

Macro Rapid Response

Italy: GDP stagnant in the third quarter

Italian GDP remained flat over the summer months, rather than grow by one-tenth as expected. As in the previous quarter, services and domestic demand continue to expand, but industry and foreign trade are still acting as a drag. The data suggests that GDP growth in 2026 could stand at 0.8% on working-day-adjusted figures (one-tenth of a percentage point lower than our previous estimate) and 0.9-1% on raw data (roughly in line with the Government's target). For next year, we maintain our growth forecast at 0.8%, although the most recent developments point to downside risks, particularly regarding consumption, in the first part of 2027.

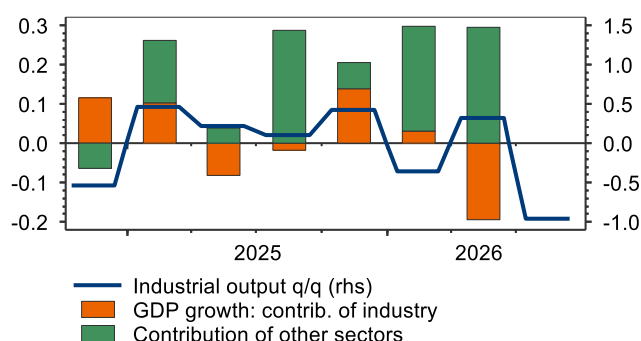
Italian GDP stagnated in the third quarter of 2026 (against expectations of 0.1% q/q growth), following 0.2% q/q in the previous three months. The year-on-year rate of change slowed to 0.8% from 1%. **The 'carry-over' growth rate for 2026** (assuming stagnation at the end of the year, based on working-day-adjusted data) **stands at 0.8%**.

A breakdown by component is not yet available, but the Istat press release notes that, on the supply side, **the increase in value added in services and agriculture offsets the decline in industry**; on the demand side, **the positive contribution from domestic demand excluding inventories counterbalances the negative contribution from net external demand**. These trends confirm what was observed in the previous three months, namely that services and domestic demand remain in (moderate) expansion, whilst a drag continues to come from industry and foreign trade.

The stagnation of GDP in the third quarter means that annual growth for 2026 (adjusted for working days) **is likely to stand at 0.8% rather than 0.9% as per our previous estimate** (an expansion of at least 0.3% q/q in the final stretch of the year would be required to bring the annual average to 0.9%). As 2026 has three more working days than 2025, this implies that annual growth, unadjusted for working days, could come in at 0.9-1% – essentially in line with the 1% figure included in the Government's most recent official public finance documents.

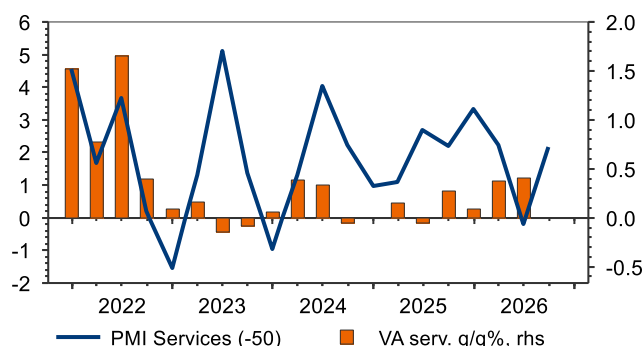
For 2027, we maintain our current growth forecast of 0.8% (in line with the current year), **although the latest developments point to downside risks**, stemming mainly from persistently high energy prices, which will weigh on consumption even at the start of next year (when the effects on electricity and gas bills will be more evident).

Industry once again held back GDP growth in the third quarter...



Note: assuming the industrial production index remains stable in September.
Source: Intesa Sanpaolo, Istat

...whilst the services sector continues to expand



Source: Intesa Sanpaolo, Istat, S&P Global

30 October 2026

Research Department

Macroeconomic Research

Paolo Mameli
Economist - Italy

Appendix

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Intesa Sanpaolo SpA Research Department – Head of Research Gregorio De Felice

Macroeconomic Analysis

Luca Mezzomo (Head)

luca.mezzomo@intesasnpaolo.com

Macroeconomic Research

Paolo Mameli (Head)

Riccardo Bellesia

Mario Di Marcantonio

Alessia Gavazzi

Andrea Volpi

paolo.mameli@intesasnpaolo.com

riccardo.bellesia@intesasnpaolo.com

mario.dimarcantonio@intesasnpaolo.com

alessia.gavazzi@intesasnpaolo.com

andrea.volpi@intesasnpaolo.com