

Data are denominated in lire prior to January 1999 and in euros from January 1999 onward. An irrevocably fixed factor for converting lire to euros was established at 1,936.27 lire per euro. In 2002, the lira was retired from circulation and replaced by euro banknotes and coins. Descriptions of the changes in the methodology and presentation of Italy's accounts following the introduction of the euro are shown in the introduction to *IFS* and in the notes on the euro area page.

**Date of Fund Membership:**

March 27, 1947

**Standard Sources:**

European Central Bank

Bank of Italy

Central Institute of Statistics

Eurostat

**Exchange Rates:**

*Market Rate (End of Period and Period Average):*

Between September 1992 and December 1998, based on quotations of a sample of banks at 14.15 Central European Time polled by the Bank of Italy. In January 1999, the lira became a participating currency within the Eurosystem, and the euro market rate became applicable to all transactions. In 2002, the lira was retired from circulation and replaced by euro banknotes and coins. For additional information, refer to the section on Exchange Rates in the introduction to *IFS* and the notes on the euro area page.

**International Liquidity:**

Beginning in January 1999, *Total Reserves minus Gold (line 11.d)* is defined in accordance with the Eurosystem's statistical definition of international reserves. The international reserves of Italy per the Eurosystem statistical definition at the start of the monetary union (January 1, 1999) in billions of U.S. dollars were as follows: *Total Reserves minus Gold*, \$29,423; *Foreign Exchange*, \$24,457; *SDR holdings*, \$111; *Reserve Position in the Fund*, \$4,314; *Other Reserve Assets*, \$541; *Gold*, \$23,991; *Gold (million fine troy ounces)*, 83.363 ounces. *Foreign Exchange (line 1d.d)*: Between March 1979 and December 1998, gold and foreign exchange excluded deposits at the European Monetary Cooperation Fund (EMCF), and holdings of European currency units (ECUs) issued against these deposits were included in *line 1d.d. Gold (Eurosystem Valuation) (line 1and)*: Prior to January 1999, gold was valued according to national valuation practices, whereby gold was revalued quarterly on the basis of the average London market price in the preceding six months or the average price of the penultimate working day of the period, whichever was lower. From January 1999 onward, gold is revalued at the market price at the end of each month. Memorandum data are provided on *Non-Euro Claims on Euro Area Residents* and *Euro Claims on Non-Euro Area Residents*, which represent positions as of the last Friday in each month. For additional information, refer to the section on International Liquidity in the introduction to *IFS* and the notes on the euro area page.

**Central Bank:**

Consists of the Bank of Italy, which is part of the Eurosystem beginning in January 1999, only. The classifications of economic sectors and financial instruments used in the accounts are based on the ECB Regulation (ECB/2013/33) concerning the balance sheet of the monetary financial institutions (MFIs) sector. For a description of the accounts, including the difference between national and euro area-wide residency criteria, see the section on *Monetary Statistics for Euro Area* in the introduction to *IFS*. Data are based on a standardized report form (SRF) for central banks, which accords with the concepts and definitions of the IMF's *Monetary and Financial Statistics Manual (MFSM)*, 2000. Departures from the *MFSM* methodology are explained below.

Claims in the form of deposits are included in loans. Liabilities in the form of loans are included in deposits.

*Currency in Circulation* includes banknotes issued by the Eurosystem and allocated to the national central bank and coin issue by the central government. Banknotes issued by the Eurosystem are allocated to individual national central banks using a fixed coefficient, as explained in the section on *Monetary Statistics for Euro Area* in the introduction to *IFS*. Therefore, currency in circulation and its contribution to monetary base and broad money at national level have to be interpreted as notional amounts and not as currency effectively in circulation in the country. Coin issue of central governments is conventionally included in currency in circulation, with contra-entry recorded in *Other Items (Net)*.

Trade credit/advances and settlement accounts are included in *Other Items (Net)* rather than as claims on and liabilities to the corresponding economic sectors.

Further details on methodology are available on the European Central Bank website and in the ECB publication "Manual on MFI balance sheet statistics".

For selected data that are only available on a quarterly basis, monthly data are IMF estimates using linear extrapolation.

**Other Depository Corporations:**

Comprises the aggregated accounts of all resident units part of the other monetary financial institutions (oMFIs) sector, defined in article 1(a) of ECB Regulation (ECB/2013/33) on the balance sheet of the MFIs sector, which also defines the classifications of economic sectors and financial instruments used in the accounts. The oMFIs sector includes deposit-taking corporations and money market funds. Deposit-taking corporations include credit institutions as defined by EU law, electronic money institutions that are principally engaged in financial intermediation in the form of issuing electronic money, and other financial institutions which are principally engaged in financial intermediation and whose business is to receive deposits and/or close substitutes for deposits from institutional units, not only from MFIs (the degree of substitutability between the instruments issued by other MFIs and the deposits placed with credit institutions shall determine their classification as MFIs); and for their own account, at least in economic terms, to grant loans and/or make investments in securities. For additional information and description of the accounts, including the difference between national and euro area-wide residency criteria, see the section on *Monetary Statistics for Euro Area* in the introduction to *IFS*.

Data are based on a standardized report form (SRF) for other depository corporations, which accords with the concepts and definitions of the IMF's *Monetary and Financial Statistics Manual (MFSM)*. For other depository corporations in Italy, departures from the *MFSM* methodology are explained below.

Claims on non-MFIs in the form of deposits are included in loans. Liabilities to both MFIs and non-MFIs in the form of loans received are included in deposits.

Claims on and liabilities to public nonfinancial corporations are included in claims on and liabilities to other nonfinancial corporations.

Debt securities issued and held by a resident non-MFI counterpart are assumed to be held by other financial corporations.

Money market fund shares issued by MFIs and held by money holding sectors have been classified as held by the other resident sectors due to the lack of economic sectorization.

Accrued interest on loans and deposits is included in *Other Items (Net)* rather than under the underlying financial instrument.

The ECB Regulation requires recording of loans gross of provisions, however it allows countries with preexisting accounting rules to record loans net of provisions.

Holdings of securities are not always recorded at market price or fair value. The ECB Regulation requires market valuation, however it allows countries with preexisting accounting rules to record holdings of securities using different valuation principles. In general, valuation at amortized cost is prevalent for securities held to maturity.

For December 2001 through May 2010, *Other Deposits Included in Broad Money* includes repurchase agreements between MFIs and central clearing counterparties (CCPs). Beginning in June 2010 onwards, these repurchase agreements are included in *Other Deposits Excluded from Broad Money*.

Trade credit/advances and settlement accounts are included in *Other Items (Net)* rather than as claims on and liabilities to the corresponding economic sectors.

Further details on methodology are available on the European Central Bank website and in the ECB publication "Manual on MFI balance sheet statistics".

For selected data that are only available on a quarterly basis, monthly data are IMF estimates using linear extrapolation.

### **Depository Corporations:**

See notes on central bank and other depository corporations.

### **Interest Rates:**

#### *Discount Rate (End of Period):*

Prior to January 1999, data refer to rate charged by the Bank of Italy for rediscounts on commercial bills; the same rate was also applied to the Bank of Italy's advances and was used as the base for "extraordinary" advances, on which penalties were applied. Beginning in January 1999, central bank policy rates are discontinued. See Eurosystem policy rate series on the euro area page.

#### *Money Market Rate:*

Three-month interbank rate. Beginning in February 1990, data represent arithmetic averages of daily rates, which are weighted averages of rates based on the volume of transactions for the day (data were compiled by the Bank of Italy).

#### *Treasury Bill Rate:*

Monthly average yield, before tax, on newly issued three-month, six-month, and twelve-month treasury bills, weighted by the respective volumes of the three maturities.

#### *Deposit Rate:*

Prior to August 1992, data referred to the average paid rate by banks on current accounts and savings accounts. † Beginning in August 1992, data refer to the rate paid by banks on current accounts, savings accounts, and certificates of deposits.

#### *Deposit Rate (lines 60lhs, 60lhn, and 60lcr):*

See notes in the introduction to *IFS* and *Euro-area Interest Rates*.

#### *Lending Rate:*

† Beginning in 1990, data refer to the average rate charged by credit institutions and specialized credit institutions on short-term loans.

#### *Lending Rate (lines 60phs, 60pns, 60phm, 60phn, 60pcs, and 60pcn):*

See notes in the introduction to *IFS* and *Euro-area Interest Rates*.

#### *Government Bond Yield: Long-Term (line 61):*

Average yields to maturity on bonds with original maturities of 15 to 20 years, issued on behalf of the Treasury by the Consortium of Credit for Public Works. † Beginning January 1980, average yields to maturity on bonds with residual maturities between 9 and 10 years. From January 1999 onward, monthly data are arithmetic averages of daily gross yields to maturity of the fixed-coupon ten-year treasury benchmark bond (last issued bond beginning from the date when it becomes the most traded issue among government securities with residual maturities between nine and ten years), based on prices in the official wholesale market. This rate is used to measure long-term interest rates for assessing convergence among the European Union member states.

#### *Government Bond Yield: Medium-Term (line 61b):*

Prior to January 1991, the data are average yields to maturity on treasury bonds with maximum original maturities of nine years. Between January 1991 and December 1998, the data are average yields to maturity on bonds with residual maturity between four and six years. From January 1999 onward, monthly data are arithmetic averages of daily gross yields to maturity of the fixed-coupon five-year treasury benchmark bond (last issued bond beginning from the date when it becomes the most traded issue among government securities with residual maturities between four and five years), based on prices in the official wholesale market. For additional information, refer to the section on Interest Rates in the introduction to *IFS* and the notes on the euro area page.

### **Prices, Production, Labor:**

#### *Share Prices:*

Share price index, base 1958. † Beginning in January 1975, MIB index calculated by the Milan Stock Exchange (MSE), base 1975. Data are based on the quoted prices of all stocks traded in the MSE.

#### *Producer Prices:*

Source: Central Institute of Statistics. Weights Reference Period: 2010; Sectoral Coverage: mining, manufacturing, and energy sectors, excluding construction. Number of Items in Basket: approximately 6,542 enterprises; Basis for Calculation: the main sources of weights for PPI are the ProdCom Survey (output sold value) and the Foreign Trade Statistics (export value) referred to year 2010.

#### *Consumer Prices:*

Source: Central Institute of Statistics. Weights Reference Period: 2010; Geographical Coverage: whole national territory; Number of Items in Basket: 597; Basis for Calculation: the weights are sources from the National Accounts, Household Budget Surveys and some ad-hoc sources.

*Wages: Contractual:*

Source: Central Institute of Statistics. Weights reference period: December 2010 . Data refer to contractual hourly wages rate in the whole industry; Basis for Calculation: the index is based on results from the monthly survey on negotiated wages; they are calculated each month by averaging the increases set in each collective agreement signed in the national territory.

*Industrial Production:*

Data are sourced from the OECD database, weights reference period: 2010. The indices cover the whole industry.

*Industrial Employment:*

Central Institute of Statistics data on employees in industry in thousands of persons.

**International Transactions:**

Trade data are from the Central Institute of Statistics.

*Volume and Unit Value* indices, weights reference period: 2010. The *Unit Value* data are Fisher indices.

**Government Finance:**

Annual and quarterly noncash data are derived from Eurostat. Monthly and quarterly cash-based central government operations (the "State Sector") data are derived from the Ministry of Finance and Economy and cover the State Budget and Treasury operations, including transfers to finance the expenditure of local authorities and the deficit of the social security funds. The fiscal year ends December 31.

**National Accounts:**

Source: Eurostat. Data include the underground economy as part of the reported figures. Data from 1988 onwards are in accordance with the *ESA 2010*, as indicated by the country. Beginning in 1999, euro data are sourced from the Eurostat database. Eurostat introduced chain-linked GDP volume measures to both annual and quarterly data. Chain-linked GDP volume measures are expressed in the prices of the previous year and re-referenced to 2010.