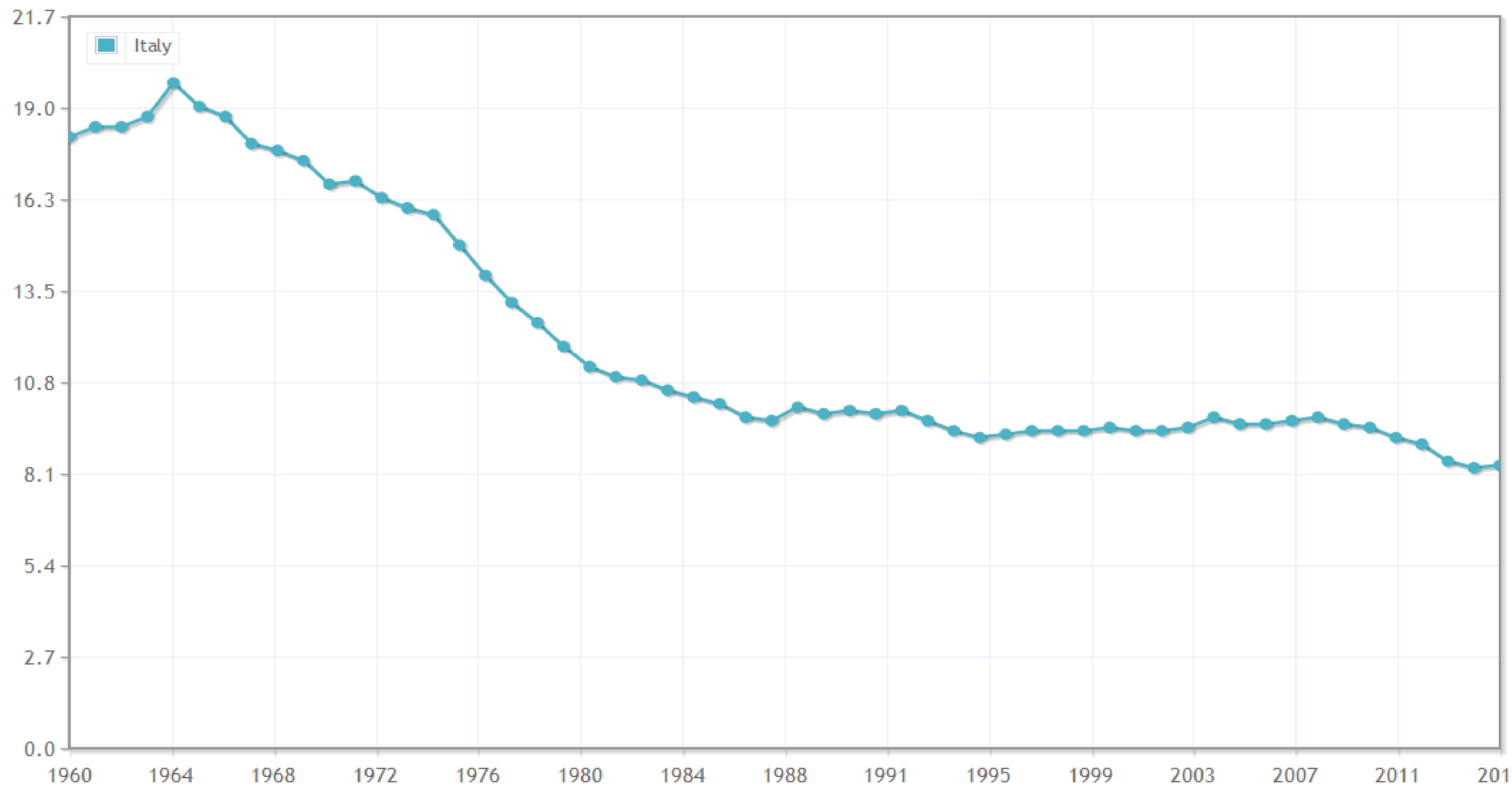
(1) End-of-quarter stocks and flows in the 12 months to the end of the quarter. The data for the last quarter are provisional. Debt includes securitized loans.

(2) In the second quarter of 2010 there was a methodological break in the computation of the statistics on the distribution between bank and non-bank loans. For the methodology, see the note in “Monetary and Financial indicators. Financial Accounts”, in *Supplements to the statistical Bulletin, 58, 2010*

(3) Right-hand scale. Estimated cost of debt service (interest plus repayment of capital) for consumer households only

Fig.45

Italy: birth rate, crude (per 1,000 people)

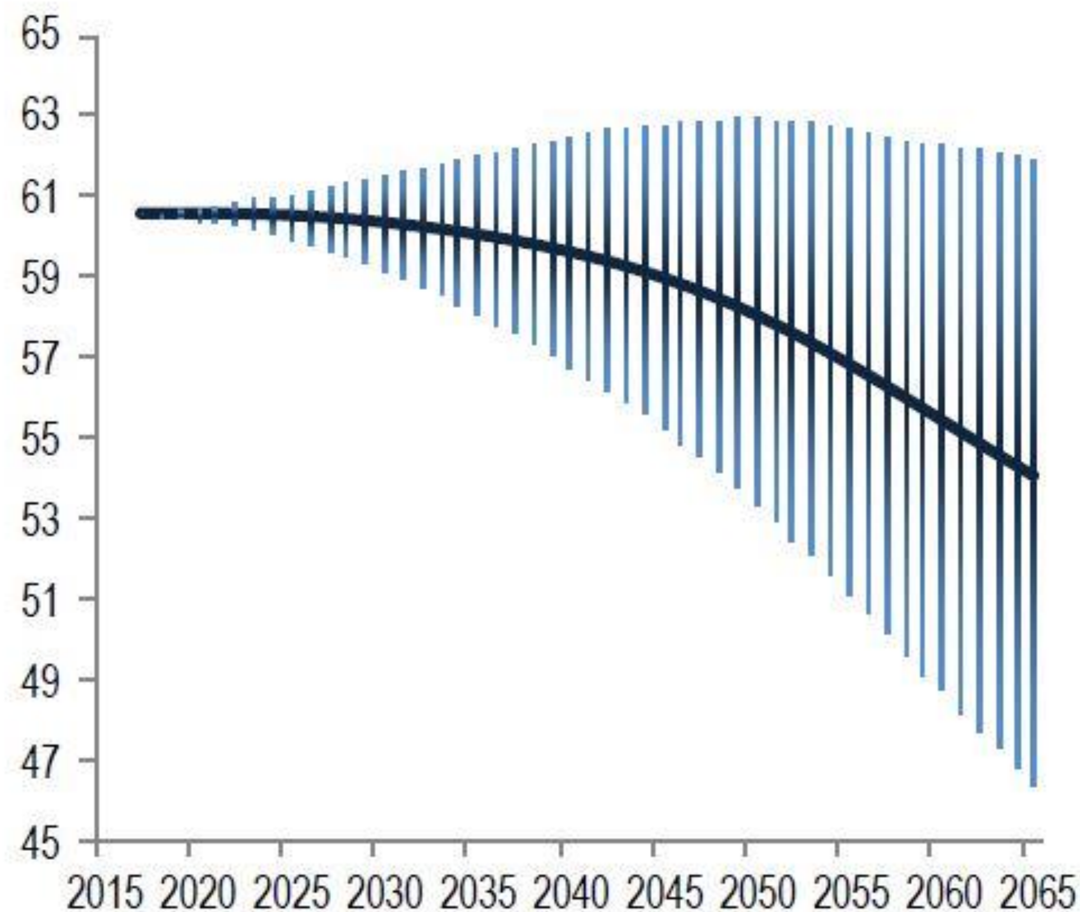


Source: World Bank

Fig.46

Resident population in Italy – Median scenario and 90% confidence interval

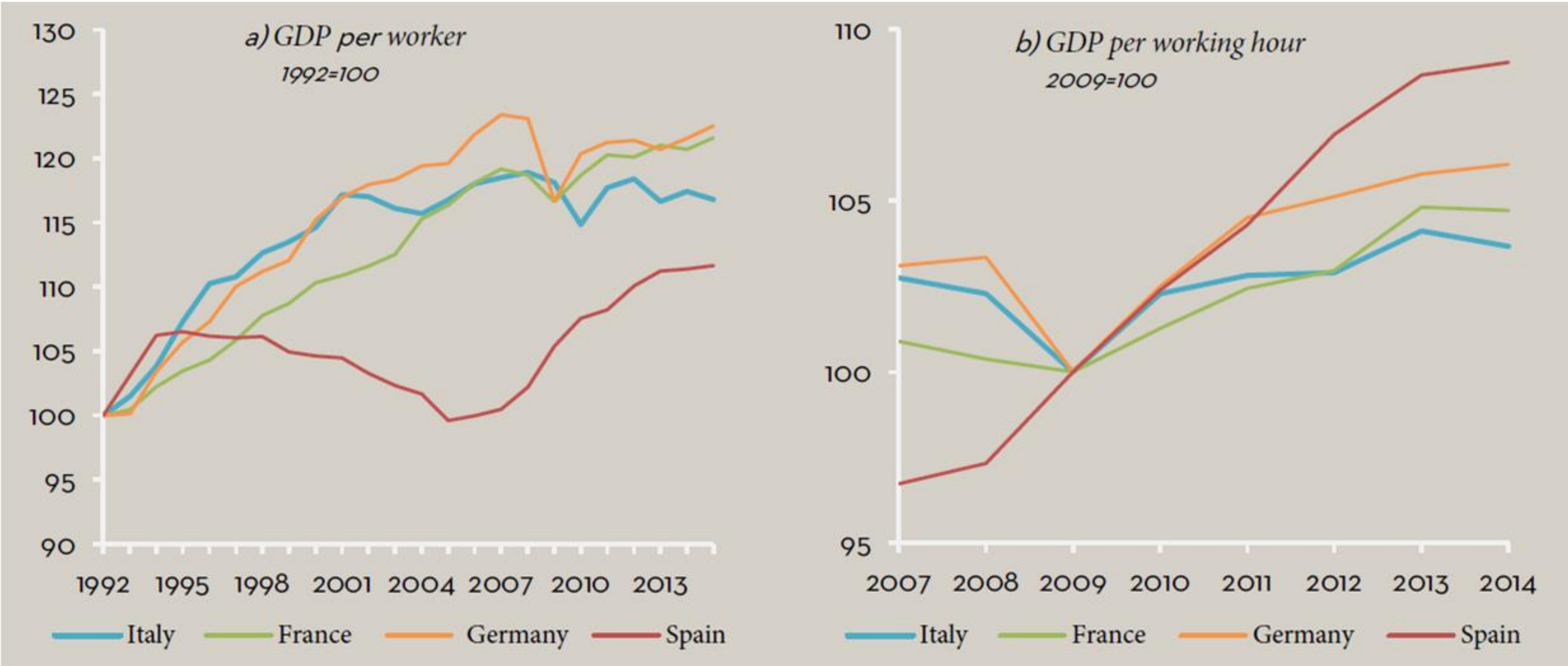
Years 2017-2065, January 1st, in million



Source: Istat, 2018

Fig.47

Labour Productivity



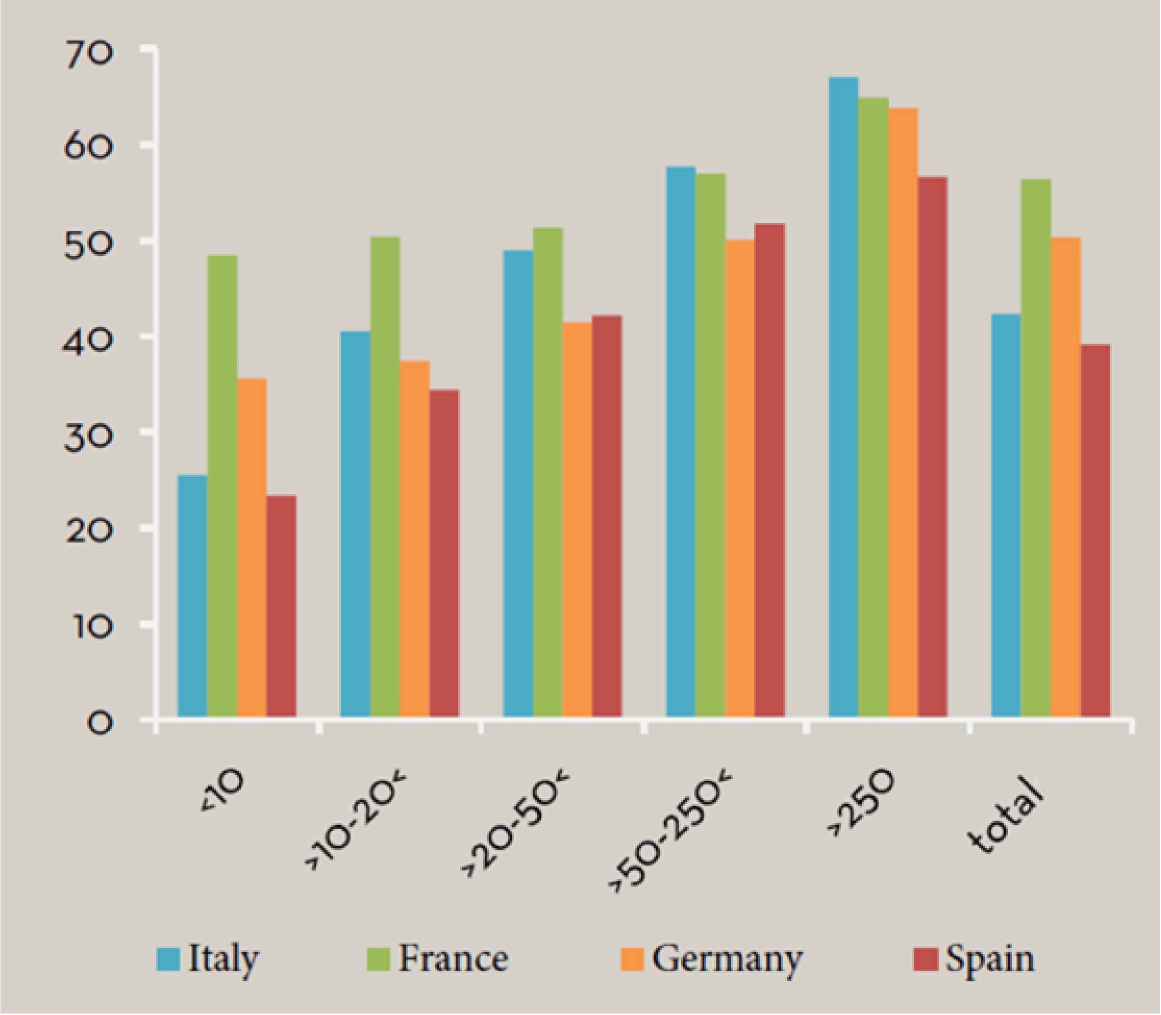
Source: Prometeia on National Istat data

Source: Oecd

Fig.48

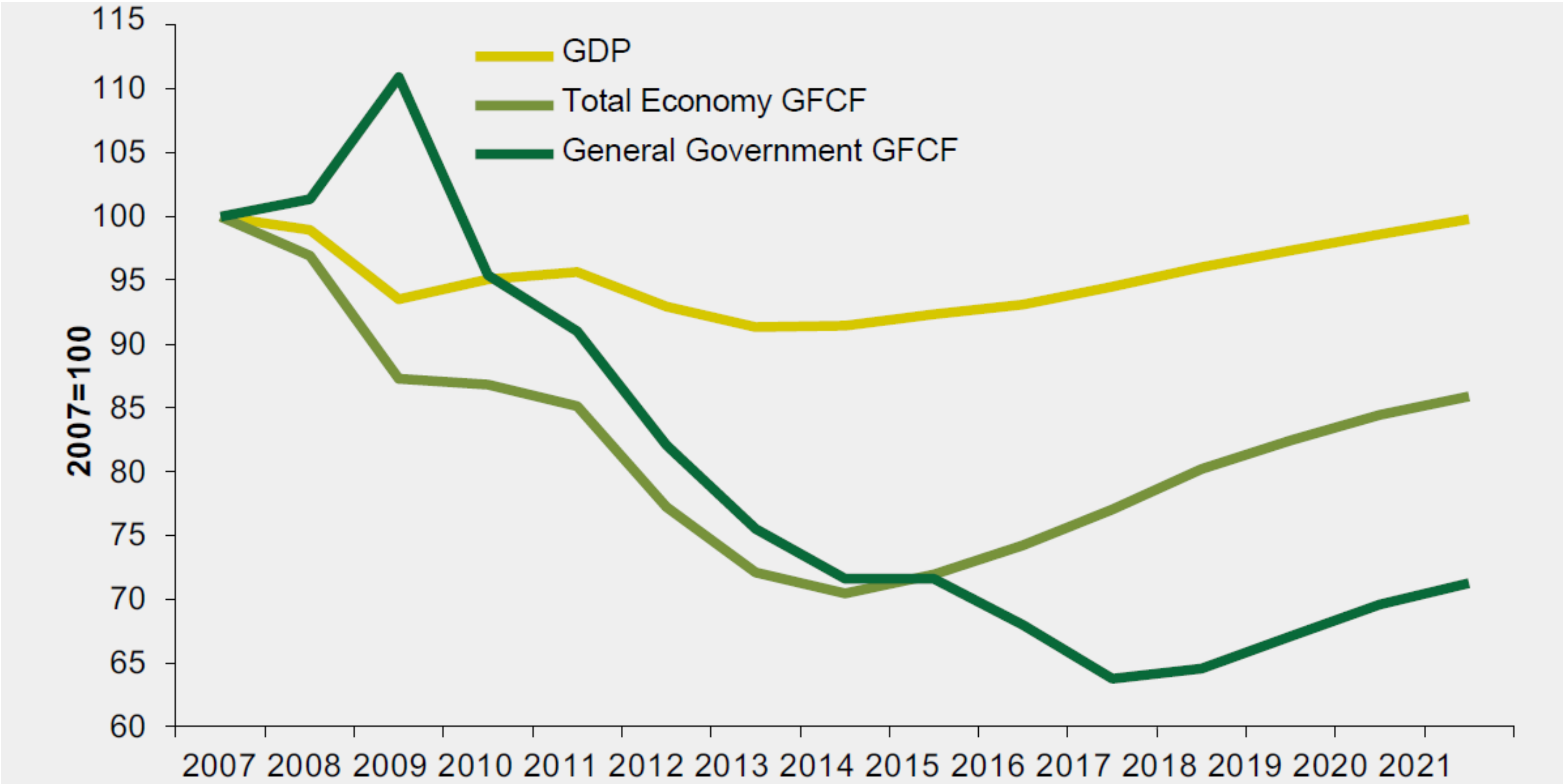
Labour Productivity by firm size
(Number of employees for firm)

Value added per employee



Source: Oecd

Gross Fixed Capital Formation



Source: DEF 2018