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**Survey of Inflation and Growth Expectations**  
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## GENERAL INFORMATION

- I - Unless indicated otherwise, figures have been computed by the Bank of Italy.
- II - Symbols and Conventions:
  - the phenomenon in question does not occur;
  - .... the phenomenon occurs but its value is not known;
  - :: the data are not statistically significant;
  - .. the value is known but is nil or less than half the final digit shown.

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*This publication contains the main findings of the Bank of Italy/Il Sole 24 Ore survey on inflation and growth expectations. The data were collected in December 2007 exclusively for the purpose of economic analysis and have been handled and processed in aggregate form, in full compliance with Italy's law on the treatment of personal information.*

*We would like to thank all the companies that agreed to take part in the survey.*

# **SURVEY ON INFLATION AND GROWTH EXPECTATIONS<sup>(1)</sup>**

## **1. Introduction**

The interviews for the December 2007 edition of the Bank of Italy-II Sole 24 Ore quarterly survey on inflation and growth expectations were carried out between 3 December 2007 and 4 January 2008. A total of 467 companies with at least 50 employees participated in the survey, 257 of which operate in the industrial sector and 210 in the services sector.

The companies were asked to provide forecasts on both macroeconomic topics, such as the inflation rate and the general situation of the industrial system in Italy, and on issues related to their own activities. In some cases, the forward-looking opinions are accompanied by backward-looking assessments and, where possible, explanations are provided of the factors behind the reported or expected developments.

The main results of the survey are summarized below. The appendices contain the methodological note, the detailed statistical tables and the questionnaire used.

## **2. Main results**

### **Expectations of consumer price inflation in Italy**

Inflation is expected to be 2.6 per cent over the next 12 months, an increase vis-à-vis the 2.1 per cent recorded in September 2007 (Table 1 and Figure 1). In December 2007, the rate of consumer price inflation was 2.8 per cent, 0.6 percentage points higher than companies expected in December 2006 (Figure 2).

### **Assessment of the general economic situation**

The companies' assessments of recent trends are still mainly negative: 52.7 per cent of companies think that the general economic situation in Italy has worsened compared with three months earlier, 42.3 per cent think it is unchanged, and 5.1 per cent think it has improved. The gap between negative and positive assessments has widened compared with the previous quarter, from -31.8 to -47.6 per cent (Table 2). The balance of opinion, which was negative in all groups of companies, was however less pessimistic in the Centre (-38.1 per cent), and among those with at least 1,000 employees (-33 per cent), but more negative in the North-East (-54.3 per cent) and in the South and Islands (-55.7 per cent).

### **Business environment**

Although 61.8 per cent of companies believe that their business environment will remain unchanged in the next three months, the share of those who expect an improvement is considerably less than the share of those who expect the situation to worsen (8.5 per cent compared with 29.7 per cent; Table 5). The differential between the two options has increased since the last survey (-21.2 per cent compared with -8.5 per cent in September).

As in the past, companies view the effects of foreign demand as generally positive (assessed as 0.6 on a scale of -3 to 3), while they think that the effects of increases in labour costs and raw materials prices will have a negative impact on their business in the next quarter (-0.8 and -1.2 respectively), worse than in September 2007 (Table 7).

Expectations with regard to the business situation in the next three years remain positive and substantially unchanged compared with September: 42.9 per cent of companies expect an improvement (compared with 42.5 per cent in September), while 24.9 per cent expect conditions to

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<sup>1</sup> Prepared by Raffaele Tartaglia-Polcini

worsen (22 per cent in September; Table 8). Balances are positive across all categories, and relatively more favourable in the industrial sector (48.6 per cent gave positive responses against 25.6 per cent negative responses), medium-sized firms (44.9 per cent against 21.4 per cent) and the Centre (56.9 per cent against 19.4 per cent).

### **Investment environment**

Some 56.5 per cent of companies judge that the investment environment has remained unchanged in the last three months (compared with 57.9 per cent in the last survey; Table 9). Nevertheless, the balance of opinion between optimistic and pessimistic views is still negative and is more pessimistic than in the previous quarter (–31.3 percentage points against –27.8). The balance of opinion is a little less negative among companies in the South and Islands (–18.7).

### **Employment**

With regard to total employment, three-month forecasts of an increase outweigh those of a reduction (23.7 per cent compared with 16.4 per cent; Table 10). The balance of opinion has remained virtually unchanged since September. Permanent employment shows a positive balance, (3.6 percentage points) greater than the balance related to fixed-term employment (1.9 percentage points), although the differential of 1.7 percentage points between the two values has narrowed since the last survey when it was 6.1 percentage points.

### **Changes in companies' sales prices**

On average, companies reported a 1.7 per cent increase in their sales prices in the past 12 months<sup>2</sup>, 0.4 percentage points less than they expected in December 2006. For the next year, they expect a rise of 1.7 percentage points (Table 11). Companies in the South and those in the industry sector have experienced greater increases in their sales prices in the last 12 months (2.7 per cent and 2.2 per cent respectively) and are also forecasting greater increases than the other categories in the next twelve months (2.5 per cent and 2.3 per cent).

Companies report that tensions in pricing can be explained mainly by changes in raw materials prices and, to a lesser extent, changes in the exchange rate of the euro (Table 12).

There is a general expectation among companies that their prices will increase by less than the general index in the course of the next 12 months. The differential vis-à-vis forecasts for December 2008 is 0.9 percentage points (Figure 3). The difference between the annual inflation rate reported in December 2007 and the price increases reported by companies over the same time period is 1.1 percentage points.

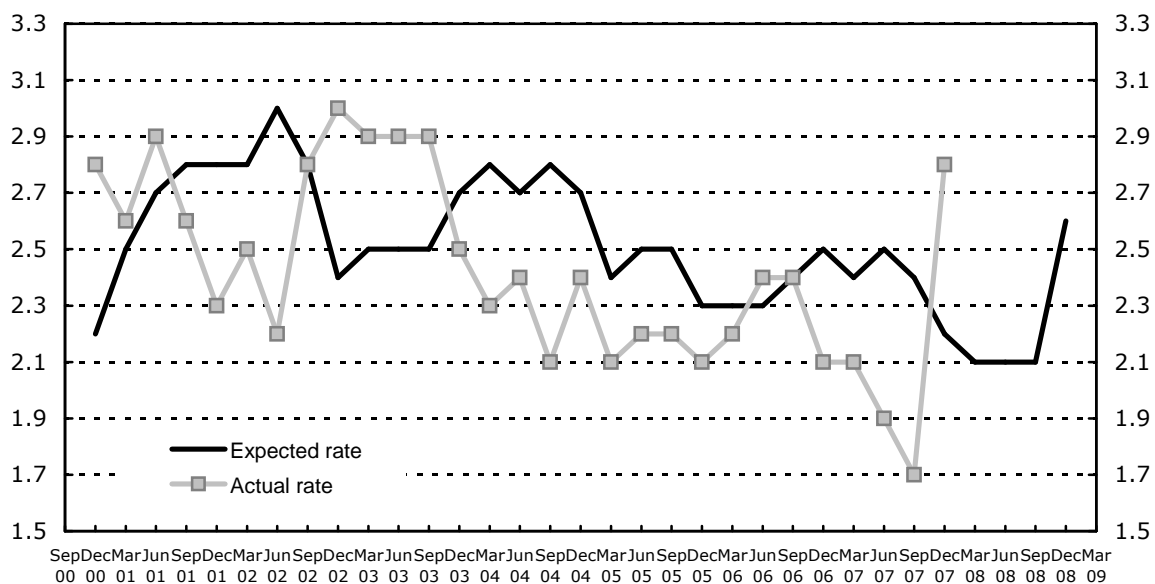
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<sup>2</sup> We refer here to the robust (winsorized) estimate that, in order to limit the impact of outliers, is calculated by setting the variables that are outside the range between the 5th and the 95th percentile at the threshold values of those percentiles. See the Methodological Note.



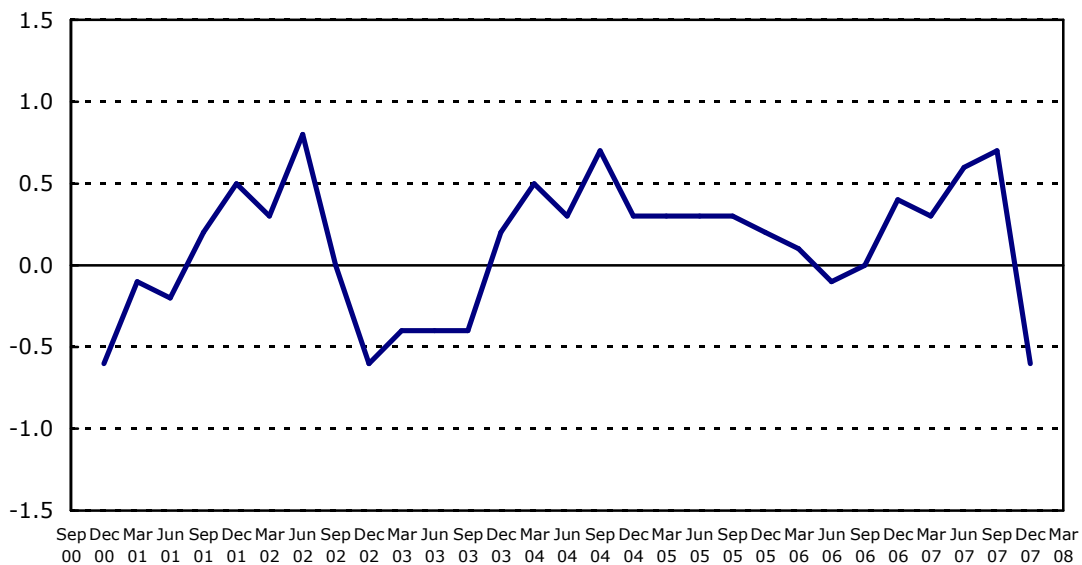
**Figure 1**

**Expectations of consumer price inflation in Italy and actual rate**  
(percentages)



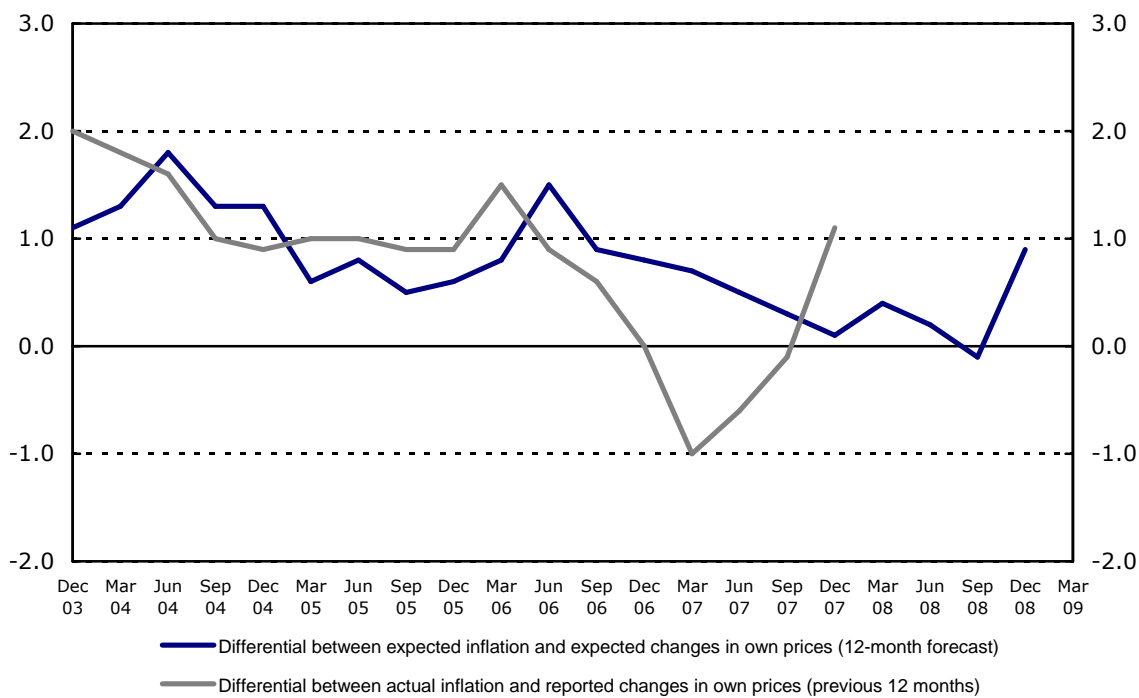
**Figure 2**

**Differential between expected and actual inflation rates**  
(percentage points)



**Figure 3**

**Differential between inflation rate and price changes reported by companies:  
forecasts and actual outcomes<sup>(1)</sup>**  
(percentage points)



*(1) Winsorized estimates: values outside the range between the 5th and the 95th percentiles have been set at the threshold values of those percentiles.*

**Appendix A:**  
**Methodological note**



## METHODOLOGICAL NOTE

### A1. The sample

Since 1999, the Bank of Italy and the daily newspaper Il Sole 24 Ore have conducted a quarterly survey on inflation and growth expectations. The surveys are conducted in March, June, September and December.

The sample usually consists of around 500 companies with at least 50 employees which operate in the main sectors of the economy, except for agriculture and construction. The most recent survey covered 467 companies, 257 from the industrial sector and 210 from the services sector.

The sample is stratified by number of employees (50-199, 200-999, 1000 and over), sector (industry, services) and geographical area (North-West, North-East, Centre, South and Islands) in order to increase the accuracy of the estimates. The need to ensure a minimum sample size for each category of company considered relevant means that, in some cases, the number of companies selected is not representative of the relative share of that category. This is in particular true of large companies.

Table 1a shows the composition of the sample broken down by number of employees, sector and geographical area.

**Table 1a - Composition of sample and universe**  
(units, percentages)

	Sample size (a)	Company universe <sup>(*)</sup> (b)	Sample coverage rate (a / b) * 100
<b>Number of employees</b>			
50-199 .....	185	16,773	1.1
200-999 .....	169	3,353	5.0
Over 999 .....	113	478	23.6
<b>Sector</b>			
Industry .....	257	11,954	2.1
Services.....	210	8,650	2.4
<b>Geographical area</b>			
North-West .....	180	8,329	2.2
North-East.....	151	5,860	2.6
Centre .....	90	3,542	2.5
South and Islands.....	46	2,873	1.6
<b>Total .....</b>	<b>467</b>	<b>20,604</b>	<b>2.3</b>

(\*) ISTAT (2004).

## A2. Data collection and estimation

The survey data are collected by a specialist company which distributes the questionnaire to company managers who are well-informed about the topics covered by the survey. The questionnaire is usually compiled online via a purpose-designed interface made available to the respondents. A small number of the companies submit their answers by fax (Table 2a).

**Table 2a - Response rates and data collection via Internet**  
(units, percentages)

	Companies contacted	Response rate (*)	Data collected via Internet (**)
<b>Number of employees</b>			
50-199.....	543	34.1	84.9
200-999.....	326	51.8	92.3
Over 999.....	122	92.6	90.3
<b>Sector</b>			
Industry.....	546	47.1	89.9
Services.....	445	47.2	87.6
<b>Geographical area</b>			
North-West.....	389	46.3	88.3
North-East.....	316	47.8	91.4
Centre.....	177	50.8	87.8
South and Islands.....	109	42.2	84.8
<b>Total.....</b>	<b>991</b>	<b>47.1</b>	<b>88.9</b>

(\*) Percentage of companies contacted which participated in the survey. (\*\*) Percentage of participating companies which completed the questionnaire via Internet.

The collected data are subject to an initial quality check so that any incorrect data (resulting from typing mistakes, for example) can be intercepted and the existence of outliers and missing data (*item non-response*) can be assessed. Using the correlation between the indicators obtained, the missing data are imputed by means of stochastic regression models, the parameters for which are set after neutralizing outliers, where appropriate.

The aggregates are evaluated using a weighting coefficient for each sample unit which, at the level of the stratification variables, takes into account the ratio between the number of respondent companies and the number of companies in the reference universe. In the evaluation of the development of the variables attributed to the companies, the weighting also takes account of the size in terms of the number of employees of the participating companies, in order to provide more accurate indications of expected macroeconomic developments.

In order to verify the impact of outliers on the mean values for the main variables, the standard estimators are accompanied by robust estimators; specifically, values outside the range between the 5th and the 95th percentiles have been set at the threshold values of those percentiles. The results are generally in line with those obtained from the total sample (Table 3a).

Table 4a contains indicators of the standard errors in relation to the main variables for the total sample.

**Table 3a – Evaluation of the main variables obtained and missing responses**  
(percentages)

	Mean	Mean (robust)	Median	Missing responses (percentages)
Consumer price inflation in Italy .....	2.6	2.6	2.5	0.0
Change in own prices in the previous 12 months.....	2.5	1.7	1.3	30.4
Change in own prices in the next 12 months.....	1.7	1.7	1.6	28.7

**Table 4a – Standard errors**

Consumer price inflation in Italy .....	0.03
Change in own prices in the last 12 months (robust).....	0.24
Change in own prices in the next 12 months (robust) .....	0.13
<b><u>Factors which will affect business conditions:</u></b>	
Domestic demand.....	0.10
Foreign demand .....	0.07
Own prices .....	0.09
Raw materials prices .....	0.08
Labour costs.....	0.08
<b><u>Factors which will affect companies' prices:</u></b>	
Demand.....	0.05
Raw materials prices .....	0.08
Labour costs.....	0.06
Exchange rate of the euro.....	0.07





**Appendix B:**  
**Statistical tables**



**Table 1 - Expectations of consumer price inflation in Italy for the next 12 months**  
(percentages)

	Consumer price inflation rate
<b>Number of employees</b>	
50-199 .....	2.7
200-999 .....	2.6
Over 999 .....	2.4
<b>Sector</b>	
Industry .....	2.8
Services.....	2.6
<b>Geographical area</b>	
North-West .....	2.6
North-East.....	2.6
Centre .....	2.6
South and Islands.....	2.7
<b>Total .....</b>	<b>2.6</b>
<i>Memorandum items:</i>	
September 2007 .....	2.1
June 2007.....	2.1
March 2007.....	2.1
December 2006.....	2.2

**Table 2 – View of the general economic situation**  
(percentages)

	Worse than previous quarter	Unchanged from previous quarter	Better than previous quarter	Total
<b>Number of employees</b>				
50-199 .....	54.9	39.5	5.6	100.0
200-999 .....	43.1	54.8	2.1	100.0
Over 999 .....	38.9	55.2	5.9	100.0
<b>Sector</b>				
Industry .....	55.7	39.5	4.8	100.0
Services.....	50.4	44.3	5.3	100.0
<b>Geographical area</b>				
North-West.....	51.5	41.4	7.1	100.0
North-East.....	56.7	40.9	2.4	100.0
Centre.....	42.8	52.5	4.7	100.0
South and Islands .....	60.5	34.7	4.8	100.0
<b>Total .....</b>	<b>52.7</b>	<b>42.3</b>	<b>5.1</b>	<b>100.0</b>
<i>Memorandum items:</i>				
September 2007 .....	39.3	53.2	7.5	100.0
June 2007.....	14.0	60.3	25.7	100.0
March 2007.....	10.1	48.3	41.7	100.0
December 2006.....	17.5	58.3	24.2	100.0

**Table 3 - Likelihood of an improvement in  
the general economic situation in the next three months**  
(percentages)

	Zero	1-25	26-50	51-75	76-100	Total
<b>Number of employees</b>						
50-199.....	44.8	43.8	5.7	5.7	0.0	100.0
200-999.....	43.9	45.4	5.4	5.2	0.0	100.0
Over 999.....	31.1	38.0	23.1	5.1	2.7	100.0
<b>Sector</b>						
Industry.....	46.8	44.1	5.4	3.7	0.0	100.0
Services.....	42.7	43.9	6.4	7.0	0.1	100.0
<b>Geographical area</b>						
North-West.....	41.3	42.9	7.6	8.1	0.1	100.0
North-East.....	48.9	41.4	5.2	4.6	0.0	100.0
Centre.....	48.9	39.5	7.4	4.2	0.0	100.0
South and Islands.....	38.5	58.5	1.1	2.0	0.0	100.0
<b>Total.....</b>	<b>44.4</b>	<b>44.0</b>	<b>6.0</b>	<b>5.6</b>	<b>0.1</b>	<b>100.0</b>
<i>Memorandum items:</i>						
September 2007.....	41.2	45.4	9.3	3.5	0.5	100.0
June 2007.....	22.5	48.9	15.3	11.2	2.0	100.0
March 2007.....	15.5	50.6	18.0	13.2	2.7	100.0
December 2006.....	28.0	48.7	13.8	8.9	0.5	100.0

**Table 4 - Likelihood of an improvement in the general economic situation  
in the next three months, by view of the current situation**  
(percentages)

	Zero	1-25	26-50	51-75	76-100	Total
<b>View of the current general economic situation</b>						
Worse than in 9/2007.....	57.0	37.1	4.0	1.9	0.0	100.0
Unchanged from 9/2007.....	34.8	50.4	9.0	5.9	0.0	100.0
Better than in 9/2007.....	0.0	55.5	1.5	41.9	1.1	100.0
<b>Total.....</b>	<b>44.4</b>	<b>44.0</b>	<b>6.0</b>	<b>5.6</b>	<b>0.1</b>	<b>100.0</b>

**Table 5 - Three-month forecast of the business environment**  
(percentages)

	Worsening	No change	Improvement	Total
<b>Number of employees</b>				
50-199.....	30.7	60.8	8.5	100.0
200-999.....	24.7	66.9	8.3	100.0
Over 999.....	31.6	58.7	9.7	100.0
<b>Sector</b>				
Industry.....	22.3	66.7	11.0	100.0
Services.....	35.2	58.1	6.7	100.0
<b>Geographical area</b>				
North-West.....	28.4	63.4	8.2	100.0
North-East.....	34.1	59.6	6.3	100.0
Centre.....	25.1	69.7	5.2	100.0
South and Islands.....	30.2	51.4	18.4	100.0
<b>Total.....</b>	<b>29.7</b>	<b>61.8</b>	<b>8.5</b>	<b>100.0</b>
<i>Memorandum items:</i>				
September 2007.....	22.0	64.5	13.5	100.0
June 2007.....	11.0	71.4	17.6	100.0
March 2007.....	9.8	66.2	23.9	100.0
December 2006.....	12.6	70.5	16.8	100.0

**Table 6 - Three-month forecast of the business environment,  
by view of the general economic situation**  
(percentages)

	Worsening	No change	Improvement	Total
<b>View of the current general economic situation</b>				
Worse than 9/2007.....	48.5	46.7	4.8	100.0
Unchanged from 9/2007.....	10.4	81.0	8.6	100.0
Better than 9/2007.....	6.2	47.8	46.0	100.0
<b>Total.....</b>	<b>29.7</b>	<b>61.8</b>	<b>8.5</b>	<b>100.0</b>

**Table 7 - Factors which will affect the business environment**

(average scores)<sup>(\*)</sup>

	Change in domestic demand	Change in foreign demand	Change in own prices	Change in raw materials prices	Change in labour costs
<b>Number of employees</b>					
50-199.....	0.1	0.6	-0.1	-1.2	-0.8
200-999.....	0.3	0.5	0.0	-1.0	-0.8
Over 999.....	-0.1	0.4	-0.1	-0.9	-0.7
<b>Sector</b>					
Industry.....	0.2	0.9	-0.2	-1.3	-0.9
Services.....	0.1	0.4	0.0	-1.1	-0.7
<b>Geographical area</b>					
North-West.....	0.3	0.6	0.0	-1.2	-0.7
North-East.....	-0.1	0.6	-0.2	-1.2	-0.9
Centre.....	0.3	0.5	0.2	-1.0	-0.8
South and Islands.....	0.1	0.6	-0.4	-1.1	-0.8
<b>Total.....</b>	<b>0.1</b>	<b>0.6</b>	<b>-0.1</b>	<b>-1.2</b>	<b>-0.8</b>
<i>Memorandum items:</i>					
September 2007.....	0.4	0.6	0.1	-1.0	-0.6
June 2007.....	0.6	0.7	0.1	-0.7	-0.6
March 2007.....	0.8	0.8	0.3	-0.6	-0.6
December 2006.....	0.7	0.6	0.2	-0.8	-0.5

(\*) Companies' views with regard to the direction and degree of the expected impact of each factor on their business conditions in the next three months (high/average/low increase or decrease) were measured on a scale of -3 to 3. A neutral position is indicated by 0.

**Table 8 - Three-year forecast of the business environment**

(percentages)

	Worsening	No change	Improvement	Total
<b>Number of employees</b>				
50-199.....	25.5	32.1	42.5	100.0
200-999.....	21.4	33.7	44.9	100.0
Over 999.....	29.2	24.2	46.6	100.0
<b>Sector</b>				
Industry.....	25.6	25.7	48.6	100.0
Services.....	24.3	37.0	38.7	100.0
<b>Geographical area</b>				
North-West.....	22.1	35.6	42.2	100.0
North-East.....	30.4	33.2	36.4	100.0
Centre.....	19.4	23.7	56.9	100.0
South and Islands.....	28.4	31.2	40.4	100.0
<b>Total.....</b>	<b>24.9</b>	<b>32.2</b>	<b>42.9</b>	<b>100.0</b>
<i>Memorandum items:</i>				
September 2007.....	22.0	35.4	42.5	100.0
June 2007.....	22.8	31.0	46.2	100.0
March 2007.....	18.6	28.0	53.4	100.0
December 2006.....	17.2	32.7	50.1	100.0

**Table 9 – View of investment environment**  
(percentages)

	Worse than previous quarter	Unchanged from previous quarter	Better than previous quarter	Total
<b>Number of employees</b>				
50-199 .....	39.6	54.1	6.4	100.0
200-999 .....	26.7	68.6	4.7	100.0
Over 999 .....	30.8	61.0	8.2	100.0
<b>Sector</b>				
Industry .....	34.6	58.4	7.0	100.0
Services .....	39.5	55.0	5.5	100.0
<b>Geographical area</b>				
North-West.....	40.6	55.5	3.9	100.0
North-East.....	41.3	52.1	6.6	100.0
Centre.....	26.3	70.2	3.5	100.0
South and Islands .....	33.7	51.3	15.0	100.0
<b>Total .....</b>	<b>37.4</b>	<b>56.5</b>	<b>6.1</b>	<b>100.0</b>
<i>Memorandum items:</i>				
September 2007 .....	34.9	57.9	7.1	100.0
June 2007 .....	16.3	70.9	12.9	100.0
March 2007 .....	15.8	63.5	20.7	100.0
December 2006.....	24.1	59.2	16.6	100.0



**Table 10 - Three-month forecast of employment**  
(percentages)

	Total employment			Permanent employment			Fixed-term employment		
	Declining	Unchanged	Rising	Declining	Unchanged	Rising	Declining	Unchanged	Rising
<b>Number of employees</b>									
50-199.....	15.1	62.8	22.1	9.5	76.9	13.6	14.0	71.0	15.0
200-999.....	21.2	47.3	31.5	19.5	58.3	22.2	17.5	60.2	22.3
Over 999.....	29.2	41.8	29.0	34.0	40.3	25.7	16.3	52.1	31.7
<b>Sector</b>									
Industry.....	22.4	61.7	15.9	17.9	73.2	8.9	15.6	72.7	11.7
Services.....	11.8	58.6	29.5	6.9	73.2	19.9	13.9	66.1	20.0
<b>Geographical area</b>									
North-West.....	14.4	63.1	22.6	12.1	75.1	12.8	9.3	76.2	14.5
North-East.....	15.4	55.5	29.1	7.3	71.3	21.4	19.2	58.2	22.6
Centre.....	21.7	54.5	23.8	20.3	64.8	14.9	20.7	62.0	17.3
South and Islands..	17.4	67.6	15.0	7.5	83.4	9.1	12.4	79.9	7.7
<b>Total.....</b>	<b>16.4</b>	<b>59.9</b>	<b>23.7</b>	<b>11.6</b>	<b>73.2</b>	<b>15.2</b>	<b>14.6</b>	<b>68.9</b>	<b>16.5</b>
<i>Memorandum items:</i>									
September 2007 ....	16.6	59.6	23.9	11.7	71.2	17.1	13.9	72.9	13.2
June 2007.....	18.4	51.7	30.0	14.2	63.7	22.1	14.5	63.0	22.5
March 2007.....	18.4	46.5	35.1	16.6	57.6	25.9	13.2	59.6	27.2
December 2006....	19.0	49.7	31.4	15.6	60.9	23.6	14.4	62.7	22.9

**Table 11 – Change in companies’ sales prices**  
(percentages)<sup>(\*)</sup>

	Rate of change in sales prices...	
	... compared with 12 months earlier	... in the next 12 months
	Mean (robust) (**)	Mean (robust) (**)
<b>Number of employees</b>		
50-199.....	1.8	2.0
200-999.....	1.8	2.0
Over 999.....	1.7	1.4
<b>Sector</b>		
Industry.....	2.2	2.3
Services.....	1.6	1.5
<b>Geographical area</b>		
North-West.....	1.7	1.8
North-East.....	1.6	2.0
Centre.....	1.6	1.1
South and Islands.....	2.7	2.5
<b>Total</b> .....	<b>1.7</b>	<b>1.7</b>
<i>Memorandum items:</i>	Rate of change in sales prices	
September 2007.....	1.8	2.2
June 2007.....	2.5	1.9
March 2007.....	3.1	1.7
December 2006.....	2.1	2.1

(\*) Companies’ responses are weighted by the number of employees to account for firms’ size.

(\*\*) Values outside the range between the 5th and the 95th percentiles have been set at the threshold values of those percentiles.

**Table 12 – Factors affecting companies’ sales prices**

(average scores) (\*)

	Change in demand	Change in raw materials prices	Change in labour costs	Change in the exchange rate of the euro
<b>Number of employees</b>				
50-199 .....	0.0	0.9	0.1	0.8
200-999 .....	0.1	1.0	0.0	0.8
Over 999.....	0.2	0.4	0.2	0.4
<b>Sector</b>				
Industry .....	0.0	1.1	0.0	0.7
Services .....	0.2	0.5	0.2	0.6
<b>Geographical area</b>				
North-West.....	0.1	0.9	-0.1	0.7
North-East .....	-0.1	1.0	0.1	0.7
Centre.....	0.3	0.2	0.4	0.4
South and Islands .....	0.1	1.0	0.0	0.6
<b>Total.....</b>	<b>0.1</b>	<b>0.7</b>	<b>0.1</b>	<b>0.6</b>
<i>Memorandum items:</i>				
September 2007.....	0.1	0.6	0.1	0.5
June 2007 .....	0.0	0.6	0.0	0.3
March 2007 .....	0.1	0.2	-0.1	0.5
December 2006 .....	0.1	0.6	-0.1	0.4

(\*) Companies’ views with regard to the direction and degree of the impact of each factor on future sales prices (high/average/low increase or decrease) were measured on a scale of -3 to 3. A neutral position is indicated by 0. Companies’ responses are weighted by the number of employees to account for the firms’ size.



**Appendix C:**  
**The questionnaire**



IL SOLE 24 ORE – BANK OF ITALY SURVEY ON INFLATION AND GROWTH EXPECTATIONS – DECEMBER 2007

Company \_\_\_\_\_  
 Address \_\_\_\_\_  
 Name and position of respondent \_\_\_\_\_  
 Telephone \_\_\_\_\_ Fax \_\_\_\_\_ E-Mail \_\_\_\_\_

⇒ **Instructions:** Where you are asked to state percentage changes, please indicate the sign in the first box on the left (+ for increases; – for decreases).

Please indicate the NUMBER OF EMPLOYEES (most recent data available) .|\_|\_|\_|\_|\_|\_|\_|

**SECTION A – GENERAL ECONOMIC SITUATION IN ITALY**

**A1.** In October consumer price inflation, measured by the annual change in the HARMONIZED INDEX OF CONSUMER PRICES, stood at 2.3 in Italy and at 2.6 in the euro area. What will the consumer price inflation rate in ITALY be 12 months from now? |\_|\_|\_|\_|\_|\_|\_|%

**A2.** Compared with 3 months ago, do you think that the general economic situation in Italy is:  Better  Unchanged  Worse

**A3.** What is the likelihood of an improvement in the general economic situation in Italy in the next 3 months:  
 Zero  Between 1% and 25%  Between 26% and 50%  Between 51% and 75%  Between 76% and 99%  100%

**SECTION B – YOUR COMPANY’S BUSINESS ENVIRONMENT**

**B1.** In the next 3 months, do you think that your company’s business environment will be:  
 Better  Unchanged  Worse

**B2.** And in the next 3 years:  
 Better  Unchanged  Worse

Please indicate if and to what degree the following FACTORS will affect your company’s business in the next 3 months. Please indicate whether the impact will be negative, none or positive. Degree: 1=low, 2=average, 3=high.

Factors which will affect the company’s business in the next 3 months	Impact on company’s business			Degree (if negative/positive)		
	Negative	None	Positive	Low	Average	High
<b>B3.</b> The impact of developments in DOMESTIC DEMAND on your business will be...	1 _	2 _	3 _	1 _	2 _	3 _
<b>B4.</b> The impact of developments in FOREIGN DEMAND on your business will be...	1 _	2 _	3 _	1 _	2 _	3 _
<b>B5.</b> The impact of developments in YOUR PRICES on your business will be...	1 _	2 _	3 _	1 _	2 _	3 _
<b>B6.</b> The impact of developments in RAW MATERIALS PRICES on your business will be...	1 _	2 _	3 _	1 _	2 _	3 _
<b>B7.</b> The impact of developments in LABOUR COSTS on your business will be...	1 _	2 _	3 _	1 _	2 _	3 _

**B8.** Compared with 3 months ago, do you think that the investment environment is:  Better  Unchanged  Worse

**B9.** In the last 12 months, what has been the average change in prices charged by your company? |\_|\_|\_|\_|\_|\_|\_|%

**B10.** Over the next 12 months, what do you expect to be the average change in prices charged by your company? |\_|\_|\_|\_|\_|\_|\_|%

Please indicate in which direction and to what degree the FACTORS below will affect your sales prices over the next 12 months. Please indicate whether the impact will be downward, neutral or upward. Degree: 1=low, 2=average, 3=high.

Factors which will affect the company’s prices in the next 12 months	Impact on the prices charged by the company			Degree (if upward/downward)		
	Downward	Neutral	Upward	Low	Average	High
<b>B11.</b> The impact of developments in OVERALL DEMAND on your prices will be...	1 _	2 _	3 _	1 _	2 _	3 _
<b>B12.</b> The impact of developments in RAW MATERIALS PRICES on your prices will be...	1 _	2 _	3 _	1 _	2 _	3 _
<b>B13.</b> The impact of developments in LABOUR COSTS on your prices will be...	1 _	2 _	3 _	1 _	2 _	3 _
<b>B14.</b> The impact of developments in THE EXCHANGE RATE OF THE EURO on your prices will be...	1 _	2 _	3 _	1 _	2 _	3 _

Please indicate the direction in which the employment situation in your company will change over the next 3 months:

<b>B15.</b> TOTAL number of employees	1 _	2 _	3 _
<b>B16.</b> Number of employees WITH PERMANENT CONTRACTS	1 _	2 _	3 _
<b>B17.</b> Number of employees WITH FIXED-TERM CONTRACTS	1 _	2 _	3 _

