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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 March 2011 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 Stefano Iezzi, Filippo Scoccianti and Raffaele Tartaglia Polcini. Stefania Coscarella helped with the editing and the tables.

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 21 March 2011. A total of 491 companies with 50 or more employees took part, 290 of which operate in industry and 201 in services (Table 1a). The response rate was 50.3 per cent (Table 2a).

The companies were asked to provide forecasts on both macroeconomic matters, such as the inflation rate and the general state of the productive economy in Italy, and on issues regarding their own activities. In some cases, the forward-looking opinions are accompanied by backward-looking assessments and, where possible, indications 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. The main findings

Inflation expectations in Italy and change in companies' selling prices

The expected rate of consumer price inflation shows a moderate increase with respect to the time horizon, standing at 2.2, 2.3 and 2.4 per cent respectively for the 6, 12 and 24-month horizons. Inflation expectations 6 and 12 months forward are higher by 0.3 points and those 24 months forward by 0.2 points than in December (Table 1 and Figure 3). The three projections are higher than the corresponding forecasts by professional analysts. In March the twelve-month increase in the harmonized index of consumer prices was 2.6 per cent,¹ 1.2 percentage points higher than expected in the survey twelve months ago.

Businesses reported that they had increased their selling prices by 1.2 per cent from a year earlier (Table 2), a larger upward revision than in the preceding surveys (in December the increase had been 0.9 per cent). The actual increase in list prices broadly confirmed the projections made by the same firms in March 2010. The increases were larger in industry than in services (2.2 and 0.7 per cent respectively).

For the next twelve months firms expect to raise their list prices by 1.8 per cent on average, with a sharper increase in the North-East. As in the previous survey, firms expect upward pressure on selling prices to come from raw materials and, to a lesser extent, labour costs, and downward pressure from competitors' pricing policies (Table 3).

Assessment of the general economic situation

After worsening in the previous survey, assessments of the current cyclical conditions improved somewhat in the first quarter of 2011, albeit in a context still marked by considerable uncertainty. The percentage of respondents that considered the general economic situation unchanged from the previous quarter declined, although it again constituted a strong majority (60.8

¹ Provisional figure released by Istat on 31 March 2011.

per cent, against 65.3 per cent in December; Table 4). Firms seeing improvement in the general economic situation and those indicating a worsening were virtually in balance, compared with a negative difference of 16.1 percentage points in the previous survey. The balance of assessments turned positive for firms in industry and companies based in the North, while it remains negative in the service sector and for firms based in the Centre and, especially, the South and Islands.

Uncertainty continues to prevail regarding the short-term outlook for the economy. The share of firms that reckoned there was at least a one-in-four chance that the economic situation would improve declined by slightly from December, falling by 2 percentage points to 16.6 per cent (Table 5); there was again a greater degree of optimism among companies with 1,000 or more workers.

Demand

Assessments of the evolution of demand in the last three months improved. The share of companies reporting no change in the demand for their products rose slightly, from 52.5 to 54.2 per cent, and that reporting expansion increased from 23.0 to 26.5 per cent, while the percentage indicating contraction fell from 24.5 to 19.3 per cent (Table 6). The balance between responses indicating expansion and contraction was strongly positive in industry and slightly negative in services; geographically, a strongly positive balance among firms located in the North contrasted with the negative balance in the South and Islands.

Assessments were again more positive among exporting firms, particularly those that get at least a third of their turnover from exports. The positive balance between firms seeing improvement in export demand and those seeing deterioration nearly doubled with respect to the December survey, rising from 14.8 to 27.0 percentage points (Table 7).

Assessment of firms' business conditions

The percentage of firms that expect their business conditions to remain unchanged in the next three months remains preponderant (close to 70 per cent; Table 8). The balance between the share of companies expecting improvement and those expecting a worsening, while remaining negative, almost vanished, falling from nearly 4 to 0.7 percentage points as a consequence of less unfavourable expectations among firms in the service sector, where it contracted from 18.4 to 7.4 percentage points.

Among the factors that will affect business conditions, the change in demand was expected to have a more positive impact than had been found in the previous survey, while expectations regarding the effects of raw materials prices and firms' selling prices worsened and the expected negative impact of the evolution of labour costs remained unchanged (Table 9).

Firms' three-year forecasts regarding their operating conditions continue to show some optimism. A wide majority expected improvement (64.7 per cent, up from 64.3 per cent in the previous survey), while the share of those projecting a worsening declined from 15.7 to 14.0 per cent (Table 10). Expectations of improvement were especially widespread in industry and among companies with 1,000 or more employees.

Conditions for investment

After worsening in December, assessments of the conditions for investment continue to reflect an environment of pronounced uncertainty. The percentage of firms discerning no change in investment conditions from the previous quarter declined from 72.1 per cent in September to 69.2 per cent (Table 11). The balance between firms reporting improvement and those judging the conditions for investment to be worse than in the previous quarter remained negative by 9

percentage points. The most unfavourable assessments came from firms based in the South and Islands.

Stocks of finished products

The percentage of industrial companies reporting that they had increased their stocks of finished products compared with the previous quarter rose from 16.9 per cent in December to 17.9 per cent (Table 12). The percentage reporting no change in their inventory levels, already a majority, turned upwards, increasing from 54.3 to 59.5 per cent.

A larger percentage of companies than in December judged the current level of stocks to be adequate (86.5 per cent, up from 85.3 per cent; Table 13).

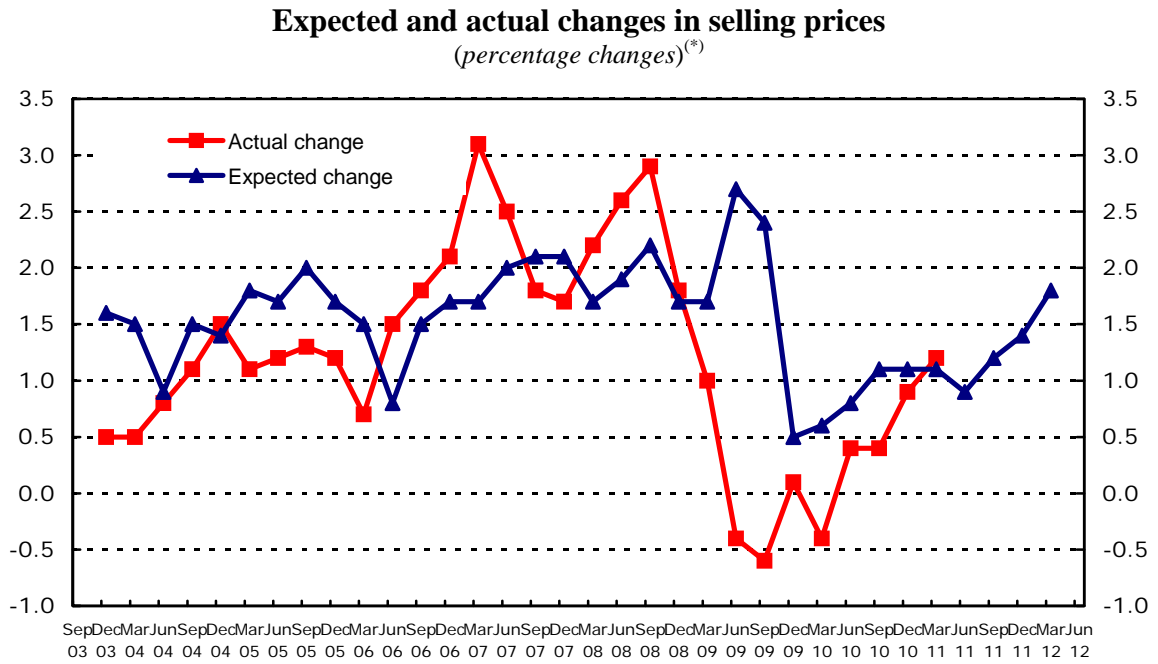
Conditions of access to credit

The proportion of firms reporting no change in their conditions of access to credit with respect to the previous quarter rose slightly to 82.7 per cent (Table 14). The negative balance between firms reporting a worsening and those indicating an improvement grew from 8.8 to 12.9 percentage points.

Employment

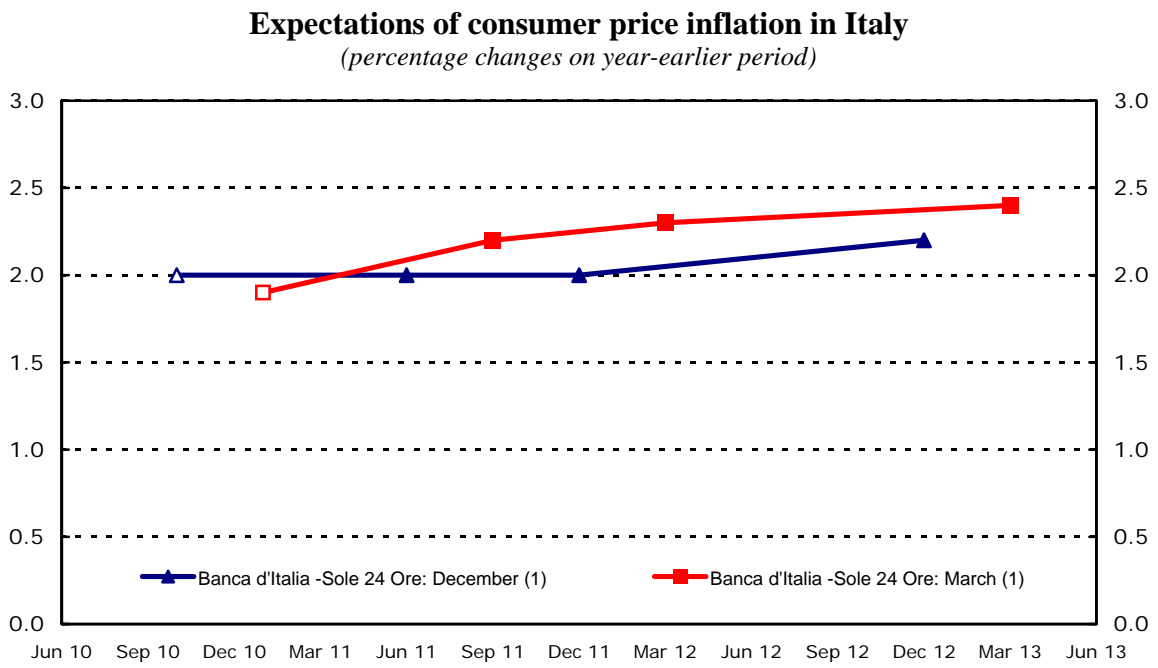
Short-term expectations for employment improved. After being in negative territory for nearly three years, the balance between firms expecting to reduce their workforce in the next three months and those planning to expand was nil (Table 15).

Figure 1



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

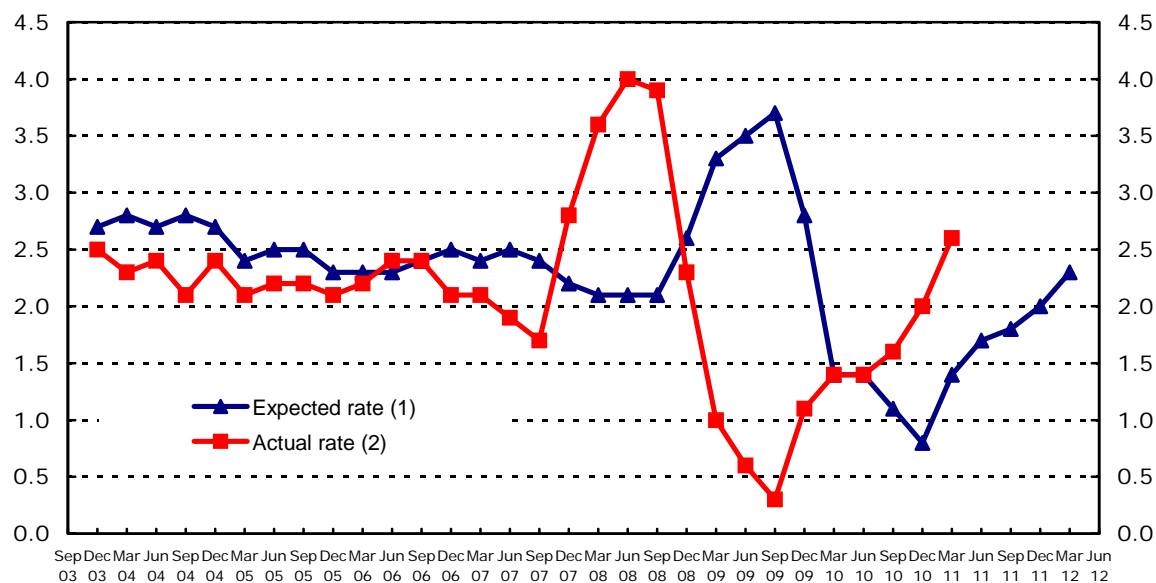
Figure 2



(1) The first point in each curve is the latest definitive inflation data 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 six months; the third point is the average of the interviewees' forecasts for the next twelve months; the fourth point is the average of the interviewees' forecasts for the next twenty-four months.

Figure 3

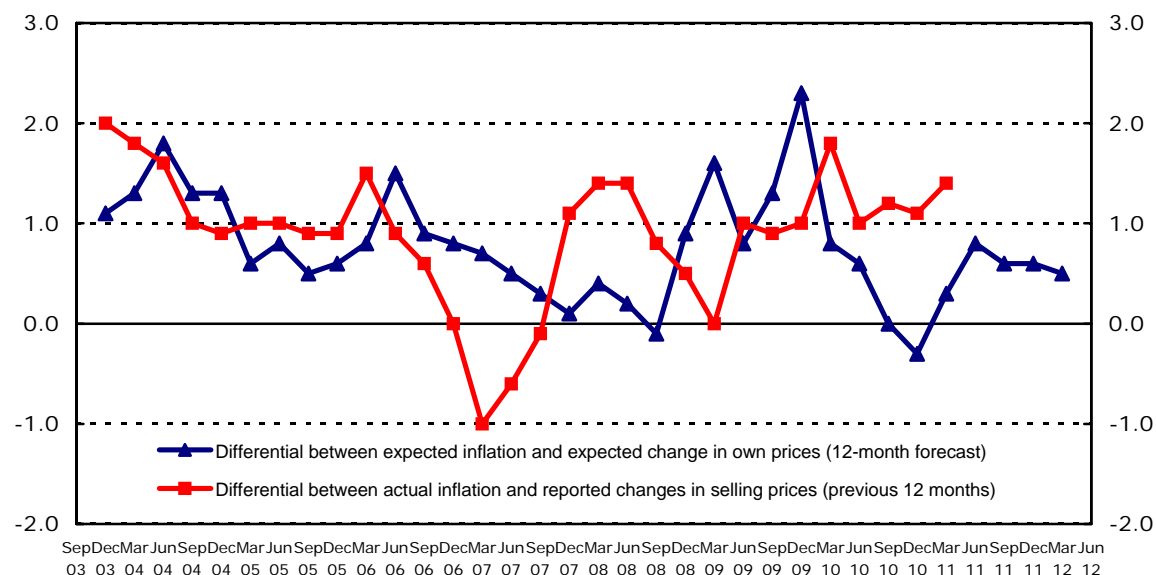
Expectations of consumer price inflation in Italy and actual rate
(percentages)



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

Figure 4

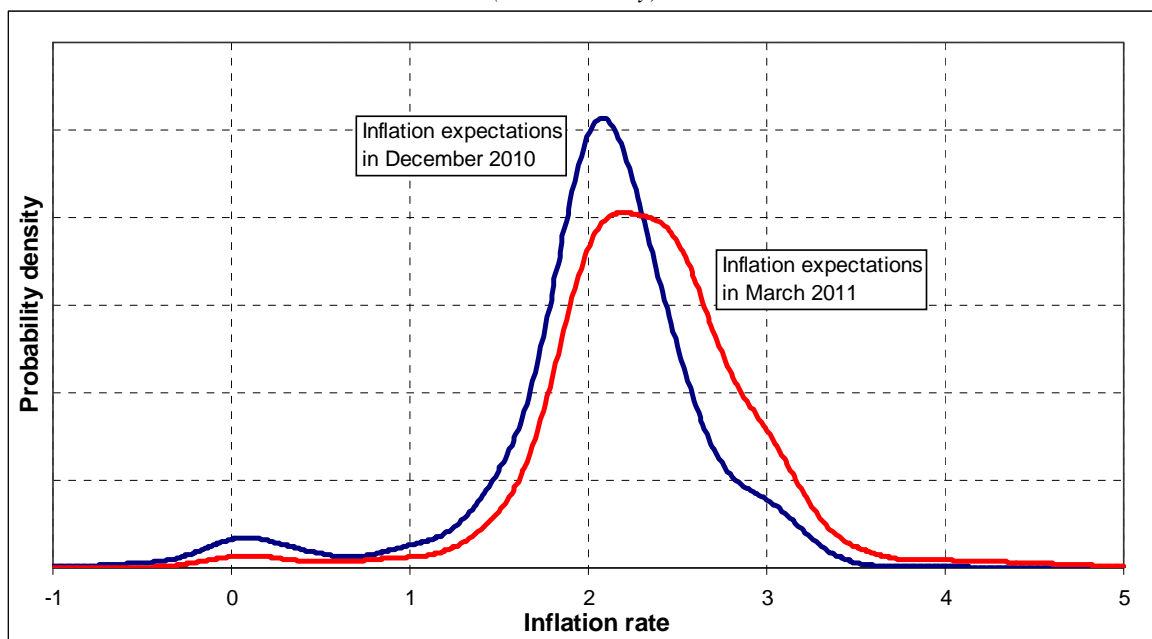
Differential between price changes reported by firms and the inflation rate: forecasts and outcomes
(percentage points)^(*)



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

Figure 5

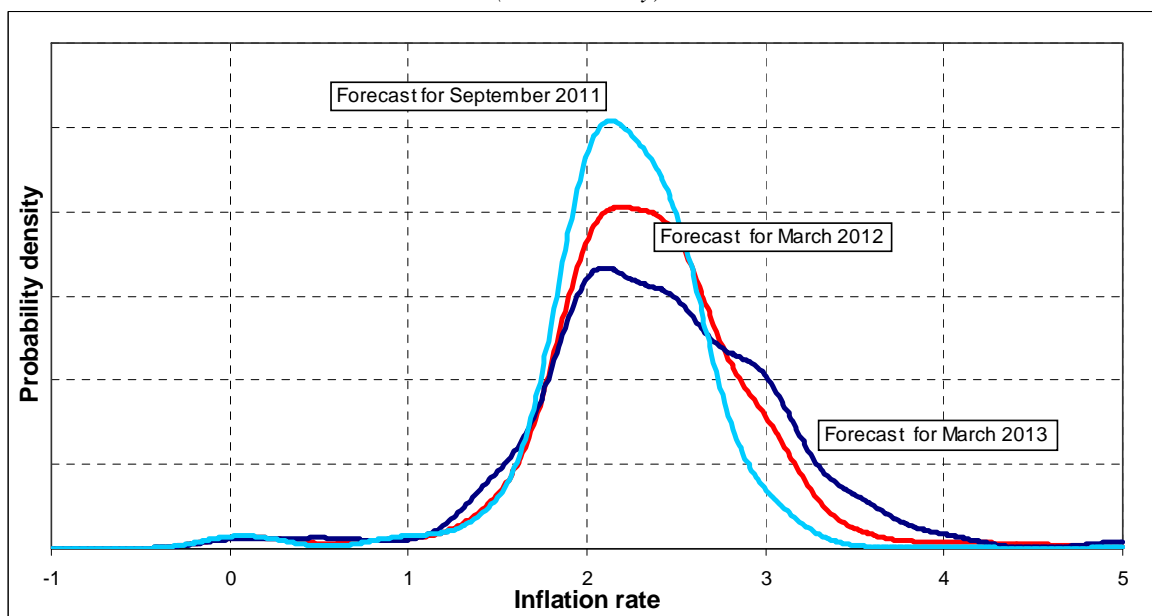
**Expectations of the inflation rate
over the next 12 months**
(kernel density)^(*)



(*) The estimates are obtained using a Gaussian kernel density with a bandwidth equal to 0.2. The red line indicates the forecast made in March. The blue line indicates the forecast made in December.

Figure 6

**Expectations of the inflation rate
over the next 6, 12 and 24 months**
(kernel density)^(*)



(*) The estimates are obtained using a Gaussian kernel density with a bandwidth equal to 0.2. The light blue line indicates the forecast over the next 6 months. The red line indicates the forecast over the next 12 months. The dark blue line indicates the forecast over the next 24 months.

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 estimates. 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.....	214	17,490	1.2
200-999.....	165	3,513	4.7
Over 999.....	112	500	22.4
Sector			
Industry.....	290	11,727	2.5
Services.....	201	9,776	2.1
Geographical area			
North-West.....	183	8,484	2.2
North-East.....	162	6,134	2.6
Centre.....	87	3,774	2.3
South and Islands.....	59	3,111	1.9
Total.....	491	21,503	2.3

(*) Istat (2007).

A2. Data collection and estimates

The survey data are collected by a specialist firm which distributes the questionnaire to company managers who are best 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.....	561	38.1	93.0
200-999.....	270	61.1	95.2
Over 999.....	145	77.2	96.4
Sector			
Industry.....	549	52.8	94.1
Services.....	427	47.1	95.0
Geographical area			
North-West.....	387	47.3	95.6
North-East.....	287	56.4	93.2
Centre.....	161	54.0	92.0
South and Islands.....	141	41.8	98.3
Total.....	976	50.3	94.5

(*) 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	Robust mean	Median	Non-response (percentages)
Consumer price inflation in Italy in the next 6 months.....	2.2	2.2	2.2	0.0
Consumer price inflation in Italy in the next 12 months.....	2.3	2.3	2.3	0.0
Consumer price inflation in Italy in the next 24 months.....	2.4	2.4	2.4	0.0
Change in own prices in the last 12 months.....	1.7	1.2	1.0	6.1
Change in own prices in the next 12 months.....	1.8	1.8	1.6	6.9

Table 4a

Standard errors
(percentages, scores)

Consumer price inflation in Italy in the next 6 months	0.03
Consumer price inflation in Italy in the next 12 months	0.03
Consumer price inflation in Italy in the next 24 months	0.04
Change in own prices in the last 12 months	0.55
Change in own prices in the last 12 months (robust).....	0.31
Change in own prices in the next 12 months.....	0.18
Change in own prices in the next 12 months (robust)	0.13
<u>Factors that will affect the firm's selling prices</u>	
Demand.....	0.05
Raw materials prices	0.07
Labour costs.....	0.05
Main competitors' pricing policies.....	0.06
<u>Factors that will influence the firm's business conditions</u>	
Demand	0.08
Selling prices.....	0.07
Raw materials prices	0.07
Labour costs.....	0.06
Availability and cost of credit.....	0.07

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Table 1

Consumer price inflation expectations in Italy
(percentage changes on the preceding twelve months)

	Consumer price inflation expectations...		
	...after 6 months	...after 12 months	...after 24 months
Number of employees			
50-199	2.2	2.3	2.4
200-999	2.2	2.3	2.4
Over 999	2.3	2.4	2.4
Sector			
Industry	2.2	2.3	2.4
Services.....	2.2	2.3	2.4
Geographical area			
North-West	2.2	2.3	2.4
North-East.....	2.2	2.4	2.4
Centre	2.1	2.2	2.4
South and Islands	2.3	2.4	2.5
Total	2.2	2.3	2.4
<i>Memorandum items:</i>			
December 2010	1.9	2.0	2.2
September 2010	1.8	2.0
June 2010.....	1.7	2.0
March 2010.....	1.4	1.8

Table 2

Change in companies' selling prices
(per cent)^(*)

	Rate of change in own prices ...	
	... in last 12 months	... in next 12 months
	Mean (robust) (**)	Mean (robust) (**)
Number of employees		
50-199.....	1.1	2.0
200-999.....	1.2	1.9
Over 999.....	1.3	1.7
Sector		
Industry.....	2.2	2.2
Services.....	0.7	1.6
Geographical area		
North-West.....	0.9	1.7
North-East.....	1.0	2.1
Centre.....	2.1	1.8
South and Islands.....	1.0	1.8
Total.....	1.2	1.8
<i>Memorandum items:</i>		
December 2010.....	0.9	1.4
September 2010.....	0.4	1.2
June 2010.....	0.4	0.9
March 2010.....	-0.4	1.1

(*) 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 3

Factors that will affect firms' 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	0.0	1.0	0.5	-0.4
200-999	0.0	1.0	0.4	-0.7
Over 999	-0.1	1.4	0.4	-0.2
Sector				
Industry	0.0	1.4	0.4	-0.3
Services	-0.1	1.1	0.5	-0.4
Geographical area				
North-West.....	0.1	1.1	0.5	-0.3
North-East.....	-0.6	1.4	0.4	-0.7
Centre.....	0.1	1.2	0.4	-0.1
South and Islands	0.0	0.9	0.3	-0.5
Total.....	0.0	1.2	0.4	-0.4
<i>Memorandum items:</i>				
December 2010	0.1	0.9	0.4	-0.5
September 2010.....	0.0	0.7	0.3	-0.6
June 2010	0.1	0.6	0.3	-0.6
March 2010.....	-0.1	0.5	0.4	-0.7

(*) Companies' opinions regarding the direction and magnitude of the impact of each factor on future selling prices (large/average/small decrease or increase) were scored on a scale of -3 to 3. A neutral position was assigned a score of 0. Companies' responses are weighted by the number of employees to account for the impact of size.

Table 4

Assessment of the general state of the economy
(percentages)

	Worse than in previous quarter	Unchanged from previous quarter	Better than in previous quarter	Total
Number of employees				
50-199	18.9	61.1	20.1	100.0
200-999	24.5	57.6	17.9	100.0
Over 999	12.2	69.9	17.9	100.0
Sector				
Industry	16.0	62.5	21.6	100.0
Services.....	23.9	58.7	17.4	100.0
Geographical area				
North-West.....	19.5	53.6	26.9	100.0
North-East.....	13.2	69.2	17.6	100.0
Centre.....	20.2	65.9	14.0	100.0
South and Islands	31.6	57.5	10.9	100.0
Total	19.6	60.8	19.7	100.0
<i>Memorandum items:</i>				
December 2010	25.4	65.3	9.3	100.0
September 2010	13.7	66.1	20.1	100.0
June 2010.....	23.4	60.9	15.6	100.0
March 2010.....	21.8	60.5	17.7	100.0

Table 5

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

(percentages)

	Nil	1-25%	26-50%	51-75%	76-100%	Total
Number of employees						
50-199	35.7	48.3	14.2	1.1	0.7	100.0
200-999	32.0	49.9	13.0	4.4	0.8	100.0
Over 999	13.9	60.0	18.0	6.5	1.5	100.0
Sector						
Industry	35.8	47.0	14.3	2.9	0.0	100.0
Services.....	33.0	51.2	13.7	0.5	1.6	100.0
Geographical area						
North-West	28.5	48.5	21.1	1.6	0.4	100.0
North-East.....	36.7	51.2	10.6	1.4	0.1	100.0
Centre	40.9	46.1	9.4	3.6	0.0	100.0
South and Islands	39.3	48.7	7.0	1.1	3.8	100.0
Exports' share of sales						
From Zero to 1/3.....	37.0	49.5	11.5	0.9	1.0	100.0
Between 1/3/ and 2/3	22.9	47.4	24.6	5.1	0.0	100.0
More than 2/3.....	36.1	47.9	13.8	2.0	0.1	100.0
Total	34.5	48.9	14.1	1.8	0.7	100.0
<i>Memorandum items:</i>						
December 2010	38.2	43.1	12.6	4.5	1.5	100.0
September 2010	29.9	49.8	13.2	5.6	1.5	100.0
June 2010.....	36.5	48.4	9.7	3.7	1.8	100.0
March 2010.....	33.3	50.4	10.4	4.9	0.9	100.0

Table 6

Trend in total demand for firm's product
(percentages)

	Decreased from previous quarter	Unchanged from previous quarter	Increased from previous quarter	Total
Number of employees				
50-199	19.9	53.2	26.9	100.0
200-999	18.0	56.4	25.7	100.0
Over 999	8.7	72.2	19.1	100.0
Sector				
Industry	13.4	56.0	30.6	100.0
Services.....	26.3	52.1	21.6	100.0
Geographical area				
North-West	21.6	48.7	29.7	100.0
North-East.....	14.1	53.1	32.8	100.0
Centre	21.8	54.4	23.8	100.0
South and Islands.....	20.4	71.0	8.6	100.0
Exports' share of sales				
From Zero to 1/3.....	24.0	56.3	19.7	100.0
Between 1/3 and 2/3	7.0	53.9	39.1	100.0
More than 2/3.....	11.4	45.0	43.6	100.0
Total	19.3	54.2	26.5	100.0
<i>Memorandum items:</i>				
December 2010	24.5	52.5	23.0	100.0
September 2010	16.6	57.9	25.6	100.0
June 2010.....	17.9	57.0	25.1	100.0
March 2010.....	25.0	51.5	23.6	100.0

Table 7

Foreign demand for the firm's products
(percentages) (*)

	Decreased from previous quarter	Unchanged from previous quarter	Increased from previous quarter	Total
Number of employees				
50-199	10.8	51.0	38.2	100.0
200-999	14.2	45.1	40.7	100.0
Over 999	13.9	55.5	30.6	100.0
Sector				
Industry	12.7	45.3	42.0	100.0
Services.....	6.7	68.1	25.2	100.0
Geographical area				
North-West	10.2	46.0	43.9	100.0
North-East.....	4.4	56.6	38.9	100.0
Centre	14.9	53.7	31.4	100.0
South and Islands	38.4	36.6	25.0	100.0
Total	11.5	50.0	38.5	100.0
<i>Memorandum items:</i>				
December 2010	19.1	46.9	33.9	100.0
September 2010	10.7	51.2	38.1	100.0
June 2010.....	12.9	48.9	38.2	100.0
March 2010.....	13.4	50.0	36.7	100.0

(*) For exporting firms only.

Table 8

Three-month forecast of the firm's business conditions
(percentages)

	Deterioration	No change	Improvement	Total
Number of employees				
50-199	15.1	69.8	15.1	100.0
200-999	20.7	65.1	14.2	100.0
Over 999	8.5	72.3	19.2	100.0
Sector				
Industry	14.2	67.0	18.9	100.0
Services.....	17.9	71.7	10.5	100.0
Geographical area				
North-West	12.7	69.0	18.3	100.0
North-East.....	13.3	74.5	12.2	100.0
Centre	19.7	69.6	10.6	100.0
South and Islands.....	24.8	57.9	17.3	100.0
Total	15.8	69.1	15.1	100.0
<i>Memorandum items:</i>				
December 2010	19.0	65.8	15.2	100.0
September 2010	14.5	71.6	13.9	100.0
June 2010.....	18.0	66.9	15.1	100.0
March 2010.....	17.2	66.4	16.4	100.0

Table 9

Factors which will affect the firm's business conditions
(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	0.6	0.1	-1.3	-0.6	-0.5
200-999	0.4	0.0	-1.1	-0.6	-0.5
Over 999	0.4	0.3	-0.8	-0.4	-0.3
Sector					
Industry	0.7	0.0	-1.6	-0.6	-0.5
Services.....	0.3	0.3	-0.8	-0.6	-0.4
Geographical area					
North-West	0.6	0.1	-1.2	-0.6	-0.3
North-East.....	0.5	0.1	-1.3	-0.7	-0.7
Centre	0.2	-0.1	-1.3	-0.9	-0.6
South and Islands.....	0.9	0.3	-1.0	-0.3	-0.4
Total	0.6	0.1	-1.2	-0.6	-0.5
<i>Memorandum items:</i>					
December 2010	0.3	0.2	-0.7	-0.6	-0.4
September 2010.....	0.6	0.1	-0.8	-0.8	-0.4
June 2010.....	0.4	0.0	-0.9	-0.7	-0.4
March 2010.....	0.4	0.1	-0.5	-0.6	-0.2

(*) Companies' opinions regarding the direction and magnitude of the expected impact of each factor on their own business conditions in the next three months (large/average/small decrease or increase) were scored on a scale of -3 to 3. A neutral position was assigned a score of 0.

Table 10

Three-year forecast of the firm's business conditions
(percentages)

	Deterioration	No change	Improvement	Total
Number of employees				
50-199	13.2	21.6	65.2	100.0
200-999	18.8	21.0	60.2	100.0
Over 999	9.5	13.1	77.4	100.0
Sector				
Industry	9.6	22.0	68.4	100.0
Services.....	19.5	20.3	60.1	100.0
Geographical area				
North-West	10.5	17.2	72.3	100.0
North-East.....	11.9	27.5	60.6	100.0
Centre	20.4	19.7	60.0	100.0
South and Islands.....	20.2	21.9	57.9	100.0
Total	14.0	21.3	64.7	100.0
<i>Memorandum items:</i>				
December 2010	15.7	20.0	64.3	100.0
September 2010	14.8	21.5	63.7	100.0
June 2010.....	14.4	22.0	63.6	100.0
March 2010.....	9.9	21.9	68.2	100.0

Table 11

Assessment of conditions for investment
(percentages)

	Worse than in previous quarter	Unchanged from previous quarter	Better than in previous quarter	Total
Number of employees				
50-199	20.4	69.0	10.6	100.0
200-999	18.3	69.1	12.6	100.0
Over 999	12.4	75.9	11.7	100.0
Sector				
Industry	18.5	69.9	11.6	100.0
Services.....	21.5	68.3	10.1	100.0
Geographical area				
North-West.....	17.8	66.0	16.2	100.0
North-East.....	19.0	75.8	5.2	100.0
Centre.....	19.2	72.6	8.2	100.0
South and Islands	28.1	61.1	10.8	100.0
Total	19.9	69.2	10.9	100.0
<i>Memorandum items:</i>				
December 2010	18.2	72.1	9.7	100.0
September 2010	11.9	73.9	14.2	100.0
June 2010	17.7	69.9	12.4	100.0
March 2010.....	15.6	70.6	13.8	100.0

Table 12

Change in stocks of finished products
(percentages)^(*)

	Decreasing from previous quarter	No change	Increasing from previous quarter	Total
Number of employees				
50-199	23.4	59.7	16.9	100.0
200-999	19.9	59.0	21.1	100.0
Over 999	17.9	54.4	27.8	100.0
Geographical area				
North-West	18.3	61.8	19.9	100.0
North-East.....	20.2	69.4	10.4	100.0
Centre	19.9	55.8	24.2	100.0
South and Islands.....	45.2	33.1	21.8	100.0
Exports' share of sales				
From Zero to 1/3.....	17.4	70.4	12.2	100.0
Between 1/3 and 2/3	24.8	54.3	20.9	100.0
More than 2/3.....	29.9	45.5	24.6	100.0
Total	22.7	59.5	17.9	100.0
<i>Memorandum items:</i>				
December 2010	28.8	54.3	16.9	100.0
September 2010.....	26.1	57.0	16.9	100.0
June 2010.....	25.2	54.0	20.9	100.0

(*) Question for industrial firms only.

Table 13

Current level of stocks of finished products
(percentages)^(*)

	Low	Adequate	High	Total
Number of employees				
50-199	6.2	87.4	6.4	100.0
200-999	5.8	82.1	12.1	100.0
Over 999	2.6	92.7	4.7	100.0
Geographical area				
North-West	5.4	87.8	6.8	100.0
North-East	9.4	88.0	2.7	100.0
Centre	0.0	82.8	17.2	100.0
South and Islands	8.0	83.6	8.3	100.0
Exports' share of sales				
From Zero to 1/3	4.1	89.0	6.9	100.0
Between 1/3 and 2/3	8.4	81.8	9.8	100.0
More than 2/3	7.1	87.2	5.7	100.0
Total	6.1	86.5	7.4	100.0
<i>Memorandum items:</i>				
December 2010	7.4	85.3	7.3	100.0
September 2010	6.3	85.1	8.6	100.0
June 2010	4.4	79.6	16.0	100.0
March 2010	4.7	82.5	12.8	100.0

(*) Question for industrial firms only.

Table 14

Assessment of credit conditions for firms
(percentages)

	Worse than in previous quarter	Unchanged from previous quarter	Better than in previous quarter	Total
Number of employees				
50-199	15.5	82.8	1.7	100.0
200-999	13.9	81.9	4.2	100.0
Over 999	8.8	87.3	3.9	100.0
Sector				
Industry	11.5	85.1	3.4	100.0
Services.....	19.4	79.9	0.7	100.0
Geographical area				
North-West.....	8.3	88.4	3.2	100.0
North-East.....	17.2	81.8	1.0	100.0
Centre.....	20.3	77.9	1.8	100.0
South and Islands	23.5	74.6	1.9	100.0
Total	15.1	82.7	2.2	100.0
<i>Memorandum items:</i>				
December 2010	13.9	81.0	5.1	100.0
September 2010	12.4	84.2	3.4	100.0
June 2010.....	15.1	80.0	4.9	100.0
March 2010.....	16.2	79.1	4.7	100.0

Table 15

Three-month forecast of workforce
(percentages)

	Decrease	No change	Increase	Total
Number of employees				
50-199	13.9	72.2	13.9	100.0
200-999	21.0	57.3	21.7	100.0
Over 999	18.7	65.3	15.9	100.0
Sector				
Industry	15.4	71.2	13.4	100.0
Services.....	15.0	67.5	17.4	100.0
Geographical area				
North-West	11.5	72.3	16.2	100.0
North-East.....	14.0	68.0	18.0	100.0
Centre	23.4	64.5	12.1	100.0
South and Islands.....	18.3	71.2	10.5	100.0
Total	15.2	69.6	15.2	100.0
<i>Memorandum items:</i>				
December 2010	21.7	65.4	12.9	100.0
September 2010	18.4	66.9	14.7	100.0
June 2010.....	23.3	65.2	11.4	100.0
March 2010.....	19.0	69.7	11.3	100.0

Appendix C:

The questionnaire

IL SOLE 24 ORE – BANCA D'ITALIA SURVEY ON INFLATION AND GROWTH EXPECTATIONS – MARCH 2011

Company name _____

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

Sector: _____ (1=Manufacturing; 2=Other industry; 3=Trade; 4=Other services)	EMPLOYEES: _____	Exports: <input type="checkbox"/> Yes, more than 2/3 <input type="checkbox"/> Yes, 1/3-2/3 <input type="checkbox"/> Yes, up to 1/3 of sales revenues <input type="checkbox"/> No
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SECTION A – GENERAL ECONOMIC SITUATION OF THE COUNTRY

A1. In January consumer price inflation, measured by the 12-month change in the HARMONIZED INDEX OF CONSUMER PRICES, was 1.9 per cent in Italy and 2.3 per cent in the euro area. What do you think it will be in Italy...
 ...in Sep. 2011? ...in March 2012? ...in March 2013?
 _____% _____% _____%

A2. Compared with 3 months ago, do you consider Italy's general economic situation is ...? Better The same Worse

A3. What do you think is the probability of an improvement in Italy's general economic situation in the next 3 months?

Zero 1-25 per cent 26-50 per cent 51-75 per cent 76-99 per cent 100 per cent

SECTION B – YOUR FIRM'S BUSINESS CONDITIONS

How do you think business conditions for your company will be:

B1. in the next 3 months? Much better Better The same Worse Much worse

B2. in the next 3 years? Much better Better The same Worse Much worse

Please indicate whether and with what intensity the following FACTORS will affect your firm's business in the next 3 months.

Factors affecting your firm's business In the next 3 months	Effect on business			Intensity (if not nil)		
	Negative	Nil	Positive	Low	Average	High
B3. The effect of changes in DEMAND will be ...	1 _	2 _	3 _	1 _	2 _	3 _
B4. The effect of changes in YOUR PRICES will be ...	1 _	2 _	3 _	1 _	2 _	3 _
B5. The effect of changes in RAW MATERIALS PRICES will be ...	1 _	2 _	3 _	1 _	2 _	3 _
B6. The effect of changes in LABOUR COSTS will be ...	1 _	2 _	3 _	1 _	2 _	3 _
B7. The effect of developments in the AVAILABILITY and the COST OF CREDIT will be ...	1 _	2 _	3 _	1 _	2 _	3 _

B8. Compared with 3 month ago, do you think conditions for investment are ... ? Better The same Worse

B9. Compared with three months ago, is the total demand for your products ... ? Higher Unchanged Lower

B10. Compared with three months ago, is the foreign demand for your products ... ? Higher Unchanged Lower

B11. Compared with three months ago, are credit conditions for your company ...? Better Unchanged Worse

B12. Compared with 3 months ago, are your stocks of finished products ... ?

Much lower Lower Unchanged Higher Much higher

B13. In view of the current and expected demand for your products in the coming months, do you consider your stocks of finished products are currently ... ? Very low Low Adequate High Very high

SECTION C – CHANGES IN YOUR FIRM'S SELLING PRICES

C1. In the last 12 months, what has been the average change in your firm's prices? _____%

C2. For the next 12 months, what do you expect will be the average change in your firm's prices? _____%

Please indicate in what direction and with what intensity the following FACTORS will affect your firm's selling prices in the next 12 months:

Factors affecting your firm's prices in the next 12 months	Effect on firm's selling prices			Intensity (if not nil)		
	Downward	Neutral	Upward	Low	Average	High
C3. The effect of changes in TOTAL DEMAND will be ...	1 _	2 _	3 _	1 _	2 _	3 _
C4. The effect of changes in RAW MATERIALS PRICES will be ...	1 _	2 _	3 _	1 _	2 _	3 _
C5. The effect of changes in LABOUR COSTS will be ...	1 _	2 _	3 _	1 _	2 _	3 _
C6. The effect of the PRICING POLICIES of your firm's main competitors will be ...	1 _	2 _	3 _	1 _	2 _	3 _

SECTION D – WORKFORCE

D1. Your firm's TOTAL NUMBER of employees in the next 3 months will be:

Lower	Unchanged	Higher
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

