

The Chair

Rome, 7 October 2024

Dear Minister,

Law no. 243/2012 requires that the Parliamentary Budget Office (PBO) perform analyses, checks and assessments of the macroeconomic forecasts, following an annual schedule that also incorporates the performance of the functions assigned to it in a manner consistent with European Union legislation.

As the independent fiscal institution for Italy, the PBO conducted the endorsement exercise of the macroeconomic forecasts of the 2025-29 Medium-Term Structural Budgetary Plan (MTFSP). The modalities of the exercise followed those previously adopted for programming documents, governed by the Memorandum of Understanding between the PBO and the Ministry of Economy and Finance (MEF) of 13 May 2002. On 25 September, the trend macroeconomic forecasts of the MTFSP were endorsed. Given the uncertainty of the forecasts, the PBO assessed the plausibility of the policy macroeconomic scenario.

The PBO Board endorses the MTFSP's policy macroeconomic forecasts, as they are within an acceptable range compared to the information available at the Plan's publication date. However, the global picture is unstable and uncertain, therefore the outlook could change abruptly over the forecast horizon, which is also broader than in previous policy documents.

After the publication of the Plan on 4 October, ISTAT released new quarterly accounts, by virtue of which the target on real GDP for 2024 becomes more difficult to achieve; on the other hand, the forecast on nominal GDP remains consistent and there are no repercussions on subsequent years' growth dynamics. Considering the most recent information, the risks are judged to be on the downside, both in the short and medium term.

A more detailed analysis of the rationale for the endorsement is provided in the text of the hearing to be held today before the Joint Budget Committees of the Chamber of Deputies and the Senate of the Italian Republic.

Sincerely,

Lilia Cavallari