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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 value is known but is nil or less than half the final digit shown.
- Figures in parentheses in roman type () are provisional, those in parentheses in italics () are estimated.
- III - The tables are identified both by a number and by an alphanumeric code that defines the content of the table in the database in the electronic archive in which information to be released to the public is held. A similar code identifies the different aggregates shown in each table.
- IV - The methodological notes in the last part of the Supplement are identified by electronic codes that refer to the tables and, within each table, to the individual aggregates. Notes that refer to a single observation are also identified by the date of that observation.

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CONTENTS

	page
1. Introduction	5
2. Main findings.....	5
Appendix A: Methodological note.....	9
Appendix B: Statistical tables	15
Appendix C: The questionnaire.....	29

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 March 2008 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⁽¹⁾

1. Introduction

The interviews for the March 2008 edition of the Bank of Italy – Il Sole 24 Ore quarterly survey on inflation and growth expectations were carried out between 3 and 28 March 2008. A total of 477 companies with at least 50 employees participated in the survey, 277 of which operate in the industrial sector and 200 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.

For the first time, in this edition, the questionnaire includes a set of questions on companies' assessments of developments in credit conditions.

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 findings

Expectations of consumer price inflation in Italy

Inflation is expected to be 3.3 per cent over the next 12 months, an increase vis-à-vis the 2.6 per cent recorded in December 2007 (Table 1 and Figure 1). In March 2008, the rate of consumer price inflation was 3.6 per cent, 1.5 percentage points higher than companies expected in March 2007 (Figure 2).

Assessment of the general economic situation

The companies' assessments of recent trends are still mainly negative: 72.6 per cent of companies think that the general economic situation in Italy has worsened compared with three months earlier, 26.1 per cent consider it is unchanged, and 1.3 per cent find it has improved. The gap between positive and negative assessments has widened considerably compared with the previous quarter, the balance falling from -47.6 to -71.3 per cent (Table 2). The results are fairly similar for all sectors and geographical areas.

Some 56.7 per cent of companies think the likelihood of an improvement in the economic situation in the next three months is zero (compared with 44.4 per cent last December). Only 12.6 per cent of companies think there is more than a one in four chance of an improvement. Optimistic judgments are relatively more common among large companies, in the North-West, in the Centre and in the services sector (Table 3).

Business climate

Although 53.3 per cent of companies think their business climate will remain unchanged in the next three months, the share of those who expect an improvement is considerably smaller than the share of those who expect the situation to worsen (10.1 per cent compared with 36.6 per cent; Table 5). Here also, the gap between the two options has widened since the last survey, the balance falling from -21.2 to -26.5 percentage points.

Above all, increases in raw materials prices and, to a lesser extent, changes in labour costs and credit conditions are negatively affecting companies' economic prospects (Table 7).

Expectations with regard to the business situation in the next three years are more frequently positive: 38.4 per cent of companies expect an improvement while 26.8 per cent expect

¹ Prepared by Claudia Biancotti

conditions to worsen (Table 8). The balance of positive and negative responses has nevertheless fallen since December 2007 from 18 to 11.6 percentage points.

Investment climate

Some 47.5 per cent of companies judge that the investment climate has worsened in the last three months, 48.1 per cent consider it unchanged while the remaining 4.4 per cent think it has improved. The overall picture has deteriorated compared with the previous survey when the figures were 37.4 per cent, 56.5 per cent and 6.1 per cent, respectively (Table 9).

Credit conditions

Access to credit has become more difficult than in the previous quarter according to 19.1 per cent of companies; only 3.5 per cent think that credit conditions have improved (Table 10). The gap between positive and negative responses from companies is more marked in the South (a balance of -32.4 percentage points), less so in the North (-12.1 per cent).

In relation to the whole sample, the set of companies expressing their opinion following requests for new credit lines or extensions of existing ones, more frequently report either a deterioration in conditions compared with the past (39.8 per cent), or an improvement (10.1 per cent; Table 11). The balance between the latter's positive and negative assessments (-29.7 per cent) is therefore more marked than that for the sample as a whole (-15.6 per cent).

When assessing these results it should however be noted that this section on credit conditions has been included for the first time in the current survey and so a reliable evaluation of market trends will only be possible when responses can be compared over time.

Employment rate

With regard to total employment, three-month forecasts of an increase outweigh those of a reduction (21.7 per cent and 14.8 per cent respectively). The balance of forecasts of an increase and a decrease is slightly less than in December 2007 (6.9 compared with 7.3 percentage points; Table 12).

Changes in companies' sales prices

On average, companies reported a 2.2 per cent increase in their sales prices in the past 12 months, 0.5 percentage points more than they expected in March 2007. For the next year, they expect a rise of 1.7 percentage points, in line with the previous survey result (Table 13). Companies report that tensions in pricing will be caused mainly by changes in raw materials prices while fluctuations in demand and labour cost are likely to have only minimal impact (Table 12).

In general, companies usually expect 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 March 2009 is 1.6 percentage points (Figure 3). The difference between the annual inflation rate observed in March 2008 and the price increases reported by companies over the same time period is 1.4 percentage points (compared with 1.1 percentage points in December).

Figure 1
Expectations of consumer price inflation in Italy and actual rate
(percentages)

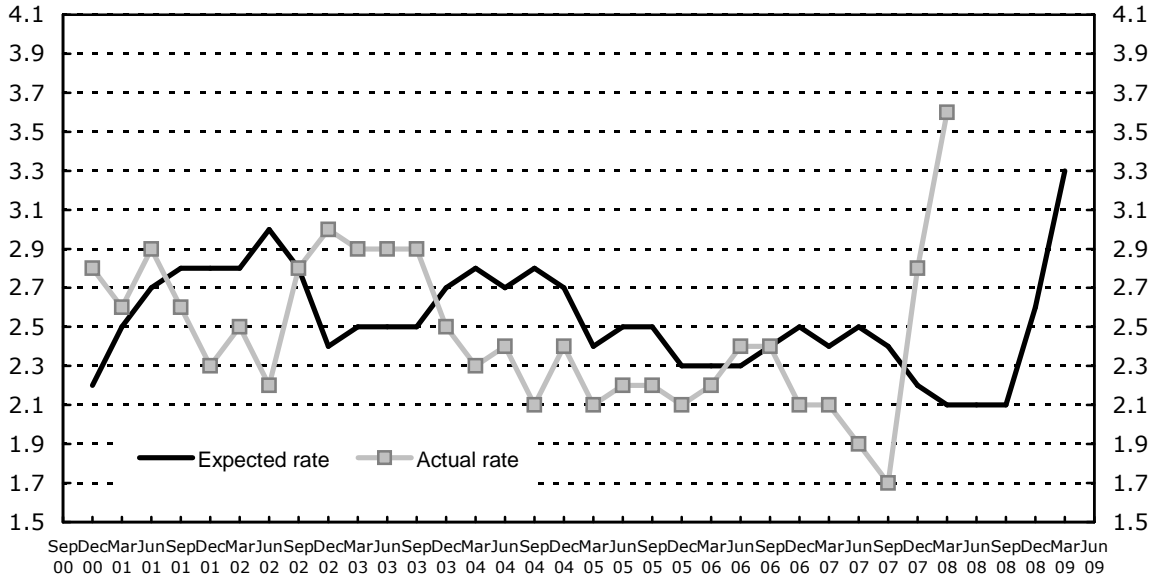


Figure 2

Differential between expected and actual inflation rates
(percentage points)

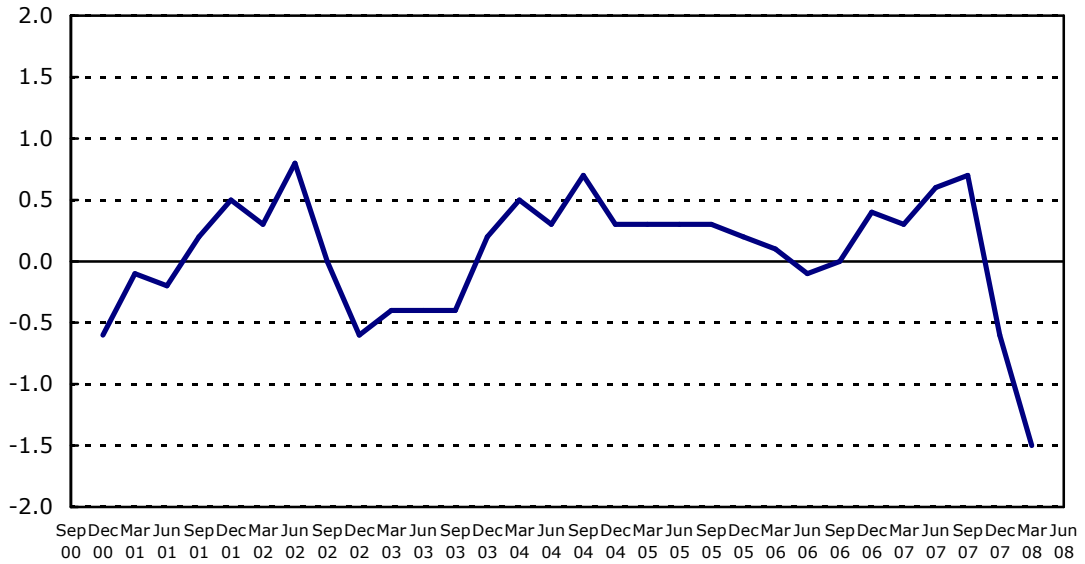
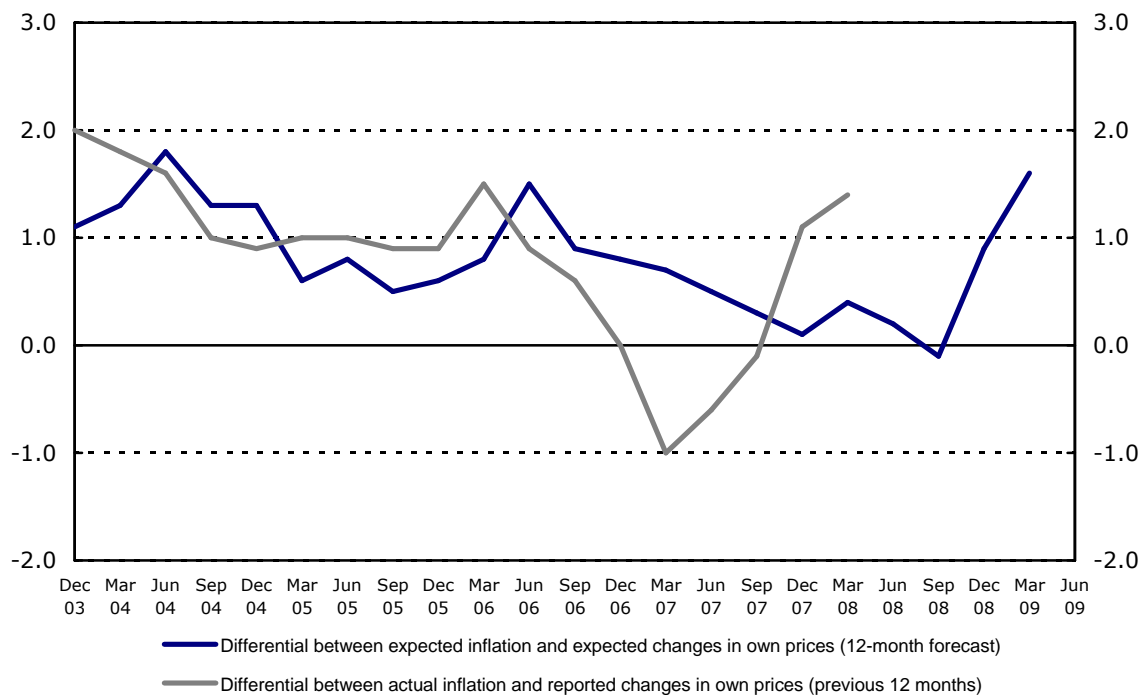


Figure 3

Differential between price changes reported by companies and the inflation rate: forecasts and actual outcomes^(*)

(percentage points)



() 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 477 companies, 277 from the industrial sector and 200 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 assessments. 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. In particular, this is 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 ^(*) (b)	Sample coverage rate (a / b) * 100
Number of employees			
50-199	210	16,983	1.2
200-999	154	3,370	4.6
Over 999	113	485	23.3
Sector			
Industry	277	11,796	2.3
Services	200	9,042	2.2
Geographical area			
North-West.....	188	8,358	2.2
North-East.....	162	5,871	2.8
Centre.....	79	3,618	2.2
South and Islands	48	2,991	1.6
Total.....	477	20,838	2.3

(*) ISTAT (2005).

A2. Data collection and evaluation

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 ^(**)
Number of employees			
50-199	559	37.9	91.9
200-999	320	49.7	97.4
Over 999.....	121	87.6	97.3
Sector			
Industry	551	50.3	93.9
Services	449	44.5	96.5
Geographical area			
North-West.....	392	48.0	94.7
North-East.....	318	50.9	96.9
Centre.....	179	44.1	93.7
South and Islands	111	43.2	91.7
Total.....	1.000	47.7	95.0

(*) 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 of the participating companies in terms of the number of employees, 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	3.3	3.2	3.3	0.8
Change in own prices in the last 12 months.....	4.0	2.2	1.9	8.6
Change in own prices in the next 12 months.....	1.3	1.7	1.8	9.0

Table 4a – Standard errors

Consumer price inflation in Italy	0.03
Change in own prices in the last 12 months.....	1.98
Change in own prices in the last 12 months (robust)	0.40
Change in own prices in the next 12 months.....	0.64
Change in own prices in the next 12 months (robust).....	0.27
<u>Factors which will affect the business climate</u>	
Demand	0.10
Own prices	0.10
Raw materials prices	0.09
Labour costs	0.09
Availability and cost of credit	0.09
<u>Factors which will affect companies' prices</u>	
Demand	0.06
Raw materials prices	0.08
Labour costs	0.07
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
Number of employees	
50-199	3.3
200-999	3.1
Over 999.....	2.9
Sector	
Industry	3.4
Services	3.2
Geographical area	
North-West.....	3.2
North-East	3.3
Centre	3.3
South and Islands	3.4
Total.....	3.3
<i>Memorandum items:</i>	
December 2007	2.6
September 2007.....	2.1
June 2007	2.1
March 2007	2.1

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

	Worse than previous quarter	Unchanged from previous quarter	Better than previous quarter	Total
Number of employees				
50-199	74.3	24.5	1.2	100.0
200-999	63.3	34.8	1.9	100.0
Over 999.....	78.2	20.4	1.4	100.0
Sector				
Industry	75.0	24.1	1.0	100.0
Services	70.8	27.6	1.6	100.0
Geographical area				
North-West.....	75.1	22.2	2.7	100.0
North-East	71.8	27.4	0.8	100.0
Centre	65.4	34.6	0.0	100.0
South and Islands	75.9	24.1	0.0	100.0
Total.....	72.6	26.1	1.3	100.0
<i>Memorandum items:</i>				
December 2007	52.7	42.3	5.1	100.0
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

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
Number of employees						
50-199	58.7	28.1	6.9	6.3	0.0	100.0
200-999	49.2	41.7	7.3	1.9	0.0	100.0
Over 999.....	36.6	45.0	15.4	1.6	1.4	100.0
Sector						
Industry	60.9	31.3	4.0	3.8	0.0	100.0
Services	53.6	30.2	9.4	6.8	0.0	100.0
Geographical area						
North-West.....	56.9	28.1	11.5	3.5	0.1	100.0
North-East.....	51.4	36.1	7.2	5.2	0.0	100.0
Centre.....	58.7	28.1	2.0	11.2	0.0	100.0
South and Islands	64.1	30.1	1.0	4.8	0.0	100.0
Total.....	56.7	30.7	7.1	5.5	0.0	100.0
<i>Memorandum items:</i>						
December 2007	44.4	44.0	6.0	5.6	0.1	100.0
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 2006	15.5	50.6	18.0	13.2	2.7	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
View of the current general economic situation						
Worse than in 12/2007	66.2	27.6	2.8	3.4	0.0	100.0
Unchanged from 12/2007.....	34.7	35.3	19.3	10.7	0.0	100.0
Better than in 12/2007.....	0.0	66.9	8.5	22.4	2.2	100.0
Total.....	56.7	30.7	7.1	5.5	0.0	100.0

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

	Worsening	No change	Improvement	Total
Number of employees				
50-199	37.3	52.0	10.8	100.0
200-999	33.3	59.0	7.7	100.0
Over 999.....	34.2	62.7	3.1	100.0
Sector				
Industry	32.5	58.2	9.3	100.0
Services	39.7	49.6	10.7	100.0
Geographical area				
North-West.....	43.3	48.3	8.4	100.0
North-East.....	36.2	56.0	7.8	100.0
Centre.....	25.9	70.0	4.1	100.0
South and Islands	31.5	41.2	27.2	100.0
Total.....	36.6	53.3	10.1	100.0
<i>Memorandum items:</i>				
December 2007	29.7	61.8	8.5	100.0
September 2007.....	22.0	64.5	13.5	100.0
June 2007	11.0	71.4	17.6	100.0
March 2006.....	9.8	66.2	23.9	100.0

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

	Worsening	No change	Improvement	Total
View of the current general economic situation				
Worse than 12/2007.....	46.9	49.1	4.0	100.0
Unchanged from 12/2007	6.7	69.7	23.6	100.0
Better than 12/2007.....	0.0	3.6	96.4	100.0
Total	36.6	53.3	10.1	100.0

Table 7 - Factors which will affect the business climate
(average scores) ^(*)

	Change in demand ^(**)	Change in own prices	Change in raw materials prices	Change in labour costs	Change in credit conditions ^(***)
Number of employees					
50-199	0.0	-0.3	-1.1	-0.6	-0.6
200-999	0.2	-0.2	-1.1	-0.7	-0.6
Over 999.....	-0.3	0.1	-0.8	-0.6	-0.6
Sector					
Industry	0.0	-0.3	-1.3	-0.7	-0.7
Services	0.0	-0.3	-1.0	-0.6	-0.5
Geographical area					
North-West.....	0.1	-0.2	-0.9	-0.4	-0.2
North-East.....	-0.1	-0.3	-1.4	-0.9	-0.7
Centre.....	0.0	-0.4	-1.0	-0.9	-0.9
South and Islands	0.3	-0.6	-1.4	-0.2	-1.0
Total.....	0.0	-0.3	-1.1	-0.6	-0.6
<i>Memorandum items:</i>					
December 2007.....	0.1	-0.1	-1.2	-0.8	...
September 2007.....	0.4	0.1	-1.0	-0.6	...
June 2007.....	0.6	0.1	-0.7	-0.6	...
March 2006.....	0.8	0.3	-0.6	-0.6	...

(*) 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.

(**) Until December 2007, this variable referred only to domestic demand.

(***) This variable has been surveyed since March 2008.

Table 8 - Three-year forecast of the business climate
(percentages)

	Worsening	No change	Improvement	Total
Number of employees				
50-199	28.1	35.5	36.4	100.0
200-999	20.8	31.6	47.7	100.0
Over 999.....	24.3	26.9	48.8	100.0
Sector				
Industry	22.9	31.1	46.1	100.0
Services	29.8	37.5	32.7	100.0
Geographical area				
North-West.....	25.1	37.4	37.4	100.0
North-East	28.4	33.2	38.4	100.0
Centre	26.5	31.9	41.5	100.0
South and Islands	28.9	33.5	37.6	100.0
Total.....	26.8	34.7	38.4	100.0
<i>Memorandum items:</i>				
December 2007	24.9	32.2	42.9	100.0
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

Table 9 – View of investment climate
(percentages)

	Worse than previous quarter	Unchanged from previous quarter	Better than previous quarter	Total
Number of employees				
50-199	47.8	47.4	4.8	100.0
200-999	45.6	51.7	2.7	100.0
Over 999.....	48.8	48.1	3.1	100.0
Sector				
Industry	50.6	48.4	1.0	100.0
Services	45.2	47.9	6.9	100.0
Geographical area				
North-West.....	49.4	45.9	4.7	100.0
North-East	49.4	45.8	4.8	100.0
Centre	38.3	61.7	0.0	100.0
South and Islands	49.3	42.7	8.0	100.0
Total.....	47.5	48.1	4.4	100.0
<i>Memorandum items:</i>				
December 2007	37.4	56.5	6.1	100.0
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

Table 10 – View on credit conditions for businesses
(valori percentuali)

	Worse than previous quarter	Unchanged from previous quarter	Better than previous quarter	Total
Number of employees				
50-199	19.2	77.5	3.3	100.0
200-999	18.3	77.9	3.7	100.0
Over 999.....	21.5	70.8	7.6	100.0
Sector				
Industry	22.6	73.6	3.8	100.0
Services	16.5	80.2	3.2	100.0
Geographical area				
North-West.....	13.4	85.4	1.3	100.0
North-East	20.5	72.4	7.1	100.0
Centre	16.3	81.3	2.4	100.0
South and Islands	36.3	59.9	3.9	100.0
Total.....	19.1	77.4	3.5	100.0

Table 11 – View on credit conditions for businesses by request for new credit lines or extensions of existing credit lines
(percentaggi)

	Worse than previous quarter	Unchanged from previous quarter	Better than previous quarter	Total
Request for new credit lines or extensions of existing credit lines				
Yes.....	39.8	50.1	10.1	100.0
No	13.4	85.0	1.6	100.0
Total	19.1	77.4	3.5	100.0

Table 12 - Three-month forecast of employment
(percentages)

	Declining	Unchanged	Rising	Total
Number of employees				
50-199	14.8	63.9	21.3	100.0
200-999	15.5	61.2	23.3	100.0
Over 999	10.4	64.1	25.4	100.0
Sector				
Industry	17.5	66.6	15.9	100.0
Services	12.9	61.2	25.9	100.0
Geographical area				
North-West	18.9	60.9	20.2	100.0
North-East	12.0	61.3	26.7	100.0
Centre	11.8	68.5	19.6	100.0
South and Islands	12.9	68.6	18.5	100.0
Total	14.8	63.5	21.7	100.0
<i>Memorandum items:</i>				
December 2007	16.4	59.9	23.7	59.9
September 2007	16.6	59.6	23.9	59.6
June 2007	18.4	51.7	30.0	51.7
March 2007	18.4	46.5	35.1	46.5

Table 13 – Change in companies’ sales prices
(percentages)^(*)

	Rate of change in sales prices...	
	... compared with 12 months earlier	... in the next 12 months
	Mean (robust) (**)	Mean (robust) (**)
Number of employees		
50-199	1.9	2.4
200-999	2.1	2.0
Over 999.....	2.5	1.2
Sector		
Industry	2.4	2.4
Services	2.2	1.4
Geographical area		
North-West.....	1.9	1.9
North-East	2.0	2.2
Centre	2.7	1.0
South and Islands	2.6	2.3
Total	2.2	1.7
<i>Memorandum items:</i>	Rate of change in sales prices	
December 2007	1.7	1.7
September 2007.....	1.8	2.2
June 2007.....	2.5	1.9
March 2007	3.1	1.7

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

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

Table 14 – 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
Number of employees				
50-199.....	0.0	1.1	0.1	0.8
200-999.....	0.0	0.9	0.1	0.7
Over 999.....	0.2	0.4	0.3	0.4
Sector				
Industry.....	0.0	1.2	0.1	0.7
Services.....	0.1	0.5	0.2	0.5
Geographical area				
North-West.....	0.1	0.9	0.0	0.5
North-East.....	-0.1	1.2	0.1	0.5
Centre.....	0.2	0.2	0.5	0.7
South and Islands.....	-0.2	1.1	0.1	0.7
Total.....	0.1	0.7	0.2	0.6
<i>Memorandum items:</i>				
December 2007.....	0.1	0.7	0.1	0.6
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

(*) 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 impact of size.

Appendix C:
The questionnaire

IL SOLE 24 ORE – BANK OF ITALY SURVEY ON INFLATION AND GROWTH EXPECTATIONS – MARCH 2008

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 January consumer price inflation rate, measured by the annual change in the HARMONIZED INDEX OF CONSUMER PRICES, stood at 3.1 in Italy and at 3.2 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 CLIMATE

Do you think that your company’s business climate will be:

B1. In the next 3 months: 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
B3. The impact of developments in DEMAND on your business will be...	1 __	2 __	3 __	1 __	2 __	3 __
B4. The impact of developments in YOUR PRICES on your business will be...	1 __	2 __	3 __	1 __	2 __	3 __
B5. The impact of developments in RAW MATERIALS PRICES on your business will be...	1 __	2 __	3 __	1 __	2 __	3 __
B6. The impact of developments in LABOUR COSTS on your business will be...	1 __	2 __	3 __	1 __	2 __	3 __
B7. The impact of developments in AVAILABILITY AND COST OF CREDIT on your business will be...	1 __	2 __	3 __	1 __	2 __	3 __

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

B9. Compared with 3 months ago, do you think that the credit conditions for your company are now:

Better Unchanged Worse

B10. Is your view the result of a request for a new credit line (or extension of an existing credit line)? Yes No

B11. If your reply to B9 is “Worse” and to B10 “Yes”, the credit requested:

was not granted - was granted but at worse conditions than usual (less credit than that requested and/or at a higher cost) - was refused by you because the conditions were worse than usual

B12. In the last 12 months, what has been the average change in prices charged by your company? |__| |__|__|__|__|__|%

B13. Over the next 12 months, what do you expect to be 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 (downward/upward)		
	Downward	Neutral	Upward	Low	Average	High
B14. The impact of developments in OVERALL DEMAND on your prices will be...	1 __	2 __	3 __	1 __	2 __	3 __
B15. The impact of developments in RAW MATERIALS PRICES on your prices will be...	1 __	2 __	3 __	1 __	2 __	3 __
B16. The impact of developments in LABOUR COSTS on your prices will be...	1 __	2 __	3 __	1 __	2 __	3 __
B17. The impact of developments in THE EXCHANGE RATE OF THE EURO on your prices will be...	1 __	2 __	3 __	1 __	2 __	3 __

Decrease Remain the same Increase

B18. The TOTAL number of employees over the next three months will: 1|__| 2|__| 3|__|

