

Snap | 1 September 2026

ITALY

Revised GDP data confirms Italian economic resilience in second quarter

GDP expanded by 0.2%, supported by stronger domestic demand, while net exports acted as a drag. We expect a similar expansion in the third quarter, but the energy-driven acceleration in inflation increases the risk of a consumption disappointment



Italy's 2Q GDP grew by 0.2%

GDP growth confirmed at 0.2% in second quarter, driven by domestic demand

Preliminary GDP data for the second quarter had suggested that the Italian economy was proving surprisingly resilient to geopolitical developments and their impact on energy prices. Revised data, released today by Istat, confirms this was indeed the case, shedding additional light on the demand details. Italian GDP expanded by 0.2% in the second quarter (from 0.3% in the first) driven by domestic demand. Household consumption and inventory accumulation contributed 0.2% to quarterly growth, followed by gross fixed investments (0.1% contribution), while net exports subtracted 0.3% as imports expanded faster than exports.

Services consumption in the lead, followed by durables

The consumption push came mainly from services, followed by durables, with the non-durable component coming in growth-neutral. Here, the good news is that consumption held up despite a temporary deterioration in real disposable income resulting from the acceleration in energy-related inflation. Consolidating gains on the employment front and their impact on confidence seemingly acted as a powerful hedge.

Infrastructure investment still powered ahead, as the deadline to recovery plan approached

On the investment front there was a clear push from infrastructure investments, very likely reflecting a final rush as the official deadline for the recovery plan approached. This more than compensated for the contraction in the residential component, which was still burdened by the reduction in tax incentives. The soft machinery and weapons components likely reflected a combination of a very gradual turnaround in manufacturing and delayed decisions on the government side to tap dedicated European SAFE funds. The gain in intellectual property products investment suggests that the Italian economy is also taking advantage of the AI-related global investment wave, but so far with a limited contribution to GDP growth.

We expect a similar pattern in the third quarter, but short-term inflation risks linger

Looking ahead, confidence indicators for July and August and still resilient employment suggest that the economic expansion might continue at a similar pace and with a similar pattern over the third quarter. This is not immune to risk, though, primarily linked to the potential impact on consumption of accelerating inflation. August inflation data, also released today, showed that the energy component is still a powerful driver. It pushed headline inflation up to 3.3% (from 2.9% in July), while the core measure decelerated slightly to 1.5% (from 1.6%). For the time being, consumers are not perceiving a high inflation risk ahead, but some prudence in consumption behaviour seems likely if price pressures persist.

All in all, after today's data releases, we confirm our base case call for both average GDP growth at 0.9% and average inflation at 2.7% in 2026.

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