



BANCA D'ITALIA
EUROSISTEMA

Supplements to the Statistical Bulletin

Sample Surveys

Survey of Inflation and Growth Expectations

June 2009

New series

Year XIX - July 2009

Number

36

CONTENTS

	page
1. Introduction	5
2. Main Findings	5
Appendix A: Methodological Notes.....	9
Appendix B: Statistical Tables	15
Appendix C: Questionnaire	29

This publication contains the main findings of the survey on inflation and growth expectations conducted by the Bank of Italy in collaboration with the newspaper Il Sole 24 Ore. The data were collected in June 2009 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.

The survey report has been prepared by Guido Bulligan, Giuseppe Ilardi and Raffaele Tartaglia Polcini. Stefania Coscarella is the editorial assistant for the Italian version.

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

SURVEY ON INFLATION AND GROWTH EXPECTATIONS

1. Introduction

The interviews for the *Banca d'Italia – Il Sole 24 Ore* quarterly survey on inflation and growth expectations were carried out between 3 and 23 June 2009. A total of 492 companies with at least 50 employees participated, 293 of which operate in the industrial sector and 199 in the services sector. The response rate was 49.2 per cent (Table 2a); the degree of uncertainty of the estimates was limited and in line with previous surveys (Table 4a).

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 underlying the reported or expected developments.

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

2. Main Findings

Expectations of consumer price inflation in Italy and change in companies' selling prices

Inflation is expected to be 1.4 per cent over the next 12 months (Table 1), unchanged from the forecasts made in March and again higher than the estimates of professional forecasters (Figure 2). Expectations for the next 24 months, which are recorded for the first time in the present survey, put inflation at 1.9 per cent, in line with the European Central Bank's target for price stability.

In June this year consumer price inflation was 0.6 per cent,¹ that is almost 3 percentage points less than forecast a year earlier (Figure 3).

Businesses report they have lowered their selling prices by 0.4 per cent in the 12 months to June (Figure 1 and Table 14), in sharp contrast with the 2.7 per cent increase expected a year earlier. The reduction was larger in the case of industrial companies (0.6 per cent) than for service companies (0.3 per cent) and, in geographical terms, was the result of a 1.2 per cent increase in selling prices in the North-East and reductions of between 0.5 and 1.4 per cent in the rest of the country. For the next twelve months, a rise of 0.8 per cent is projected, which is slightly higher than the expectations recorded in the March survey. Prices of raw materials are among the main factors driving up selling prices, while competitors' pricing policies tend to drive them down (Table 15).

Assessment of the economic situation

The deterioration in the general economic situation, which companies had highlighted in previous surveys, appears almost to have come to a halt: according to around half the respondents there has been no change in the past three months, although opinions that the situation has improved are outnumbered by impressions of a deterioration by 26.4 percentage points, compared with 87.6 points in March this year (Table 2). The companies interviewed think that the likelihood of the general outlook improving over the next three months is now slightly greater: the proportion of those that do not entirely rule out an improvement has risen for the second time running, from 32.4 to 53.8 per cent, while those putting the likelihood of improvement at over 25 per cent has risen from 7 per cent in March to 10.7 per cent (Table 3). Expectations are less pessimistic among companies in the North-West and those with at least 1,000 employees.

¹ Harmonized index; provisional figure.

Business climate

In line with the recent evidence of stabilization of other business outlook indicators, signs of an improvement in the business situation that had emerged in March were confirmed the following month. The share of companies expecting their situation to worsen in the next three months has dropped from 60.2 to 26.3 per cent (Table 5), while those forecasting an improvement have risen from 3.7 to 10.2 per cent. However, there is still considerable uncertainty over the short term, and indeed a large proportion of companies (63.5 per cent) foresee no change over the next three months. While expectations of a contraction in demand have diminished considerably, the short-term outlook still reflects the difficulties of accessing credit and high labour costs (Table 7). Mild concern regarding the trend in raw materials prices compounds the situation.

Expectations with regard to the business situation over the next three years have been improving for the past year, apart from a slight decline in December (Table 8). In June, the share of companies expecting a deterioration decreased from 21.1 to 12.3 per cent, leading to an equivalent increase in expectations of improvement, now reported by 69 per cent of respondents. The balance between positive and negative assessments is more markedly optimistic in the service sector and among companies in the South and Islands.

Investment climate

The companies that believe the investment climate has not changed in the last three months are a growing majority and now represent 59.2 per cent (Table 9). The balance between those reporting an improvement and a deterioration has thus gone from -44.4 to -12.8 percentage points. Compared with the low point of December 2008, opinions are slightly more favourable in the service sector but have improved most dramatically in industry, where the deterioration had been greatest at the height of the recession. Conditions remain more than averagely difficult in Southern Italy.

Credit conditions

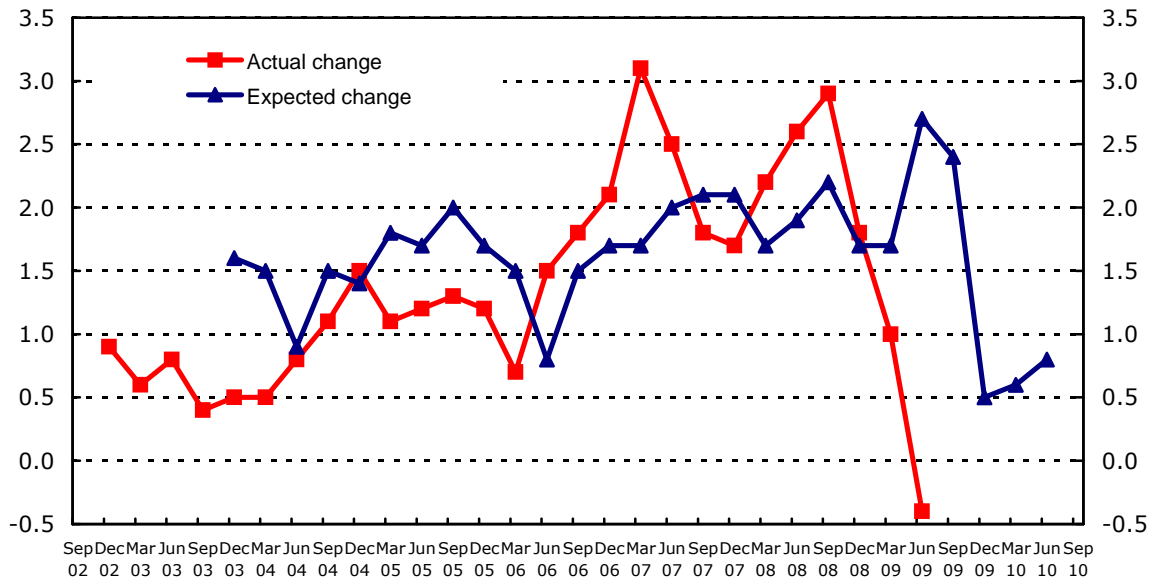
In the opinions of the companies credit conditions have ceased to worsen. Compared with March, the share of companies reporting a worsening has dropped from 37.2 to 27.8 per cent (Table 10), while those reporting an improvement show no change. Breaking down the overall result, assessments are more favourable among industrial firms, those located in the North-West and the South, and large companies. The proportion of companies approaching the banking sector for new or additional credit that report a worsening of credit conditions has fallen sharply, from 60.6 to 48.9 per cent (Table 11), mainly in favour of those that consider the situation unchanged, up from 31.7 to 42.3 per cent.

Employment

Expectations regarding employment remain negative overall: the balance between companies expecting to increase and to reduce their total workforce is virtually unchanged with respect to March, amounting to -25.7 percentage points against -25.8 points (Table 12). More specifically, expectations are less pessimistic among service companies (-20.6 percentage points) than in industry (-29.6 points). In terms of company size, the negative balance is greater among large companies (-39.1 points), 44.7 per cent of which foresee a reduction, while geographically it is largest in the North-West (-30.8 points). As reported in March, the majority of companies plan to adjust their intake of labour by putting a freeze on hiring and labour turnover, reducing shifts and work hours (partly through recourse to the Wage Supplementation Fund) and not renewing fixed-term contracts (Table 13). Very few intend to resort to lay-offs or early retirement incentives.

Figure 1

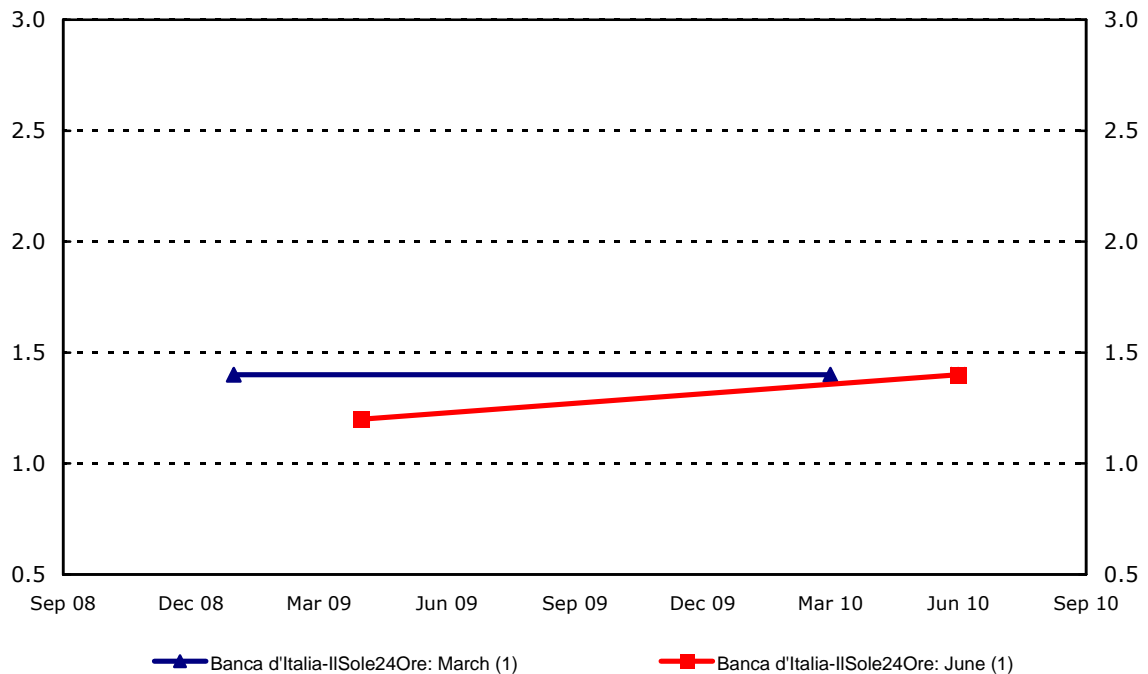
Expected and actual changes in selling prices
(percentages)^(*)



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

Figure 2

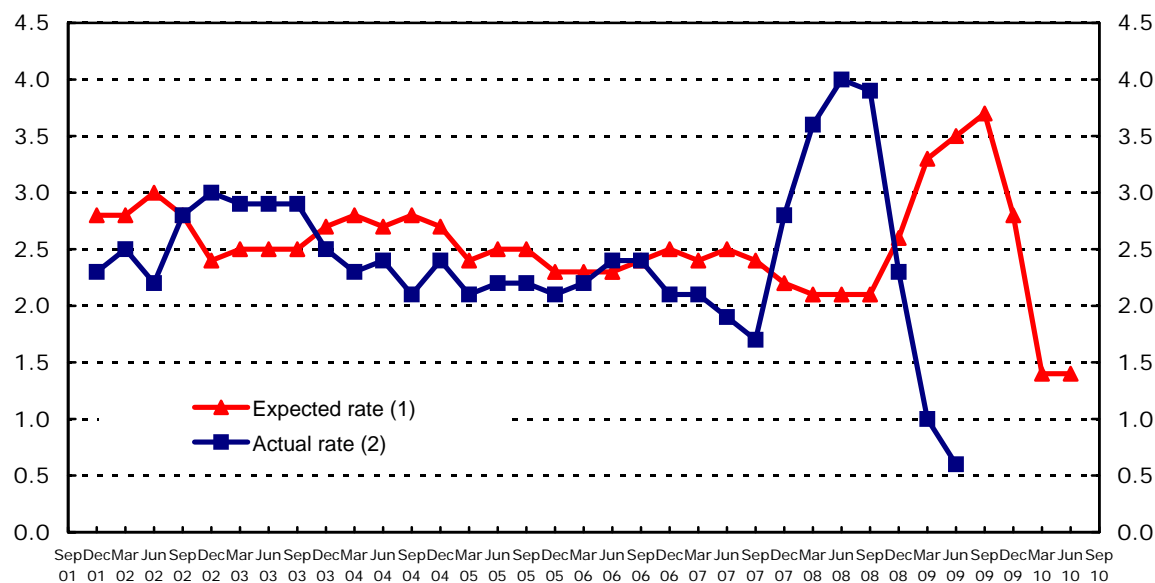
Expectations of consumer price inflation in Italy
(percentage changes on year-earlier period)



(1) The first point in each curve is the final figure available at the time of the survey, which is given to the interviewees in the questionnaire as a point of reference for expressing their expectations; the second point is the average of the interviewees' forecasts for the next twelve months.

Figure 3

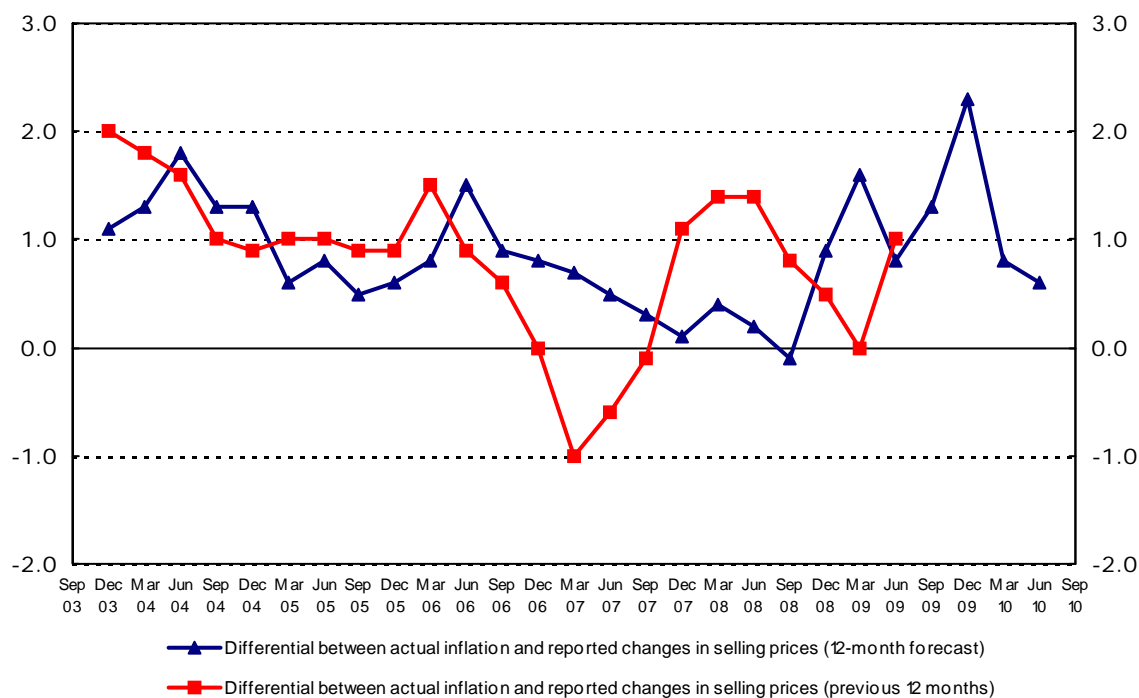
Expectations of consumer price inflation in Italy and actual rate
(percentages)



- (1) Expectations on consumer price inflation reported by companies 12 months before the reference time.
- (2) Harmonized index of consumer prices (HICP) compared with 12 months earlier.

Figure 4

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



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

Appendix A:
Methodological Notes

METHODOLOGICAL NOTES

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 survey is conducted in March, June September and December.

The sample usually consists of around 500 companies with at least 50 employees operating in the main sectors of the economy, with the exception of agriculture and construction.

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. Since a minimum sample size is required for each category of company considered relevant, the number selected is not always representative of the relative share of that category. This is particularly 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	227	17,312	1.3
200-999	164	3,467	4.7
Over 999	101	479	21.1
Sector			
Industry	293	11,858	2.5
Services.....	199	9,400	2.1
Geographical area			
North-West	190	8,460	2.2
North-East.....	171	6,017	2.8
Centre	84	3,689	2.3
South and Islands	47	3,092	1.5
Total	492	21,258	2.3

(*) Istat (2006).

A2. Data collection and estimates

The survey data are collected by a specialist firm which distributes the questionnaire to company managers who are well-informed about the topics covered. The respondents usually compile the questionnaire online using a purpose-designed interface. 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.....	571	39.8	96.9
200-999.....	307	53.4	97.6
Over 999.....	123	82.1	99.0
Sector			
Industry.....	561	50.4	96.9
Services.....	440	45.2	98.5
Geographical area			
North-West.....	395	48.1	97.4
North-East.....	312	54.8	97.7
Centre.....	173	48.6	100.0
South and Islands.....	121	38.8	93.6
Total.....	1,001	49.2	97.6

(*) 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 mistakes (such as typing errors) 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 the 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 evolution of the variables attributed to the companies, the weighting also takes account of the size of the participating companies in terms of 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 are 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 of the main variables for the total sample.

Table 3a

Estimates of the main variables surveyed and non-response
(percentages)

	Mean	Mean (robust)	Median	Non- response (percentages)
Consumer price inflation in Italy in the next 12 months	1.4	1.4	1.4	0.0
Consumer price inflation in Italy in the next 24 months	1.9	1.9	1.9	1.4
Change in own prices in the last 12 months	-0.9	-0.4	-0.1	7.5
Change in own prices in the next 12 months	1.0	0.8	0.9	8.3

Table 4a

Standard errors

Consumer price inflation in Italy in the next 12 months	0.06
Consumer price inflation in Italy in the next 24 months	0.06
Change in own prices in the last 12 months	0.53
Change in own prices in the last 12 months (robust)	0.29
Change in own prices in the next 12 months	0.21
Change in own prices in the next 12 months (robust)	0.15
<u>Factors which will affect the business climate</u>	
Demand	0.10
Selling prices	0.06
Raw materials prices	0.07
Labour costs	0.06
Availability and cost of credit	0.08
<u>Adjustment of labour input</u>	
Freeze on hiring and labour turnover	0.07
Reduction of work hours and shifts (including Wage Supplementation Fund)	0.06
Non-renewal of fixed-term contracts	0.06
Early retirement incentives	0.04
Individual and collective lay-offs	0.03
<u>Factors which will affect companies' prices</u>	
Demand	0.06
Raw materials prices	0.06
Labour costs	0.06
Competitors' pricing policies	0.07

Appendix B:
Statistical Tables

LIST OF TABLES

	page
Table 1	Expectations of consumer price inflation in Italy 17
Table 2	Opinion of the general economic situation..... 18
Table 3	Likelihood of an improvement in the general economic situation in the next three months 19
Table 4	Likelihood of an improvement in the general economic situation in the next three months, by opinion of the current situation..... 19
Table 5	Three-month forecast of the business climate..... 20
Table 6	Three-month forecast of the business climate by opinion of the general economic situation..... 20
Table 7	Factors which will affect the business climate..... 21
Table 8	Three-year forecast of the business climate 22
Table 9	Opinion of the investment climate 23
Table 10	Opinion of credit conditions for business 24
Table 11	Opinion of credit conditions for business by request for new credit lines or extension of existing lines 24
Table 12	Three-month forecast of workforce..... 25
Table 13	Adjustment of labour input in the next three months 25
Table 14	Change in companies' selling prices 26
Table 15	Factors that will affect companies' selling prices 27

Table 1

Expectations of consumer price inflation in Italy
(percentages)

	Rate of consumer price inflation in next 12 months	Rate of consumer price inflation in next 24 months
Number of employees		
50-199.....	1.4	1.9
200-999.....	1.5	2.0
Over 999.....	1.5	2.1
Sector		
Industry.....	1.3	1.9
Services.....	1.6	2.0
Geographical area		
North-West.....	1.4	2.1
North-East.....	1.4	1.8
Centre.....	1.3	1.8
South and Islands.....	1.7	1.9
Total.....	1.4	1.9
<i>Memorandum items:</i>		
March 2009.....	1.4
December 2008.....	2.8
September 2008.....	3.7
June 2008.....	3.5

Table 2

Opinion of the general economic situation
(percentages)

	Worse than previous quarter	Unchanged from previous quarter	Better than previous quarter	Total
Number of employees				
50-199	39.4	50.2	10.4	100.0
200-999	28.7	57.2	14.1	100.0
Over 999	32.7	55.1	12.2	100.0
Sector				
Industry	37.3	52.1	10.6	100.0
Services	37.8	50.6	11.6	100.0
Geographical area				
North-West.....	33.9	54.0	12.0	100.0
North-East.....	35.2	57.0	7.8	100.0
Centre.....	33.0	59.8	7.2	100.0
South and Islands	57.0	23.9	19.1	100.0
Total	37.5	51.4	11.1	100.0
<i>Memorandum items:</i>				
March 2009	87.9	11.7	0.3	100.0
December 2008	87.4	12.0	0.5	100.0
September 2008	56.1	40.4	3.5	100.0
June 2008	49.9	44.3	5.8	100.0

Table 3

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

	None	1-25%	26-50%	51-75%	76-100%	Total
Number of employees						
50-199.....	48.4	42.3	5.0	3.8	0.6	100.0
200-999.....	38.4	46.3	7.7	7.0	0.6	100.0
Over 999.....	28.0	49.5	14.7	6.6	1.1	100.0
Sector						
Industry.....	43.4	47.1	6.0	3.2	0.2	100.0
Services.....	49.8	38.0	5.3	5.9	1.0	100.0
Geographical area						
North-West.....	39.2	45.6	5.6	8.2	1.4	100.0
North-East.....	47.2	43.9	5.1	3.8	0.0	100.0
Centre.....	57.8	34.3	7.8	0.1	0.0	100.0
South and Islands.....	50.2	44.9	4.8	0.0	0.2	100.0
Total.....	46.2	43.1	5.7	4.4	0.6	100.0
<i>Memorandum items:</i>						
March 2009.....	67.6	25.5	4.2	2.3	0.5	100.0
December 2008.....	70.8	23.8	4.5	1.0	0.0	100.0
September 2008.....	52.5	37.4	7.2	2.1	0.8	100.0
June 2008.....	47.2	38.3	9.6	4.1	0.8	100.0

Table 4

**Likelihood of an improvement in the general economic situation
in the next three months, by opinion of the current situation**
(percentages)

	None	1-25%	26-50%	51-75%	76-100%	Total
View of the current general economic situation						
Worse than in 3/2009.....	69.2	28.7	2.1	0.1	0.0	100.0
Unchanged from 3/2009.....	38.6	49.6	6.6	4.2	0.9	100.0
Better than in 3/2009.....	5.5	59.3	14.2	20.1	0.9	100.0
Total.....	46.2	43.1	5.7	4.4	0.6	100.0

Table 5

Three-month forecast of the business climate
(percentages)

	Deterioration	No change	Improvement	Total
Number of employees				
50-199.....	27.4	61.8	10.8	100.0
200-999.....	20.7	71.8	7.4	100.0
Over 999.....	26.2	63.7	10.2	100.0
Sector				
Industry.....	23.3	66.7	10.0	100.0
Services.....	30.1	59.4	10.5	100.0
Geographical area				
North-West.....	24.3	60.4	15.3	100.0
North-East.....	25.0	70.1	4.9	100.0
Centre.....	29.5	65.0	5.5	100.0
South and Islands.....	30.3	57.4	12.3	100.0
Total.....	26.3	63.5	10.2	100.0
<i>Memorandum items:</i>				
March 2009.....	60.2	36.0	3.7	100.0
December 2008.....	66.3	32.2	1.5	100.0
September 2008.....	38.0	55.8	6.2	100.0
June 2008.....	29.2	65.2	5.6	100.0

Table 6

**Three-month forecast of the business climate
by opinion of the general economic situation**
(percentages)

	Deterioration	No change	Improvement	Total
Opinion of the current general economic situation				
Worse than in 3/2009.....	52.6	45.9	1.6	100.0
Unchanged from 3/2009.....	12.0	78.5	9.5	100.0
Better than in 3/2009.....	4.5	53.6	41.9	100.0
Total.....	26.3	63.5	10.2	100.0

Table 7

Factors which will affect the business climate

(average scores) ^(*)

	Change in demand	Change in selling prices	Change in raw materials prices	Change in labour costs	Change in credit conditions
Number of employees					
50-199.....	-0.1	0.0	-0.4	-0.7	-0.6
200-999.....	-0.3	0.0	-0.3	-0.7	-0.5
Over 999.....	-0.8	0.0	-0.1	-0.3	-0.8
Sector					
Industry.....	-0.1	-0.1	-0.3	-0.6	-0.5
Services.....	-0.2	0.1	-0.5	-0.8	-0.7
Geographical area					
North-West.....	0.0	0.0	-0.3	-0.5	-0.4
North-East.....	-0.4	0.1	-0.3	-0.6	-0.5
Centre.....	-0.3	-0.2	-0.7	-1.1	-1.1
South and Islands.....	-0.3	0.1	-0.4	-0.7	-0.7
Total.....	-0.2	0.0	-0.4	-0.7	-0.6
<i>Memorandum items:</i>					
March 2009.....	-0.9	-0.2	0.0	-0.7	-0.6
December 2008.....	-1.1	-0.3	-0.1	-0.8	-0.8
September 2008.....	-0.2	-0.2	-1.2	-1.0	-1.0
June 2008.....	-0.1	-0.1	-1.2	-0.9	-0.9

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

Table 8

Three-year forecast of the business climate
(percentages)

	Deterioration	No change	Improvement	Total
Number of employees				
50-199.....	12.5	19.0	68.4	100.0
200-999.....	11.9	15.1	73.0	100.0
Over 999.....	7.5	30.1	62.4	100.0
Sector				
Industry.....	7.8	14.7	77.5	100.0
Services.....	18.0	23.6	58.4	100.0
Geographical area				
North-West.....	8.3	19.1	72.7	100.0
North-East.....	12.9	19.1	67.9	100.0
Centre.....	15.5	18.0	66.4	100.0
South and Islands.....	18.2	17.4	64.4	100.0
Total.....	12.3	18.7	69.0	100.0
<i>Memorandum items:</i>				
March 2009.....	21.1	20.3	58.5	100.0
December 2008.....	24.3	27.1	48.7	100.0
September 2008.....	20.4	31.0	48.6	100.0
June 2008.....	23.4	28.8	47.7	100.0

Table 9

Opinion of the investment climate
(percentages)

	Worse than previous quarter	Unchanged from previous quarter	Better than previous quarter	Total
Number of employees				
50-199	27.5	58.4	14.2	100.0
200-999	25.2	61.7	13.1	100.0
Over 999	16.6	69.7	13.7	100.0
Sector				
Industry	27.1	60.6	12.3	100.0
Services	26.5	57.4	16.2	100.0
Geographical area				
North-West.....	26.6	55.0	18.4	100.0
North-East.....	24.5	63.9	11.6	100.0
Centre.....	23.9	65.5	10.6	100.0
South and Islands	35.9	53.6	10.5	100.0
Total	26.8	59.2	14.0	100.0
<i>Memorandum items:</i>				
March 2009	56.4	31.6	12.0	100.0
December 2008	65.6	25.8	8.6	100.0
September 2008	38.4	57.9	3.7	100.0
June 2008	37.5	53.8	8.7	100.0

Table 10

Opinion of credit conditions for business
(percentages)

	Worse than previous quarter	Unchanged from previous quarter	Better than previous quarter	Total
Number of employees				
50-199	29.8	66.9	3.3	100.0
200-999	20.2	73.3	6.6	100.0
Over 999	10.6	83.4	6.0	100.0
Sector				
Industry	25.9	69.2	4.9	100.0
Services	30.3	67.1	2.6	100.0
Geographical area				
North-West.....	21.8	72.5	5.7	100.0
North-East.....	33.1	65.6	1.3	100.0
Centre.....	36.4	60.7	2.9	100.0
South and Islands	23.2	71.3	5.5	100.0
Total	27.8	68.3	3.9	100.0
<i>Memorandum items:</i>				
March 2009	37.2	59.2	3.6	100.0
December 2008	40.6	56.6	2.8	100.0
September 2008	26.7	71.8	1.5	100.0
June 2008	22.7	74.3	3.0	100.0

Table 11

**Opinion of credit conditions for business by request for new credit lines
or extension of existing lines**
(percentages)

	Worse than previous quarter	Unchanged from previous quarter	Better than previous quarter	Total
Request for new credit lines or extension of existing lines				
Yes	48.9	42.3	8.8	100.0
No	19.2	79.6	1.1	100.0
Total	27.8	68.3	3.9	100.0

Table 12

Three-month forecast of workforce
(percentages)

	Declining	Unchanged	Rising	Total
Number of employees				
50-199.....	28.9	66.3	4.7	100.0
200-999.....	38.9	52.9	8.2	100.0
Over 999.....	44.7	49.7	5.6	100.0
Sector				
Industry.....	33.0	63.6	3.4	100.0
Services.....	28.4	63.8	7.8	100.0
Geographical area				
North-West.....	33.7	63.4	2.9	100.0
North-East.....	26.8	67.4	5.7	100.0
Centre.....	30.4	62.1	7.5	100.0
South and Islands.....	32.5	59.0	8.5	100.0
Total.....	31.0	63.7	5.3	100.0
<i>Memorandum items:</i>				
March 2009.....	32.6	60.7	6.8	100.0
December 2008.....	39.3	55.3	5.4	100.0
September 2008.....	25.4	62.0	12.7	100.0
June 2008.....	20.1	65.5	14.4	100.0

Table 13

Adjustment of labour input in the next three months
(average scores)^(*)

	Freeze on hiring and labour turnover	Reduction of hours & shifts (inc. WEF)	Non-renewal of fixed-term contracts	Early retirement incentives	Individual and collective lay-offs
Number of employees					
50-199.....	1.1	0.9	0.7	0.2	0.1
200-999.....	1.3	1.1	1.0	0.5	0.1
Over 999.....	0.8	0.5	1.0	1.2	0.1
Sector					
Industry.....	1.3	1.2	0.8	0.4	0.1
Services.....	0.9	0.5	0.7	0.2	0.1
Geographical area					
North-West.....	1.2	0.9	0.8	0.4	0.2
North-East.....	1.0	0.8	0.8	0.2	0.1
Centre.....	1.3	1.1	0.9	0.4	0.1
South and Islands.....	0.9	0.7	0.6	0.3	0.1
Total.....	1.1	0.9	0.8	0.3	0.1

(*) Companies' opinions of the extent to which each method is used (none/low/average/high) are measured on a scale from 0 to 3. A neutral position is indicated by 0.

Table 14

Change in companies' selling prices
(percentages) ^(*)

	Rate of change in selling prices...	
	... compared with 12 months earlier	... compared with the next 12 months
	Mean (robust) (**)	Mean (robust) (**)
Number of employees		
50-199.....	-0.4	0.9
200-999.....	-0.4	0.4
Over 999.....	-0.5	1.0
Sector		
Industry.....	-0.6	0.6
Services.....	-0.3	1.0
Geographical area		
North-West.....	-1.4	0.6
North-East.....	1.2	0.9
Centre.....	-0.5	1.0
South and Islands.....	-0.8	0.6
Total.....	-0.4	0.8
<i>Memorandum items:</i>	Rate of change in selling prices	
March 2009.....	1.0	0.6
December 2008.....	1.8	0.5
September 2008.....	2.9	2.4
June 2008.....	2.6	2.7

(*) 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 15

Factors that will affect companies' selling prices
(average scores) ^(*)

	Change in demand	Change in raw materials prices	Change in labour costs	Pricing policies of main competitors
Number of employees				
50-199	-0.1	0.4	0.4	-0.5
200-999	-0.3	0.3	0.5	-0.7
Over 999.....	-0.5	0.4	0.1	-0.5
Sector				
Industry	0.0	0.4	0.4	-0.6
Services	-0.6	0.3	0.3	-0.6
Geographical area				
North-West.....	-0.1	0.2	0.3	-0.6
North-East	-0.3	0.5	0.5	-0.5
Centre	-0.8	0.4	0.3	-0.7
South and Islands	0.1	0.5	0.2	-0.5
Total.....	-0.3	0.4	0.3	-0.6
<i>Memorandum items:</i>				
March 2009	-0.6	-0.2	0.2	-0.7
December 2008	-0.3	0.1	0.2	-0.6
September 2008.....	0.0	0.7	0.6	-0.4
June 2008	0.1	1.1	0.6	-0.1

(*) Companies' opinions regarding the direction and degree of the impact of each factor on future selling prices (high/average/low decrease or increase) 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:
Questionnaire

Company name _____

Instructions: For percentage changes, please indicate the sign in the first box on the left (+ for increases; - for decreases).

NUMBER OF EMPLOYEES: |_|_|_|_|_|_|_|_| Sector (1=manufacturing; 2=other industry; 3=trade; 4=other services) |_|_|

SECTION A - GENERAL ECONOMIC SITUATION IN ITALY

A1. In April consumer price inflation, measured by the annual change in the HARMONIZED INDEX OF CONSUMER PRICES, was 1.2 per cent in Italy and 0.6 per cent in the euro area. What do you think it will be in ITALY ...? ...in 12 months? |_|_|_|_|_|_|_|_|% ...in 24 months? |_|_|_|_|_|_|_|_|%

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

A3. What is the likelihood of an improvement in the economic situation in Italy in the next 3 months?

None From 1% to 25% From 26% to 50% From 51% and 75% From 76% to 99% 100%

SECTION B - BUSINESS CLIMATE FOR YOUR COMPANY

How you think the business climate for your company will be

B1. in the next 3 months? Better Unchanged Worse **B2.** in the next 3 years? Better Unchanged Worse

Please state whether and to what degree the following FACTORS will affect your company's business in the next 3 months.

Factors affecting business in the next 3 months	Effect on business			Degree (if negative or positive)		
	Negative	None	Positive	Low	Average	High
B3. The impact of changes in DEMAND on business will be...	1 _	2 _	3 _	1 _	2 _	3 _
B4. The impact of changes in YOUR PRICES on business will be ...	1 _	2 _	3 _	1 _	2 _	3 _
B5. The impact of changes in RAW MATERIAL PRICES on business will be ...	1 _	2 _	3 _	1 _	2 _	3 _
B6. The impact of changes in LABOUR COSTS on business will be ...	1 _	2 _	3 _	1 _	2 _	3 _
B7. The impact of developments in the AVAILABILITY AND COST OF CREDIT on business will be ...	1 _	2 _	3 _	1 _	2 _	3 _

B8. Compared with 3 months ago, is the investment climate...? Better Unchanged Worse

B9. Compared with 3 months ago, are credit conditions for your company now...? Better Unchanged Worse

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

B11. If your answer to B9 is 'Worse' and to B10 'Yes', was the credit you requested...?

Not granted - Granted but at worse conditions than usual (less credit than requested and/or higher cost) - Refused by you because the conditions were worse than usual

SECTION C - CHANGES IN YOUR COMPANY'S SELLING PRICES

C1. In the last 12 month, what has been the average change in the prices charged by your company? |_|_|_|_|_|_|_|_|%

C2. In the next 12 months, what do you expect will 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 selling prices in the next 12 months.

Factors affecting prices in the next 12 months	Effect on company's prices			Degree (if downward or upward)		
	Downward	Neutral	Upward	Low	Average	High
C3. The impact of developments in OVERALL DEMAND on your prices will be ...	1 _	2 _	3 _	1 _	2 _	3 _
C4. The impact of changes in RAW MATERIAL PRICES on your prices will be ...	1 _	2 _	3 _	1 _	2 _	3 _
C5. The impact of changes in LABOUR COSTS on your prices will be ...	1 _	2 _	3 _	1 _	2 _	3 _
C6. The impact of developments in the PRICING POLICIES OF MAIN COMPETITORS on your prices will be ...	1 _	2 _	3 _	1 _	2 _	3 _

SECTION D - WORKFORCE

D1. TOTAL number of employees over the next three months

Decrease No change Increase

1|_| 2|_| 3|_|

Do you expect to adjust labour input by any of the following means in the next 3 months?

Method

Degree (if used)

	Method		Degree (if used)		
	No	Yes	Low	Average	High
D2. FREEZE on hiring and labour turnover	1 _	2 _	1 _	2 _	3 _
D3. REDUCTION in work hours & shifts (inc. Wage Equalization)	1 _	2 _	1 _	2 _	3 _
D4. NON-RENEWAL of fixed-term contracts	1 _	2 _	1 _	2 _	3 _
D5. INCENTIVES to take early retirement	1 _	2 _	1 _	2 _	3 _
D6. LAY-OFFS, whether individual or collective	1 _	2 _	1 _	2 _	3 _

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.

SUPPLEMENTS TO THE STATISTICAL BULLETIN

Money and Banking (monthly)

The Financial Market (monthly)

The Public Finances, borrowing requirement and debt (monthly)

Balance of Payments and International Investment Position (monthly)

Financial Accounts (quarterly)

Payment System (half yearly)

Public Finance Statistics in the European Union (annual)

Local Government Debt (annual)

Household Wealth in Italy (annual)

Sample Surveys (irregular)

Methodological Notes (irregular)

All the supplements are available on the Bank of Italy's site (www.bancaditalia.it).

Requests for clarifications concerning data contained in this publication can be sent by e-mail to statistiche@bancaditalia.it

