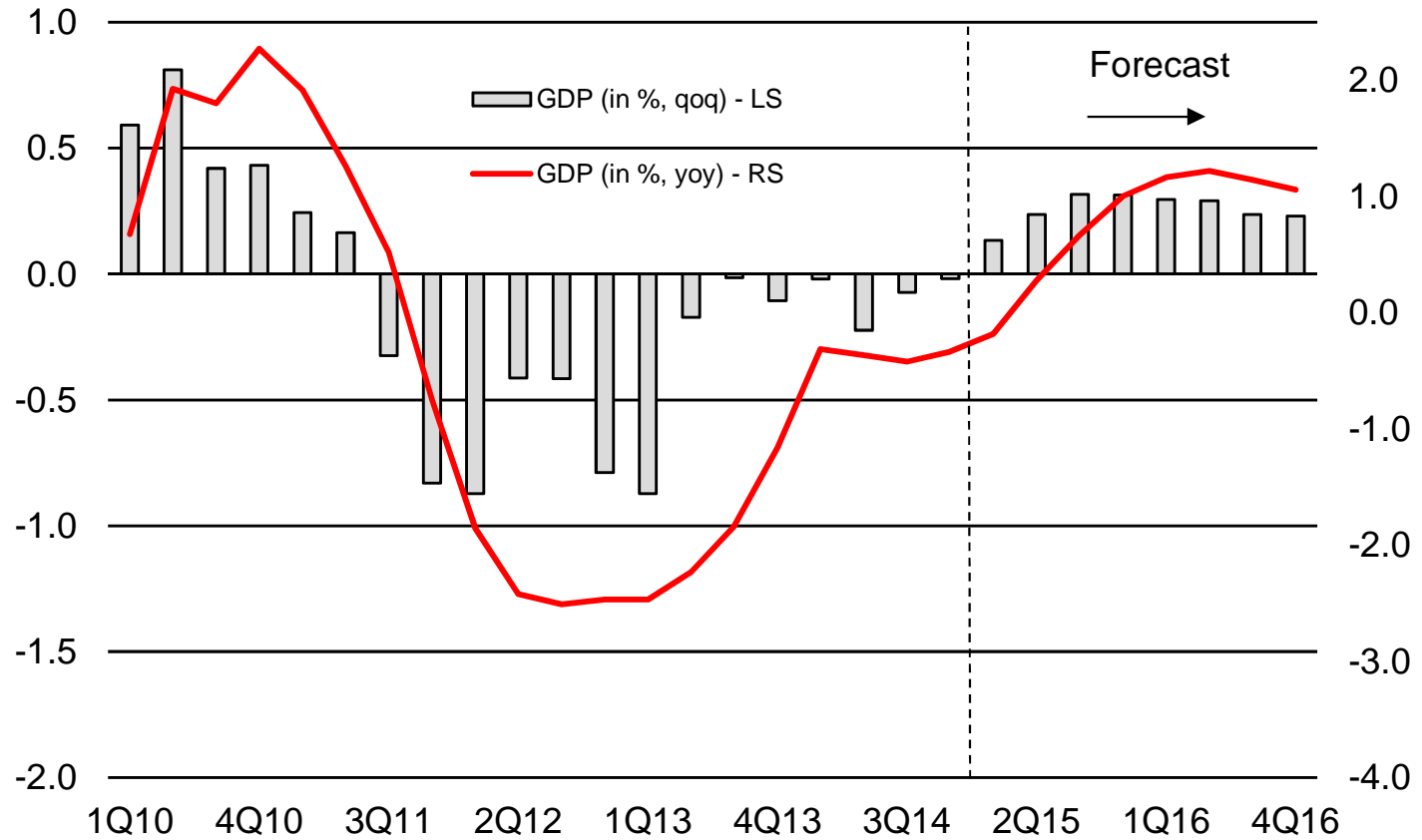


Italy Outlook

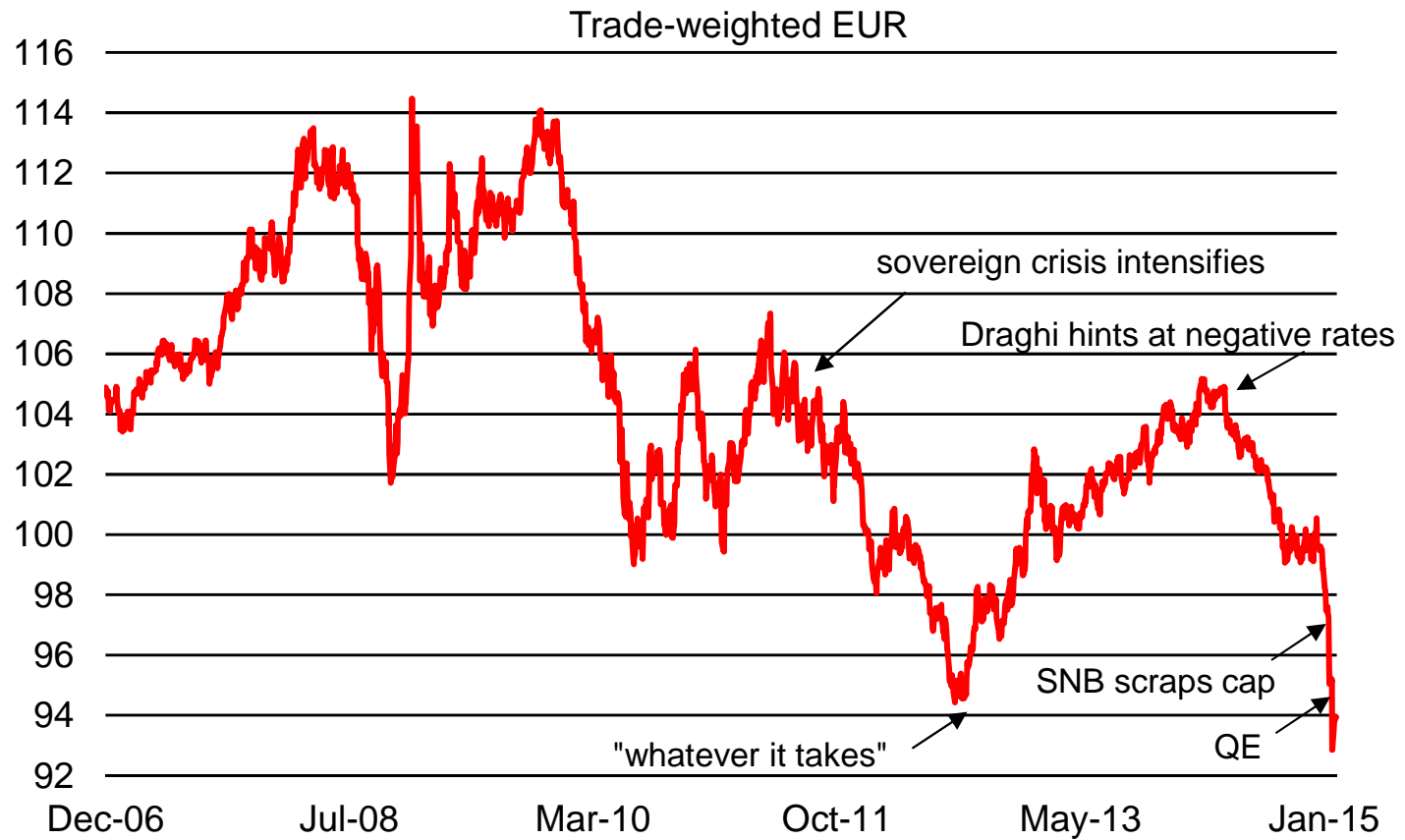
2015: economic growth returns

Marco Valli, Chief Eurozone Economist, UniCredit Group

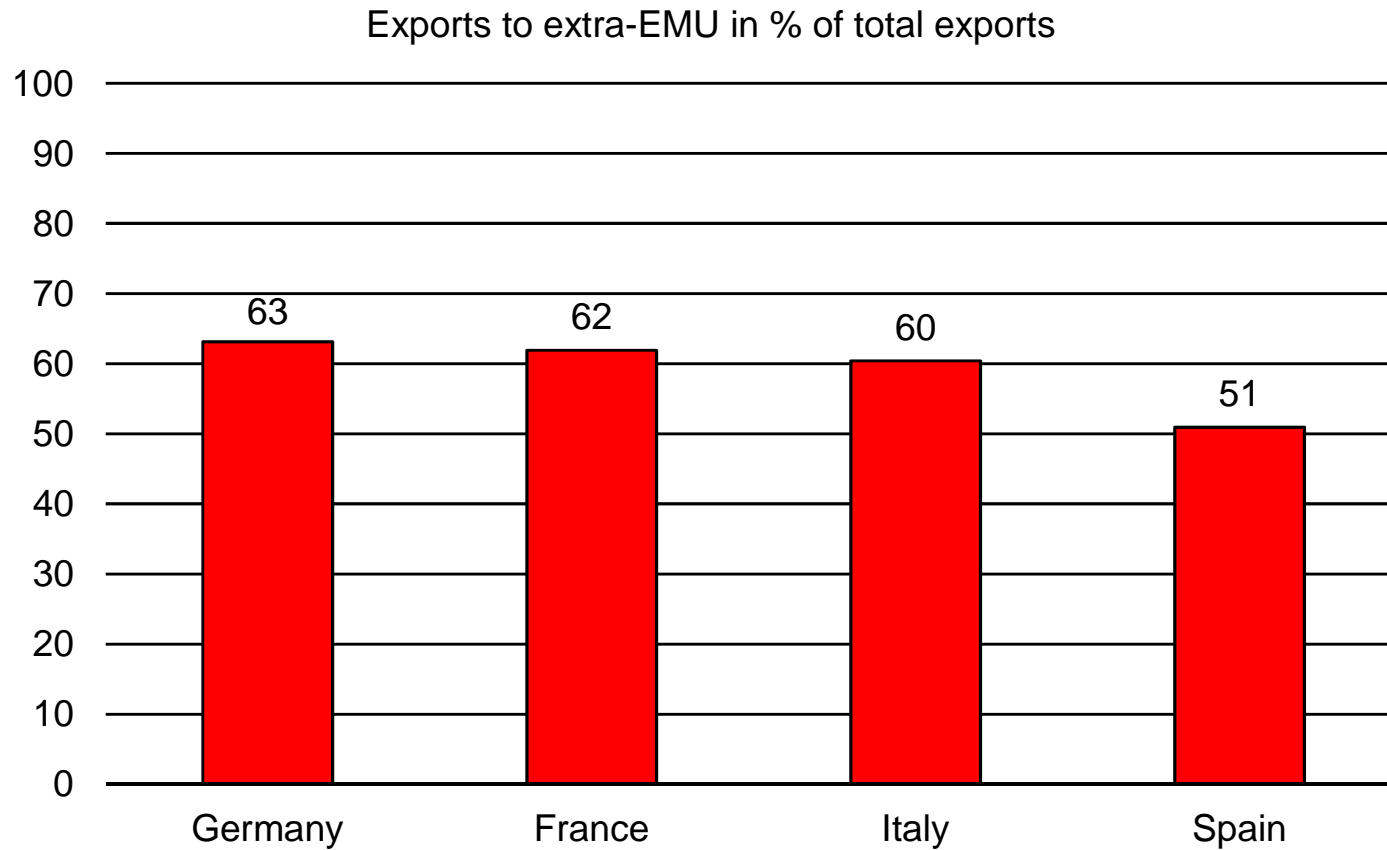
Italy's 2015 GDP: first positive reading after three years of contraction



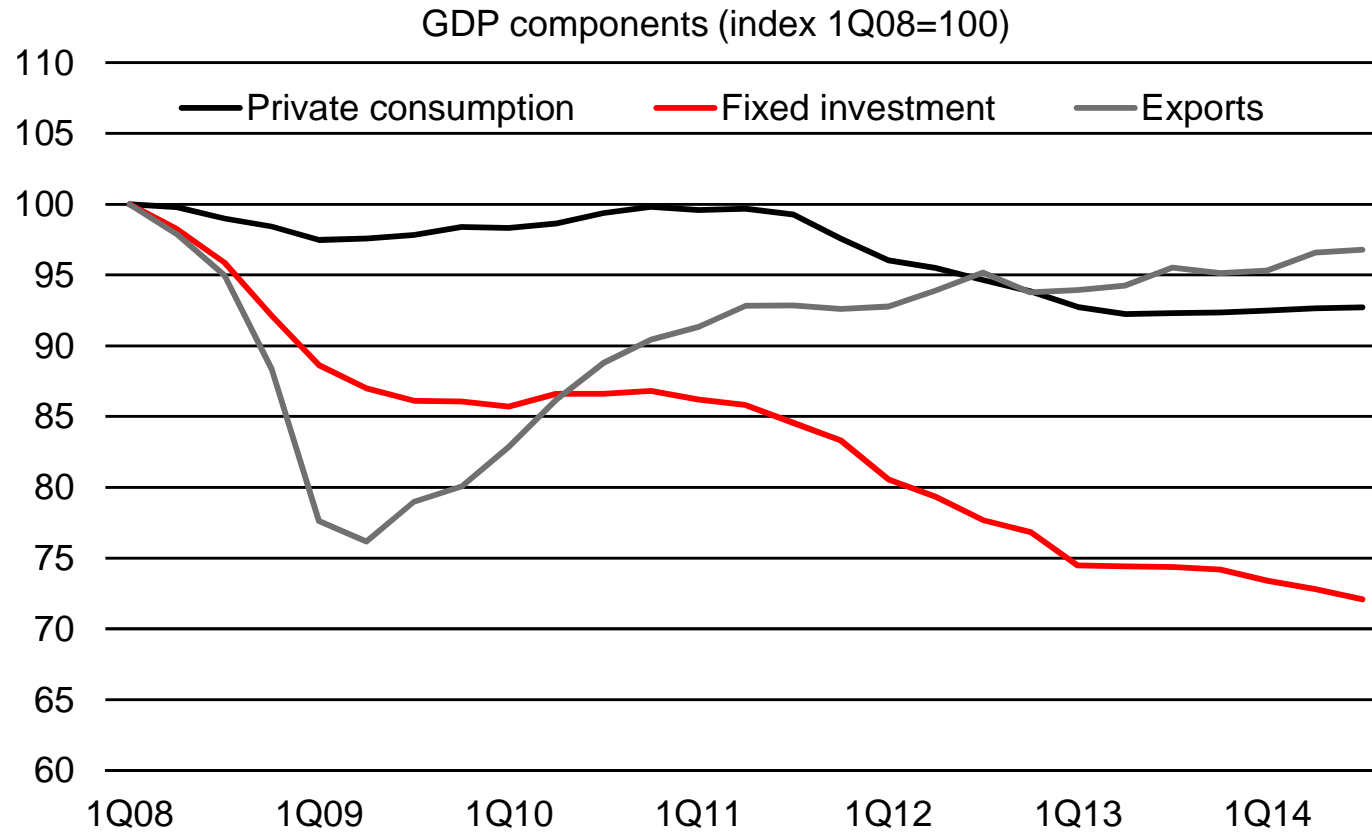
Weaker EUR is the main transmission channel of sovereign QE



Exports: the weaker euro will lend a helping hand

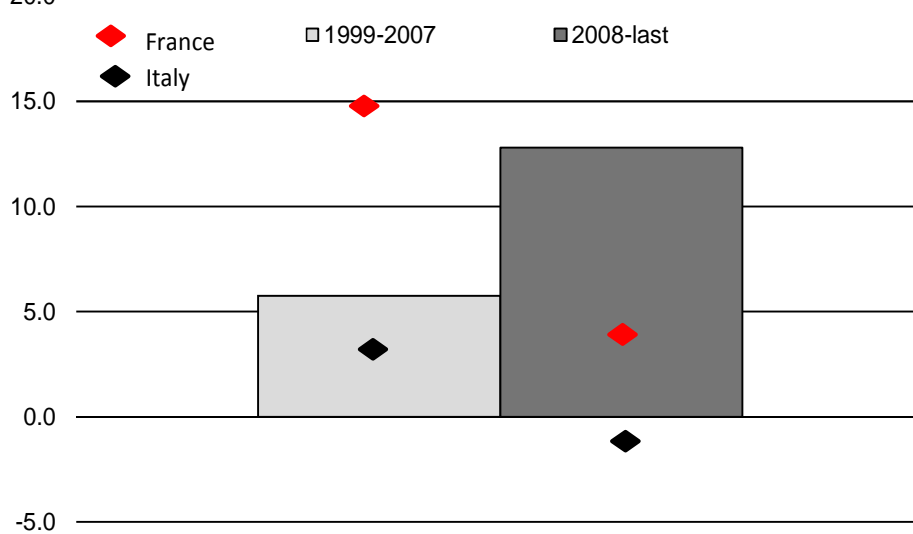


Better exports will lead the investment and employment recovery...

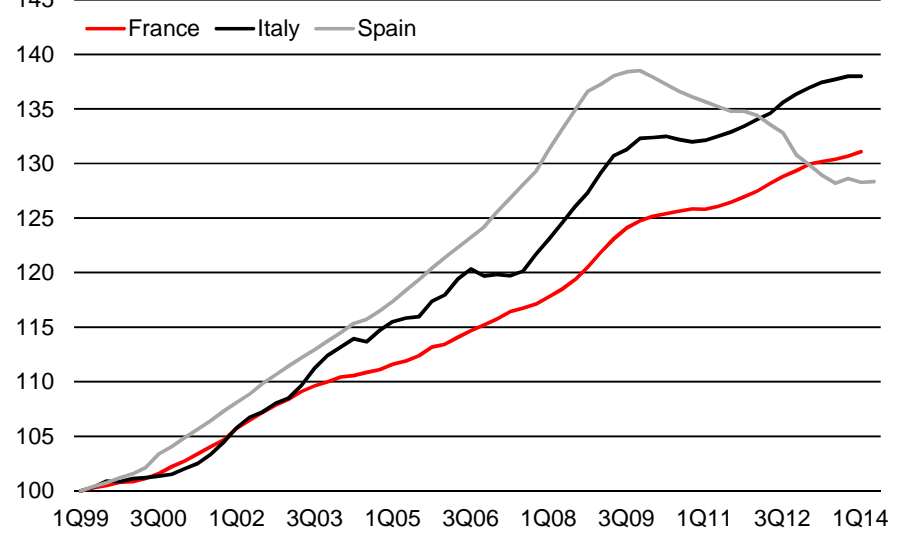


...but this will not happen overnight

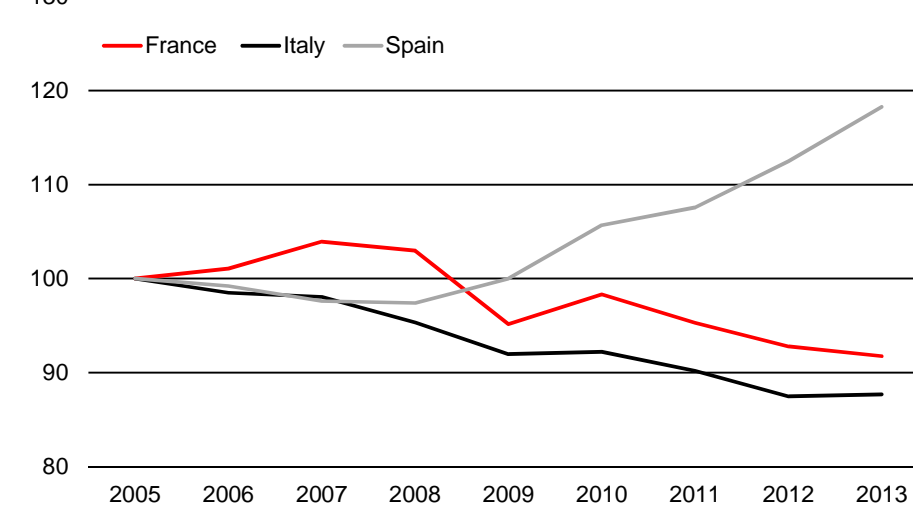
Spain: productivity trends vs. France and Italy (% change)



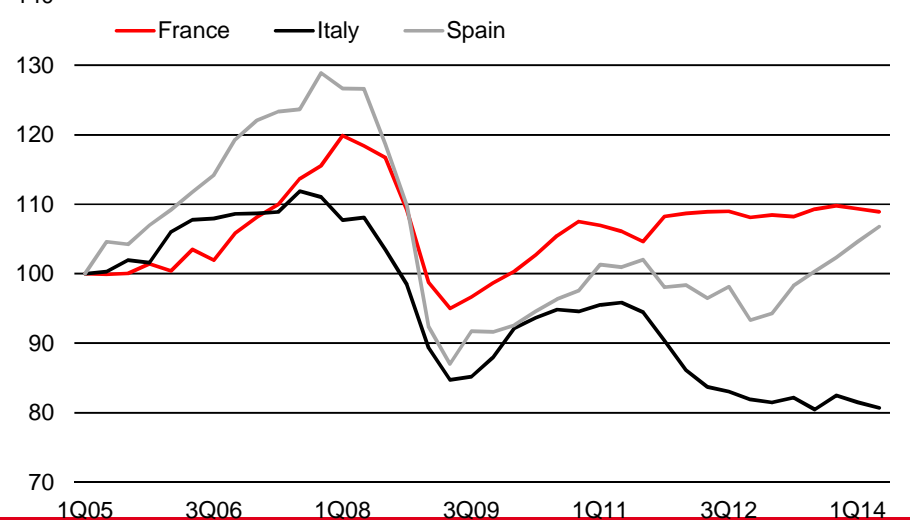
ULC (1999=100)



Gross profit share (2005=100)

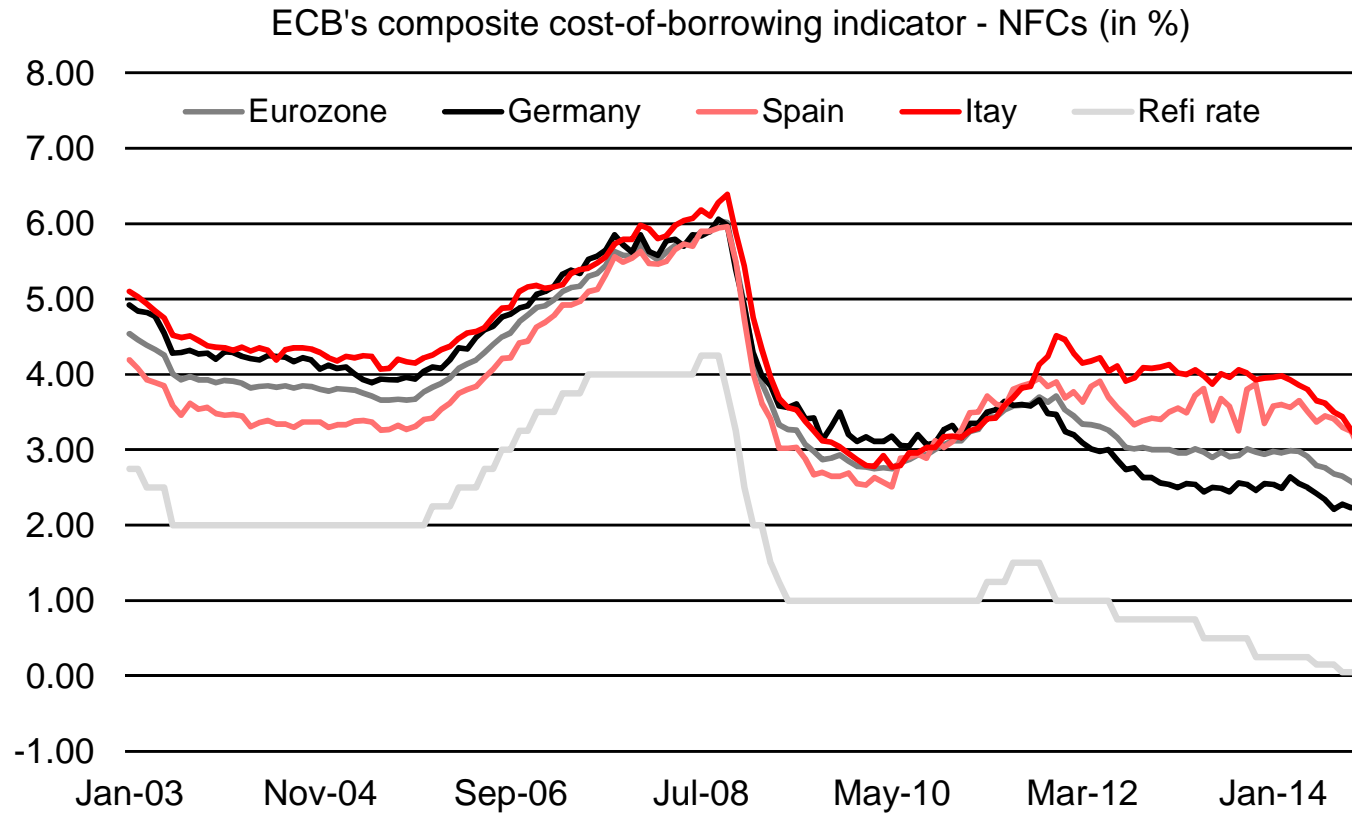


Capex (2005=100)

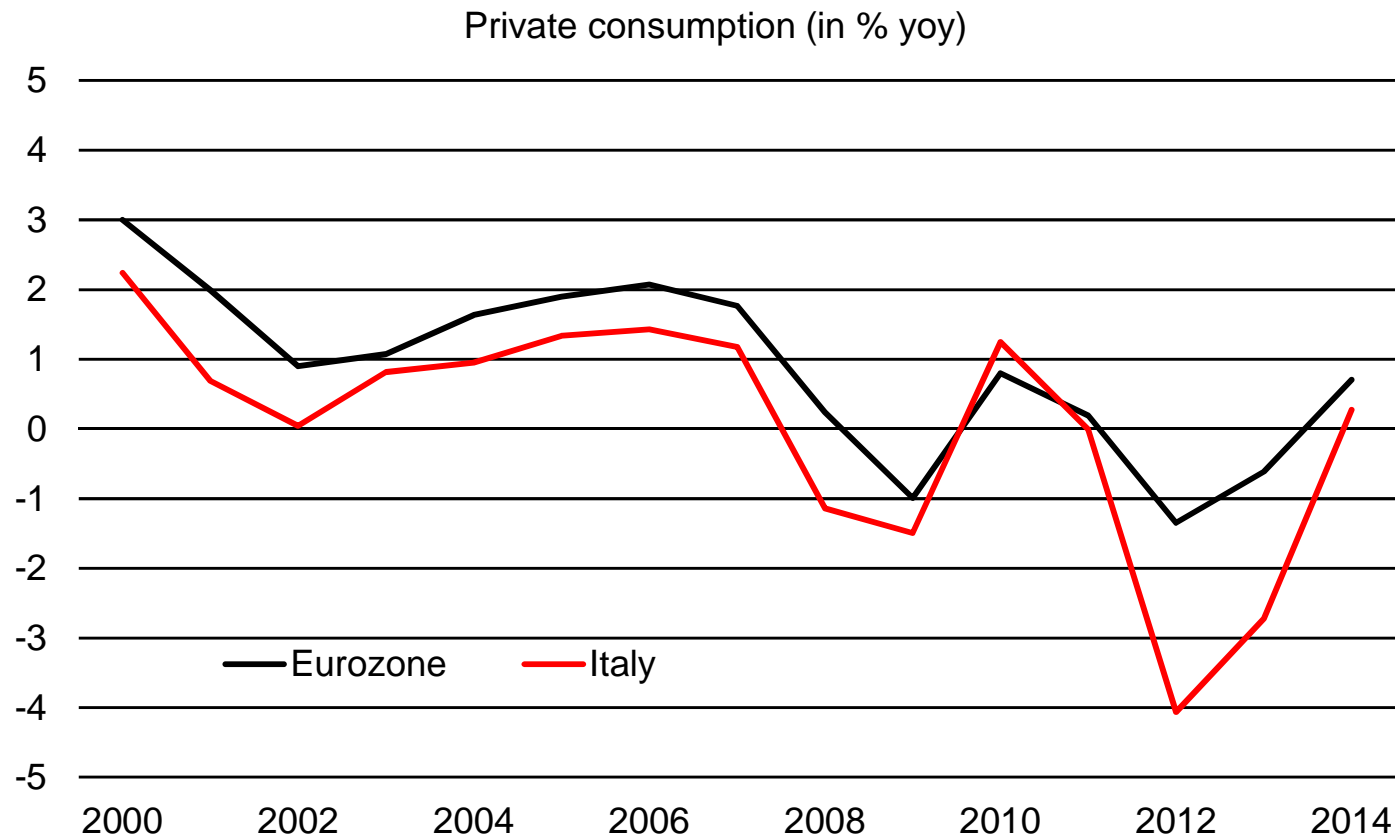


Source: Eurostat, UniCredit Research

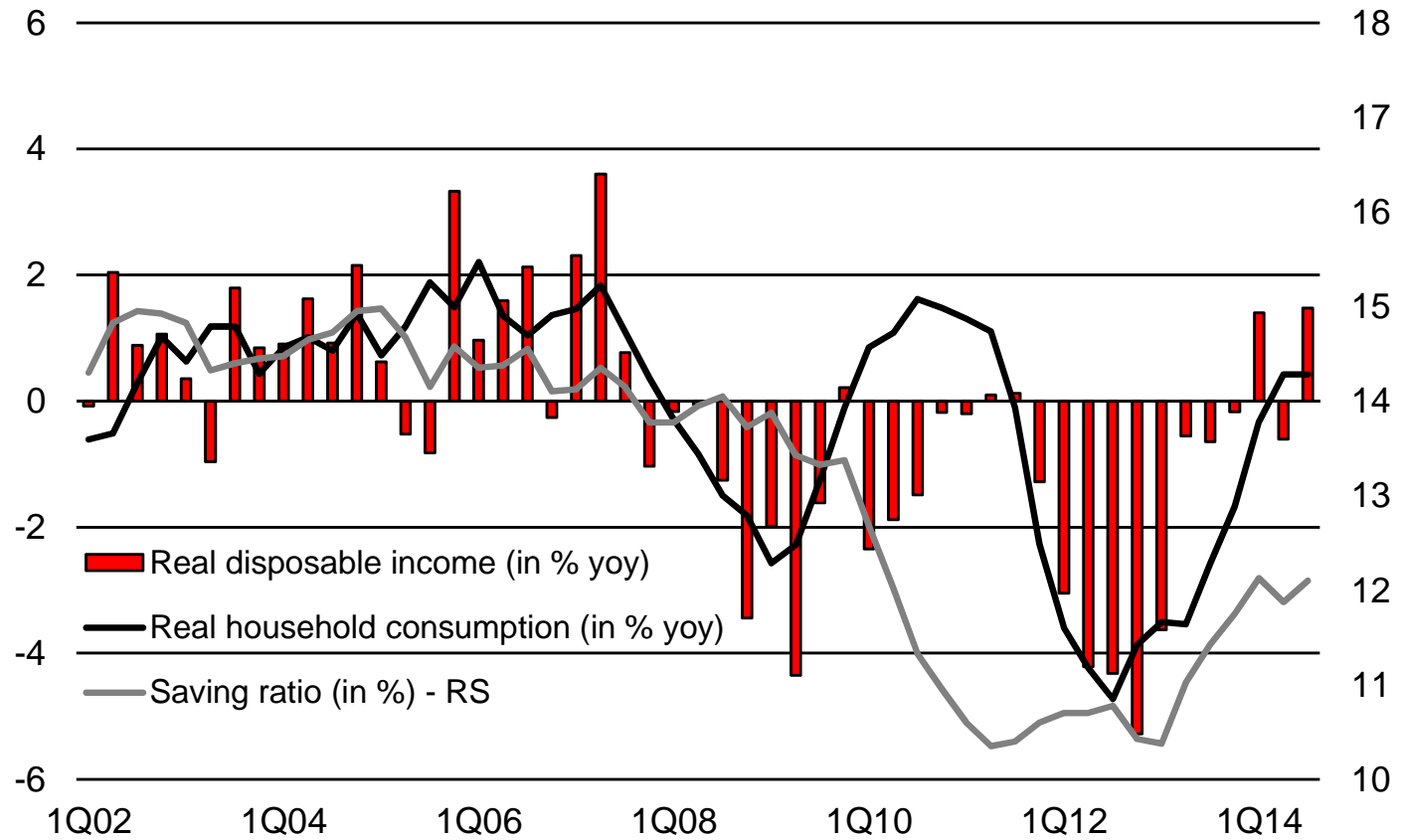
Fragmentation persists, but the overall picture is improving



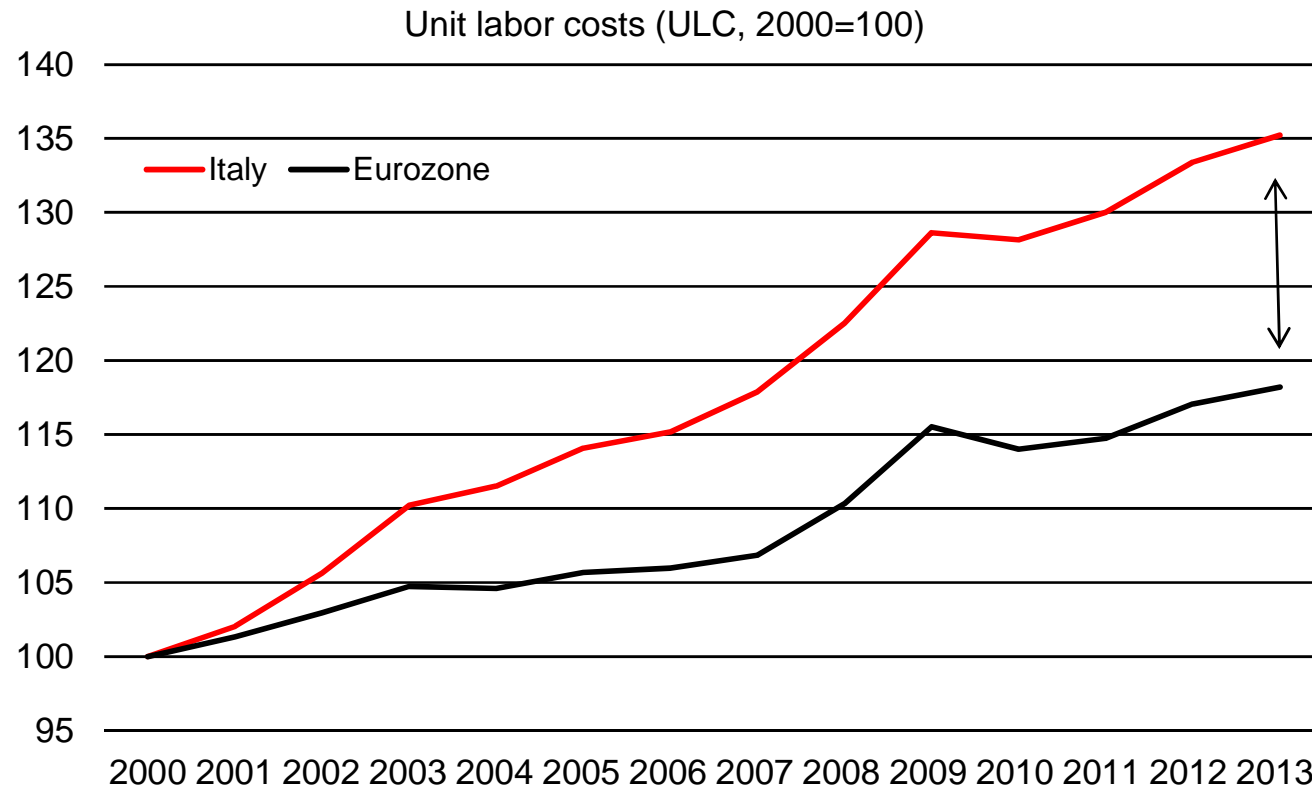
Consumption is back to growth as fiscal drag comes to an end...



...but higher precautionary savings are likely to cap the recovery



Long-term outlook: excessive ULC growth is key vulnerability



Source: Eurostat, UniCredit Research

Macro forecasts

	Real GDP (% , yoy)			Consumer Prices (% , yoy)		
	2014	2015	2016	2014	2015	2016
Industrialized countries						
US	2.4	3.0	2.6	1.6	0.4	2.4
Euro area	0.8	1.0	1.7	0.4	-0.2	1.3
Germany	1.5	1.4*	2.1*	0.9	0.0	1.7
France	0.4	0.7	1.4	0.5	0.3	1.2
Italy	-0.4	0.5	1.1	0.2	-0.2	1.0
Spain	1.3	1.6	2.0	-0.2	-0.6	0.9
Austria	0.2	0.7	1.5	1.7	0.9	1.6
UK	3.0	2.4	1.9	1.5	0.4	2.2
Switzerland	1.9	0.1	0.9	0.0	-1.1	0.5
Japan	0.9	0.8	1.0	2.8	1.7	1.6
Developing countries						
Central & Eastern Europe						
Russia**	0.4	-3.4	0.6	7.7	9.4	5.8
Poland	3.3	3.3	3.4	0.0	-0.1	1.7
Czech Republic	2.3	2.4	2.8	0.4	0.4	1.9
Hungary	3.3	2.3	2.5	-0.2	-1.0	2.4
Turkey	2.9	3.4	4.2	8.9	5.3	6.5
Emerging Asia						
China	7.4	7.0	6.6	2.1	2.4	2.4

* non-wda figures. Adjusted for working days: 1.2% (2015) and 2.0% (2016)

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