



BANCA D'ITALIA
EUROSISTEMA

Supplements to the Statistical Bulletin

Sample Surveys

Survey on Inflation and Growth Expectations

December 2011

New series

Year XXII - 9 January 2012

Number

1

CONTENTS

	page
1. Introduction	5
2. The main findings	5
Appendix A: Methodological Notes	11
Appendix B: Statistical Tables	17
Appendix C: Questionnaire.....	35

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 December 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 Giuseppe Ilardi, Sergio Santoro 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 latest Banca d'Italia – Il Sole 24 Ore quarterly survey on inflation and growth expectations were carried out between 1 and 20 December 2011. A total of 698 companies with 50 or more employees took part, 366 of which operate in industry and 332 in services (Table 1a). The response rate was 40.3 per cent (Table 2a).

The companies were asked to provide forecasts both on 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 A, B and C 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 rates of consumer price inflation show an increase of 0.8 percentage points compared with the September survey for all the time horizons considered, to 3.3 per cent for the 6-month horizon and to 3.4 per cent for the 1- and 2-year horizons (Table 1 and Figure 1). The projections are higher than the corresponding forecasts by professional analysts, especially for the longer time horizons. In December the twelve-month increase in consumer prices was 3.7 per cent,¹ 1.7 percentage points higher than expected in the December 2010 survey (Figure 2).

Businesses reported that they had raised their selling prices by 2.1 per cent from a year earlier (Table 2 and Figure 3), half a point more than reported in the September survey. The increase was larger than firms had expected for the following twelve months in December 2010 (1.4 per cent). The largest upward movements were among firms operating in services (2.2 per cent) and those located in the Centre (3.0 per cent).

For the next twelve months firms expect to raise their selling prices by 1.7 per cent, more or less in line with the September forecast of 1.6 per cent. Among the factors that will influence selling prices there is a slight reduction in the contribution of raw material prices and labour costs, while greater importance is attached to the shift in demand in curbing the upward pressure on prices (Table 3).

Assessments of the general economic situation

About three quarters of the sample firms reported a worsening in the general economic situation towards the end of 2011, while once again fewer than 2 per cent reported an improvement (Table 4). The negative balance between the two rose to 74 percentage points, following an already sharp increase to 62.2 points in the September survey, compared with 13.7 points in June. The proportion of firms reporting a worsening in the general economic situation was slightly smaller in the Centre and among large firms.

Again, more than half the firms surveyed saw zero probability of an improvement in the general economic situation in the next three months (Table 5). Such pessimism was also found among exporting firms.

¹ Provisional figure published by Istat on 4 January 2012.

Demand

Firms' assessments of the demand for their products in the last three months were less favourable for the third consecutive quarter: the balance between expectations of a decrease and an increase rose from 22.2 percentage points in the September survey to 34.3 points (Table 6). The deterioration was less pronounced for firms who obtain at least a third of their turnover from exports.

By contrast, assessments of export demand improved: the balance between exporting firms reporting an increase in the demand for their products on foreign markets and those reporting a decrease turned positive, swinging from -4.1 percentage points in the September survey to +3.1 points (Table 7). There was also an improvement in exporting firms' expectations for the next three months: the proportion of those expecting an increase in foreign demand for their products rose from 21.6 to 28.2 per cent, while the proportion of those expecting a decrease fell from 18 to 15.1 per cent (Table 8).

Assessments of firms' business conditions

About half of the firms expect a deterioration in business conditions in the next three months, compared with 38.1 per cent in the September survey, while the proportion of firms expecting an improvement rose from 3.8 to 5.2 per cent (Table 9). Among the factors expected to influence business conditions in the next three months the contribution of the change in demand turned negative, while that, already negative, of credit conditions increased in absolute value (Table 10).

Although the majority of firms continued to expect an improvement in business conditions over the next three years, the proportion fell from 49.8 in September to 48.4 per cent (Table 11). By contrast, 29.6 per cent of the firms surveyed expected business conditions to worsen, against 25.6 per cent in September.

Conditions for investment

About two thirds of the sample firms reported a worsening in investment conditions, compared with 50 per cent in the September survey. The negative balance between firms expecting an improvement and those expecting a deterioration widened from -44.2 to -60.0 percentage points (Table 12). The gap was particularly large among firms in the North.

Conditions of liquidity and access to credit

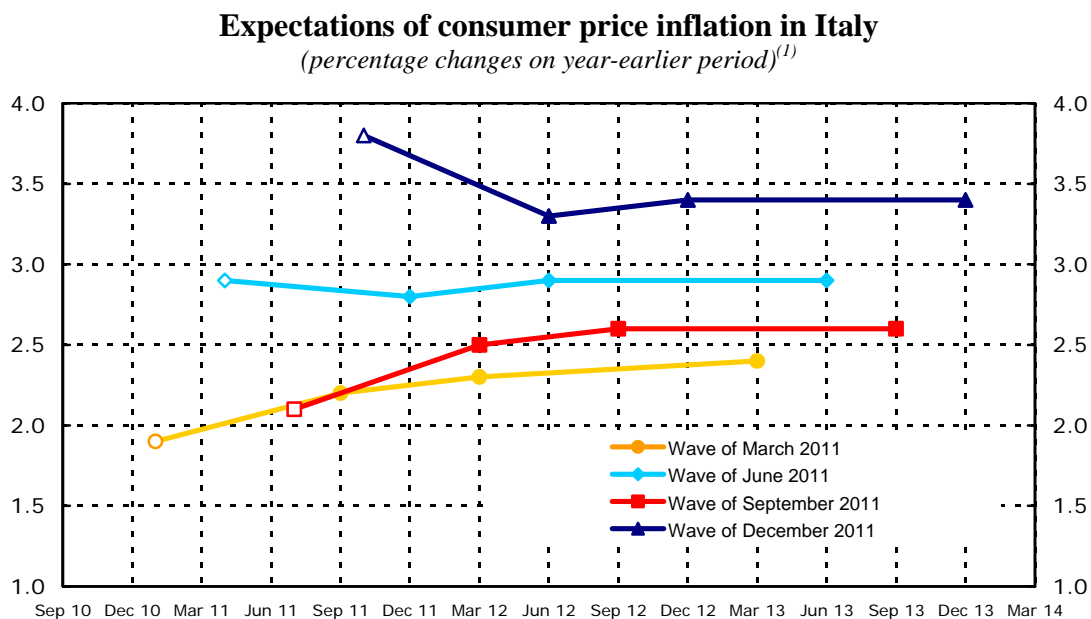
In the December survey the sample firms were asked to predict what their liquidity situation would be in the next three months, given the expected change in their conditions of access to credit. About a third (31.1 per cent) considered that it would be inadequate, while 55.8 per cent expect it to be barely sufficient (Table 13).

About half the sample firms (49.7 per cent) reported that their conditions of access to credit had deteriorated in the last three months, compared with 28.6 per cent in the September survey (Table 14); only 2.0 per cent of firms reported that conditions had improved, against the previous figure of 3.4 per cent.

Employment

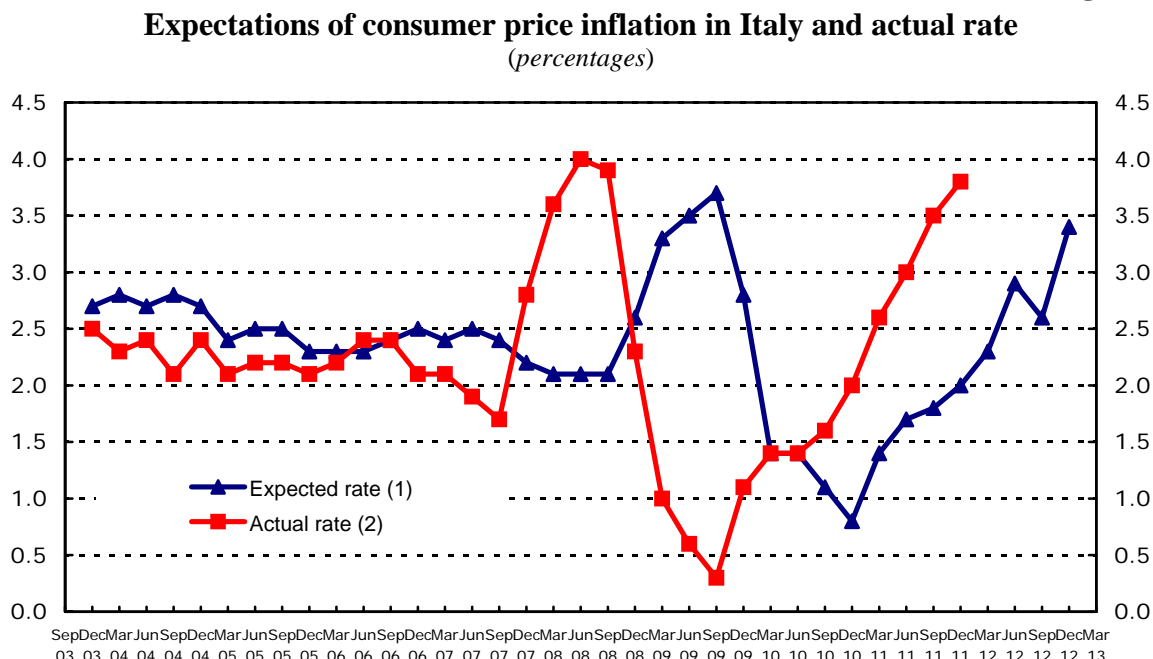
Around two thirds of firms again expected their employment to remain unchanged in the next three months, rising to 67.0 per cent from 64.5 per cent in the September survey (Table 15). The negative balance between expectations of an increase and a decrease widened further from -9.9 to -16.9 points.

Figure 1



(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.

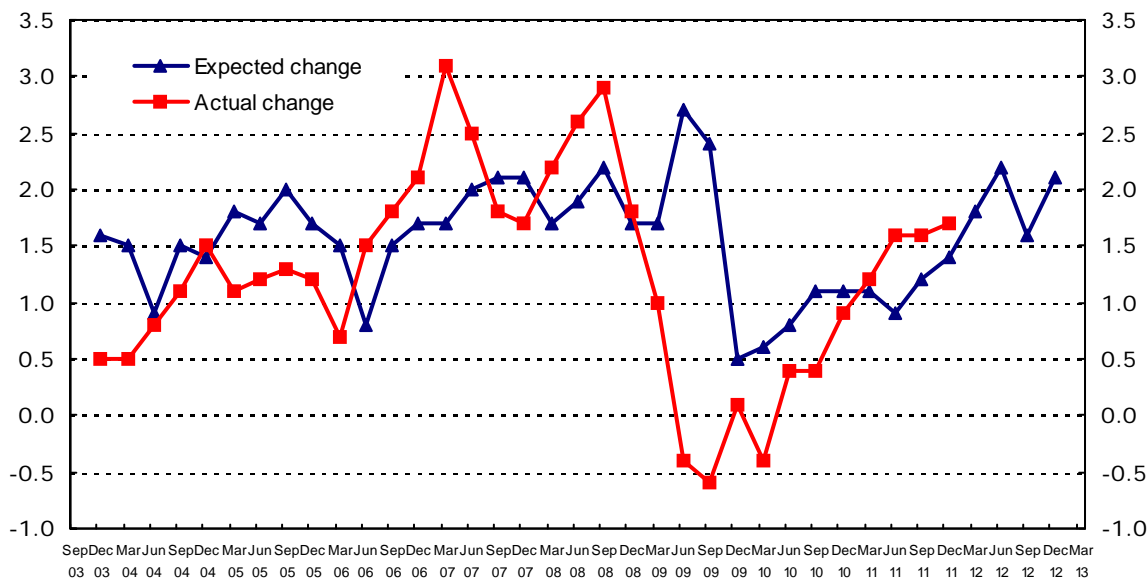
Figure 2



(1) Expectations on consumer price inflation reported by companies 12 months before the reference time.
 (2) Actual Harmonized Index of Consumer Prices (HICP).

Figure 3

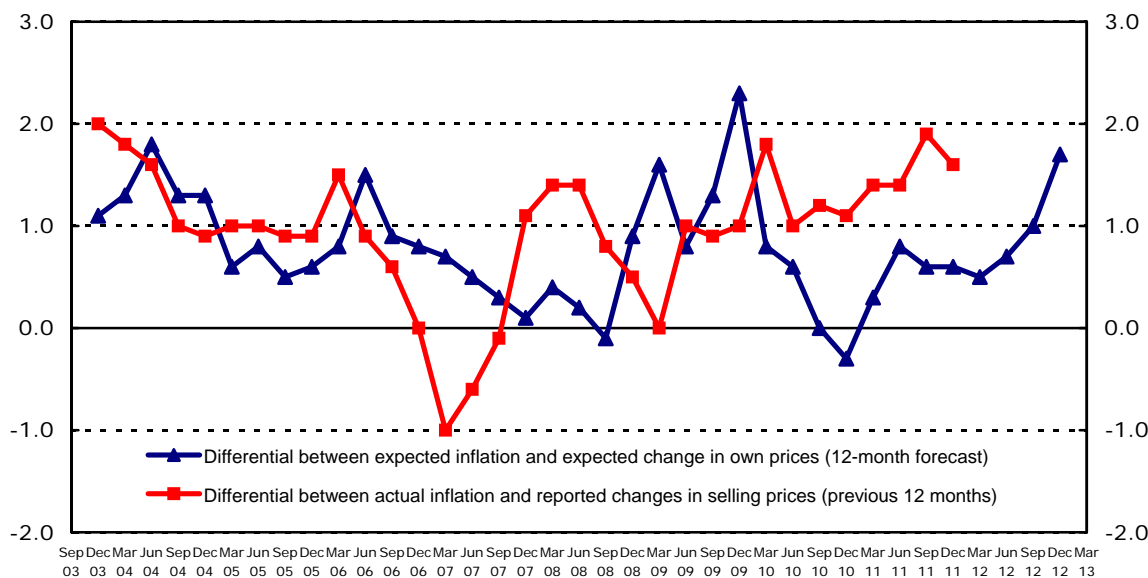
Expected and actual changes in selling prices
(percentage changes)^(*)



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

Figure 4

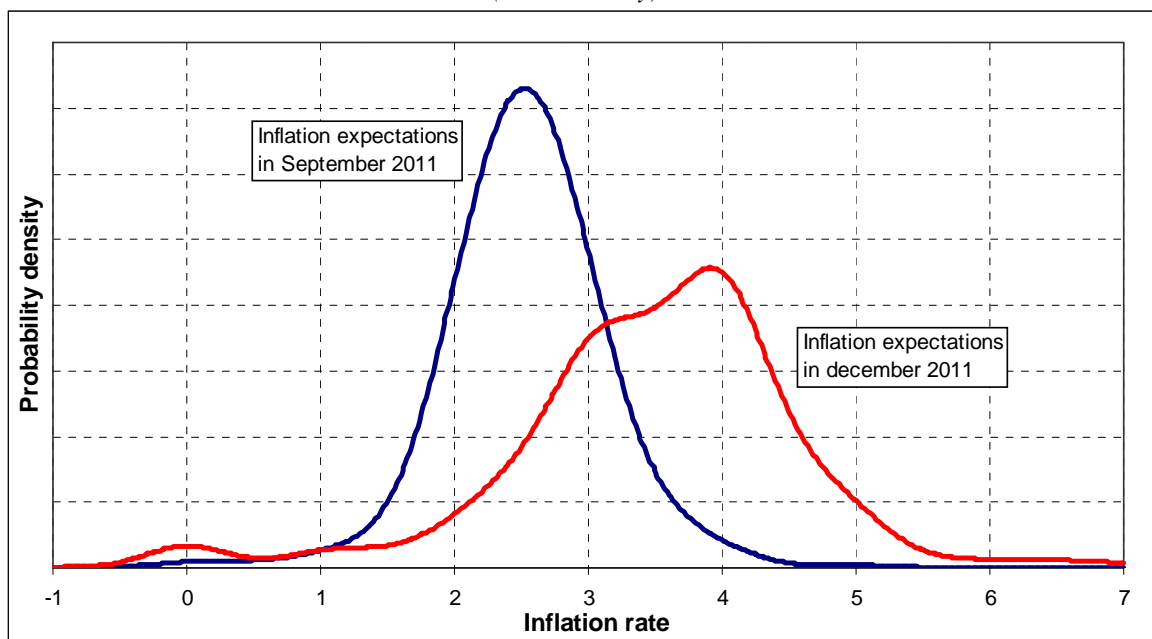
Differential between price changes reported by firms and the inflation rate: forecasts and outcomes
(percentage points)^(*)



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

Figure 5

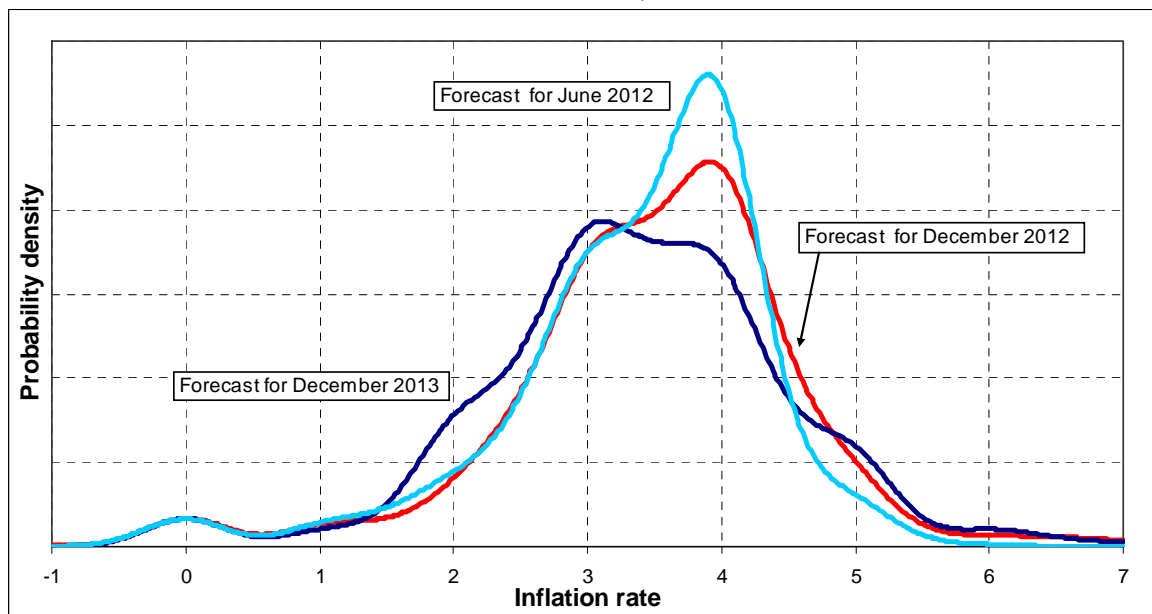
**Expectations of the inflation rate
over the next 12 months**
(kernel density)^(*)



(*) The estimates are obtained using a Gaussian kernel density with a bandwidth equal to 0.2. The red line indicates the forecast made in September 2011. The blue line indicates the forecast made in June 2011.

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.....	352	17,528	2.0
200-999.....	228	3,622	6.3
Over 999.....	118	540	21.9
Sector			
Industry.....	366	11,427	3.2
Services.....	332	10,263	3.2
Geographical area			
North-West.....	198	8,500	2.3
North-East.....	198	6,108	3.2
Centre.....	143	3,844	3.7
South and Islands.....	159	3,238	4.9
Total.....	698	21,690	3.2

(*) Istat (2009).

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.....	869	40.5	91.8
200-999.....	641	35.6	93.9
Over 999.....	221	53.4	94.9
Sector			
Industry.....	864	42.4	94.0
Services.....	867	38.3	91.9
Geographical area			
North-West.....	476	41.6	94.9
North-East.....	470	42.1	93.4
Centre.....	350	40.9	90.9
South and Islands.....	435	36.6	91.8
Total.....	1,731	40.3	93.0

(*) 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 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.....	3.3	3.4	3.5	0.0
Consumer price inflation in Italy in the next 12 months.....	3.4	3.5	3.5	0.0
Consumer price inflation in Italy in the next 24 months.....	3.4	3.4	3.5	0.0
Change in own prices in the last 12 months.....	2.1	2.1	1.9	5.2
Change in own prices in the next 12 months.....	1.8	1.7	1.6	6.0

Table 4a

Standard errors
(percentages, scores)

Consumer price inflation in Italy in the next 6 months	0.06
Consumer price inflation in Italy in the next 12 months	0.06
Consumer price inflation in Italy in the next 24 months	0.07
Change in own prices in the last 12 months	0.25
Change in own prices in the last 12 months (robust).....	0.21
Change in own prices in the next 12 months.....	0.17
Change in own prices in the next 12 months (robust)	0.14
<u>Factors that will affect the firm's selling prices</u>	
Demand.....	0.05
Raw materials prices	0.06
Labour costs.....	0.05
Main competitors' pricing policies.....	0.05
<u>Factors that will influence the firm's business conditions</u>	
Demand	0.08
Selling prices.....	0.06
Raw materials prices	0.06
Labour costs.....	0.06
Availability and cost of credit.....	0.07

Appendix B:
Statistical Tables

LIST OF TABLES

		page
Table 1	Consumer price inflation expectations in Italy	19
Table 2	Change in companies' selling prices.....	20
Table 3	Factors that will affect firms' selling prices.....	21
Table 4	Assessment of the general state of the economy with respect to previous quarter	22
Table 5	Likelihood of an improvement in the general economic situation in the next three months.....	23
Table 6	Trend in total demand for firm's product with respect to previous quarter	24
Table 7	Foreign demand for the firm's products with respect to previous quarter	25
Table 8	Three-month forecast of the foreign demand for the firm's products.....	26
Table 9	Three-month forecast of the firm's business conditions	27
Table 10	Factors which will affect the firm's business conditions	28
Table 11	Three-year forecast of the firm's business conditions	29
Table 12	Assessment of conditions for investment with respect to previous quarter	30
Table 13	Overall liquidity position in the next three months.....	31
Table 14	Assessment of credit conditions for firms with respect to previous quarter	32
Table 15	Three-month forecast of workforce	33

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	3.3	3.5	3.4
200-999	3.4	3.4	3.3
Over 999	3.2	3.2	3.1
Sector			
Industry	3.4	3.5	3.5
Services.....	3.2	3.3	3.2
Geographical area			
North-West	3.3	3.4	3.3
North-East.....	3.4	3.5	3.5
Centre	3.2	3.3	3.2
South and Islands	3.5	3.7	3.6
Total	3.3	3.4	3.4
<i>Memorandum items:</i>			
September 2011	2.5	2.6	2.6
June 2011	2.8	2.9	2.9
March 2011	2.2	2.3	2.4
December 2010	1.9	2.0	2.2

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.....	1.3	1.5
200-999.....	2.0	1.8
Over 999	2.6	1.8
Sector		
Industry.....	1.9	1.7
Services.....	2.2	1.7
Geographical area		
North-West	2.1	2.1
North-East.....	1.6	1.3
Centre	3.0	1.6
South and Islands.....	1.3	1.6
Total	2.1	1.7
<i>Memorandum items:</i>		
September 2011	1.6	1.6
June 2011	1.6	2.2
March 2011	1.2	1.8
December 2010	0.9	1.4

(*) 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	-0.3	0.6	0.5	-0.6
200-999	-0.4	0.6	0.5	-0.5
Over 999	-0.1	0.3	0.3	-0.4
Sector				
Industry	-0.3	0.7	0.3	-0.4
Services	-0.2	0.3	0.5	-0.6
Geographical area				
North-West.....	0.0	0.8	0.5	-0.3
North-East.....	-0.5	0.2	0.5	-0.8
Centre.....	-0.1	0.5	0.2	-0.4
South and Islands	-0.4	0.6	0.4	-0.6
Total.....	-0.2	0.5	0.4	-0.5
<i>Memorandum items:</i>				
September 2011	0.0	0.8	0.5	-0.7
June 2011	0.1	0.9	0.4	-0.4
March 2011	0.0	1.2	0.4	-0.4
December 2010	0.1	0.9	0.4	-0.5

(*) 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
with respect to previous quarter**
(percentages)

	Worse	Unchanged	Better	Total
Number of employees				
50-199	76.1	22.2	1.6	100.0
200-999	75.5	21.5	3.0	100.0
Over 999	70.1	27.3	2.6	100.0
Sector				
Industry	75.1	24.2	0.7	100.0
Services	76.7	20.0	3.3	100.0
Geographical area				
North-West.....	76.9	21.5	1.5	100.0
North-East.....	79.0	19.1	1.9	100.0
Centre.....	67.1	30.6	2.3	100.0
South and Islands	77.3	20.3	2.4	100.0
Total	75.9	22.2	1.9	100.0
<i>Memorandum items:</i>				
September 2011	63.3	35.6	1.1	100.0
June 2011	26.0	61.8	12.3	100.0
March 2011	19.6	60.8	19.7	100.0
December 2010	25.4	65.3	9.3	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	54.2	34.2	7.6	4.1	0.0	100.0
200-999	45.1	39.5	11.0	4.2	0.2	100.0
Over 999	46.3	38.0	8.8	6.9	0.0	100.0
Sector						
Industry	51.4	36.7	7.3	4.5	0.1	100.0
Services.....	53.6	33.4	9.2	3.8	0.0	100.0
Geographical area						
North-West	44.7	37.2	9.3	8.8	0.0	100.0
North-East.....	60.7	32.7	5.0	1.6	0.0	100.0
Centre	51.7	36.7	11.5	0.0	0.0	100.0
South and Islands	58.3	32.6	7.1	1.8	0.3	100.0
Exports' share of sales						
From Zero to 1/3.....	54.3	34.2	7.4	4.1	0.0	100.0
Between 1/3/ and 2/3	43.3	43.5	10.7	2.3	0.2	100.0
More than 2/3.....	56.3	28.1	8.4	7.2	0.0	100.0
Total	52.4	35.2	8.2	4.2	0.0	100.0
<i>Memorandum items:</i>						
September 2011	53.8	35.6	8.6	2.0	0.0	100.0
June 2011	41.8	41.7	13.2	2.8	0.5	100.0
March 2011	34.5	48.9	14.1	1.8	0.7	100.0
December 2010	38.2	43.1	12.6	4.5	1.5	100.0

Table 6

**Trend in total demand for firm's product
with respect to previous quarter**
(percentages)

	Decreased	Unchanged	Increased	Total
Number of employees				
50-199	42.7	49.1	8.3	100.0
200-999	42.8	48.5	8.7	100.0
Over 999	42.4	44.8	12.8	100.0
Sector				
Industry	41.2	49.6	9.1	100.0
Services.....	44.4	48.0	7.7	100.0
Geographical area				
North-West	46.3	45.4	8.3	100.0
North-East.....	37.5	52.6	9.9	100.0
Centre	42.9	49.6	7.5	100.0
South and Islands.....	42.7	49.9	7.4	100.0
Exports' share of sales				
From Zero to 1/3.....	46.0	45.7	8.3	100.0
Between 1/3 and 2/3	32.4	56.8	10.8	100.0
More than 2/3.....	42.1	51.9	6.0	100.0
Total	42.7	48.8	8.4	100.0
<i>Memorandum items:</i>				
September 2011	32.4	57.4	10.2	100.0
June 2011	21.5	53.9	24.6	100.0
March 2011	19.3	54.2	26.5	100.0
December 2010	24.5	52.5	23.0	100.0

Table 7

**Foreign demand for the firm's products
with respect to previous quarter**
(percentages)^(*)

	Decreased	Unchanged	Increased	Total
Number of employees				
50-199	23.1	50.5	26.4	100.0
200-999	20.2	57.2	22.6	100.0
Over 999	29.4	41.0	29.7	100.0
Sector				
Industry	23.6	48.6	27.8	100.0
Services.....	19.0	63.4	17.6	100.0
Geographical area				
North-West	19.1	55.0	25.9	100.0
North-East.....	21.0	50.2	28.8	100.0
Centre	29.2	48.5	22.3	100.0
South and Islands.....	30.8	46.6	22.6	100.0
Total	22.7	51.5	25.8	100.0
<i>Memorandum items:</i>				
September 2011	24.2	55.7	20.1	100.0
June 2011	16.4	44.4	39.2	100.0
March 2011	11.5	50.0	38.5	100.0
December 2010	19.1	46.9	33.9	100.0

(*) For exporting firms only.

Table 8

Three-month forecast of the foreign demand for the firm's products
(percentages)^(*)

	Decrease	No change	Increase	Total
Number of employees				
50-199	15.2	56.3	28.5	100.0
200-999	14.6	58.0	27.5	100.0
Over 999	17.1	59.1	23.8	100.0
Sector				
Industry	14.6	57.1	28.3	100.0
Services.....	17.5	54.6	27.9	100.0
Geographical area				
North-West	14.0	58.5	27.5	100.0
North-East.....	17.8	56.2	26.0	100.0
Centre	13.9	54.4	31.7	100.0
South and Islands	14.1	53.8	32.1	100.0
Total	15.1	56.6	28.2	100.0
<i>Memorandum items:</i>				
September 2011	18.0	60.4	21.6	100.0
June 2011	5.6	59.4	35.0	100.0

(*) For exporting firms only.

Table 9

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

	Deterioration	No change	Improvement	Total
Number of employees				
50-199	49.7	45.1	5.2	100.0
200-999	52.4	43.1	4.6	100.0
Over 999	46.7	43.8	9.5	100.0
Sector				
Industry	43.6	51.7	4.7	100.0
Services.....	57.3	36.9	5.8	100.0
Geographical area				
North-West	49.8	45.7	4.5	100.0
North-East.....	54.2	41.9	3.8	100.0
Centre	46.2	45.3	8.4	100.0
South and Islands.....	47.4	46.7	5.9	100.0
Total	50.0	44.8	5.2	100.0
<i>Memorandum items:</i>				
September 2011	38.1	58.1	3.8	100.0
June 2011	18.4	65.9	15.7	100.0
March 2011	15.8	69.1	15.1	100.0
December 2010	19.0	65.8	15.2	100.0

Table 10

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	-0.3	-0.1	-0.9	-0.9	-1.1
200-999	-0.8	-0.3	-0.9	-0.8	-1.1
Over 999	-0.4	-0.1	-0.9	-0.6	-1.2
Sector					
Industry	-0.4	-0.3	-0.9	-0.8	-1.1
Services.....	-0.5	0.0	-0.9	-1.0	-1.1
Geographical area					
North-West	-0.4	-0.2	-0.9	-0.9	-1.1
North-East.....	-0.5	-0.2	-0.9	-0.9	-1.2
Centre	-0.3	-0.2	-1.1	-1.1	-1.3
South and Islands.....	-0.4	0.0	-0.8	-0.9	-1.0
Total	-0.4	-0.1	-0.9	-0.9	-1.1
<i>Memorandum items:</i>					
September 2011	0.0	-0.1	-1.0	-0.7	-0.7
June 2011	0.4	0.0	-1.0	-0.8	-0.5
March 2011	0.6	0.1	-1.2	-0.6	-0.5
December 2010	0.3	0.2	-0.7	-0.6	-0.4

(*) 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 11

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

	Deterioration	No change	Improvement	Total
Number of employees				
50-199	30.1	21.9	48.0	100.0
200-999	28.8	21.7	49.4	100.0
Over 999	18.8	26.9	54.3	100.0
Sector				
Industry	23.1	20.7	56.1	100.0
Services.....	36.8	23.5	39.7	100.0
Geographical area				
North-West	29.2	17.5	53.3	100.0
North-East.....	30.6	24.6	44.9	100.0
Centre	32.2	20.3	47.5	100.0
South and Islands.....	25.7	31.2	43.1	100.0
Total	29.6	22.0	48.4	100.0
<i>Memorandum items:</i>				
September 2011	25.6	24.6	49.8	100.0
June 2011	17.9	21.9	60.1	100.0
March 2011	14.0	21.3	64.7	100.0
December 2010	15.7	20.0	64.3	100.0

Table 12

**Assessment of conditions for investment
with respect to previous quarter**
(percentages)

	Worse	Unchanged	Better	Total
Number of employees				
50-199	66.1	28.1	5.8	100.0
200-999	66.5	26.5	7.1	100.0
Over 999	59.8	33.1	7.1	100.0
Sector				
Industry	65.0	28.5	6.6	100.0
Services	67.2	27.5	5.4	100.0
Geographical area				
North-West.....	69.0	25.0	6.0	100.0
North-East.....	66.3	27.7	6.1	100.0
Centre.....	62.0	32.0	6.0	100.0
South and Islands	62.4	31.6	6.0	100.0
Total	66.0	28.0	6.0	100.0
<i>Memorandum items:</i>				
September 2011	50.5	43.3	6.3	100.0
June 2011	20.7	69.9	9.4	100.0
March 2011	19.9	69.2	10.9	100.0
December 2010	18.2	72.1	9.7	100.0

Table 13

Overall liquidity position in the next three months
(percentages)

	Insufficient	Sufficient	More than sufficient	Total
Number of employees				
50-199	33.5	54.1	12.4	100.0
200-999	20.2	63.2	16.6	100.0
Over 999	26.7	58.6	14.6	100.0
Sector				
Industry	27.8	55.9	16.3	100.0
Services	34.8	55.6	9.6	100.0
Geographical area				
North-West	23.8	59.7	16.6	100.0
North-East.....	28.8	55.9	15.3	100.0
Centre	37.6	53.4	9.0	100.0
South and Islands.....	46.6	48.1	5.3	100.0
Total	31.1	55.8	13.1	100.0

Table 14

**Assessment of credit conditions for firms
with respect to previous quarter**
(percentages)

	Worse	Unchanged	Better	Total
Number of employees				
50-199	49.9	48.2	1.9	100.0
200-999	48.8	48.1	3.1	100.0
Over 999	46.0	54.0	0.0	100.0
Sector				
Industry	48.9	48.3	2.8	100.0
Services	50.5	48.3	1.2	100.0
Geographical area				
North-West	48.0	49.4	2.6	100.0
North-East	50.0	49.1	0.9	100.0
Centre	55.6	42.6	1.7	100.0
South and Islands	46.2	50.6	3.1	100.0
Total	49.7	48.3	2.0	100.0
<i>Memorandum items:</i>				
September 2011	28.6	68.1	3.4	100.0
June 2011	15.2	79.1	5.7	100.0
March 2011	15.1	82.7	2.2	100.0
December 2010	13.9	81.0	5.1	100.0

Table 15

Three-month forecast of workforce
(percentages)

	Decrease	No change	Increase	Total
Number of employees				
50-199	22.7	69.8	7.5	100.0
200-999	34.6	55.2	10.2	100.0
Over 999	32.0	56.2	11.8	100.0
Sector				
Industry	24.4	68.8	6.8	100.0
Services.....	25.6	65.0	9.5	100.0
Geographical area				
North-West	23.4	68.7	7.8	100.0
North-East.....	21.8	70.1	8.1	100.0
Centre	28.5	63.1	8.5	100.0
South and Islands.....	30.9	61.0	8.1	100.0
Total	25.0	67.0	8.1	100.0
<i>Memorandum items:</i>				
September 2011	22.7	64.5	12.8	100.0
June 2011	17.5	66.6	16.0	100.0
March 2011	15.2	69.6	15.2	100.0
December 2010	21.7	65.4	12.9	100.0

Appendix C:
Questionnaire

IL SOLE 24 ORE – BANCA D'ITALIA SURVEY ON INFLATION AND GROWTH EXPECTATIONS – DECEMBER 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
---	------------------	---

SECTION A – GENERAL ECONOMIC SITUATION OF THE COUNTRY

A1. In October consumer price inflation, measured by the 12-month change in the HARMONIZED INDEX OF CONSUMER PRICES, was 3.8 per cent in Italy and 3.0 per cent in the euro area. What do you think it will be in Italy...
 ...in June 2012? ...in December 2012? ...in December 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

For each of the above forecasts imagine there are 100 points available; distribute them among the possible forecasts according to the probability assigned to each one. How do you think business conditions for your company will be:

	Better			The same			Worse			Total		
B3. in the next 3 months										1	0	0
B4. in the next 3 years										1	0	0

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
B5. The effect of changes in DEMAND will be ...	1 _	2 _	3 _	1 _	2 _	3 _
B6. The effect of changes in YOUR PRICES will be ...	1 _	2 _	3 _	1 _	2 _	3 _
B7. The effect of changes in RAW MATERIALS PRICES will be ...	1 _	2 _	3 _	1 _	2 _	3 _
B8. The effect of changes in LABOUR COSTS will be ...	1 _	2 _	3 _	1 _	2 _	3 _
B9. The effect of developments in the AVAILABILITY and the COST OF CREDIT will be ...	1 _	2 _	3 _	1 _	2 _	3 _

B10. Compared with 3 month ago, do you think conditions for investment are ... ? Better The same Worse

B11. What do you think your liquidity situation will be in the next 3 months, given the expected change in the conditions of access to credit? Insufficient Sufficient More than sufficient

B12. Compared with three months ago, is the total demand for your products ... ? Higher Unchanged Lower

B13. Compared with three months ago, is the foreign demand for your products ... ? Higher Unchanged Lower

B14. How will the foreign demand for your products vary in the next 3 months? Increase No change Decrease

B15. Compared with three months ago, are credit conditions for your company ...? Better Unchanged Worse

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

