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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 December 2012 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, Mario Porqueddu and Raffaele Tartaglia Polcini.

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 quarterly Banca d'Italia – *Il Sole 24 Ore* survey on inflation and growth expectations were carried out between 4 and 19 December 2012. A total of 782 firms with 50 or more employees took part, of which 419 operate in industry and 363 in services (Table 1a). The response rate was 40 per cent, in line with the previous survey (Table 2a).

The companies were asked to provide forecasts 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, which in this edition of the survey includes the evolution of investment expenditure in 2012-13. In some cases, the forward-looking assessments are accompanied by backward-looking judgments and, where possible, indications of the factors underlying the reported or expected developments.

Starting with this edition, the survey has also been carried out among construction firms with 50 or more employees. A total of 88 companies took part in the experiment.¹

The main findings are summarized below. The appendices A, B and C contain the methodological notes, statistical tables, and the questionnaire used.

2. The main findings

Inflation expectations in Italy and changes in selling prices

The expected rates of consumer price inflation for the six-month time horizon were revised sharply downwards, from 3.3 per cent in the September survey to 2.7 per cent, mirroring the slower rate of price growth in the final months of the year. The rates for the twelve-month and two-year time horizons, which had stood above 3.0 per cent in the previous four surveys, also decreased to 2.7 per cent, remaining higher than the corresponding forecasts by professional analysts, however (Table 1 and Figure 1). In December the harmonized twelve-month increase in consumer prices was 2.6 per cent,² 0.8 percentage points lower than expected in the year-earlier survey.

Firms estimated that their selling prices had risen by 0.9 per cent from a year earlier (Table 2), about half the increase expected in the year-earlier survey. Slightly higher increases (1.2 per cent) were recorded among larger firms. For the next twelve months, firms expected to raise their selling prices by 0.8 per cent, having revised their estimates downwards from 1.3 per cent in the September survey. Raw material prices and labour costs decreased in importance among the factors influencing prices; changes in demand had a stronger moderating effect than in the previous surveys (Table 3).

Assessment of the general economic situation

Pessimism regarding the general economic situation, which had lifted in September, deepened towards the end of 2012. The percentage of firms indicating that conditions had improved fell by almost half, to 3.8 per cent, while those reporting a deterioration rose from 50.6 to 57.5 per cent, compared with 70 per cent in June (Table 4). The balance between positive and

¹ According to the ATECO classification of economic activities, *Industry* includes construction, but *Industria in senso stretto* (industry narrowly defined) does not. To simplify, in the rest of the text the term 'industrial firms' will be used to denote firms belonging to the category *Industria in senso stretto*.

² Provisional figure published by Istat on 4 January 2013.

negative judgments was less unfavourable in the South and especially among larger firms. Looking ahead, the proportion of firms that saw zero probability of an improvement in the general economic situation in the next three months rose from 52.3 to 59.8 per cent (Table 5); the increase was less marked among exporting firms.

Demand

Firms' assessments of overall demand for their products worsened slightly: the negative balance between expectations of an increase and a decrease in demand widened from 27.6 percentage points in the September survey to 30.2 percentage points (Table 6). Less pessimistic opinions (-17.2 percentage points) were recorded for the present quarter (Table 7).

Assessments regarding foreign demand remained generally favourable, albeit less so than in September: about 25 per cent of exporting firms reported an increase in the last quarter (32.1 per cent in the previous survey), almost 5 percentage points more than the share of firms that indicated a decrease; in September the balance was about 10 percentage points (Table 8). Looking ahead over the next three months, exporting firms continued to expect a positive contribution from foreign sales, with 27 per cent predicting an increase and 14.7 per cent a decline (Table 9).

Assessment of firms' business conditions

The proportion of firms expecting their business conditions to deteriorate in the next three months rose slightly with respect to the September survey (Table 10). The negative balance between those reporting an improvement and a deterioration was close to the level of last June (-38.0 percentage points; Figure 6). Among the factors cited by firms as having a negative influence, changes in demand and in credit conditions gained importance with respect to the previous survey (Table 11).

For the longer term, the percentage of firms expecting conditions to improve over the next three years fell from 61.0 per cent in September to 53.8 per cent (Table 12). More favourable assessments were expressed by industrial firms and by firms with at least 200 employees.

Conditions for investment

The percentage of firms that believed conditions for investment worsened in the last quarter of 2012 rose to 43.9 per cent, from 37.5 in September; as a result the balance between positive and negative judgments widened from -31.6 percentage points in September to -37.0 points (Table 13 and Figure 7).

Almost 40 per cent of companies reported a reduction in nominal spending on investment in 2012 compared with the previous year, while 23.1 per cent reported an increase (Table 14). Expectations for 2013 as a whole were slightly less negative: the share of firms planning a reduction in investment was 14 percentage points higher than that of companies planning an increase (Table 15). The balance of forecasts for the first half of 2013 was slightly worse (-16 percentage points; Table 16).

Liquidity conditions and access to credit

Firms' expectations regarding their liquidity position over the next three months were slightly less favourable than in the September survey: the share of those that believed liquidity would be insufficient rose from 24.8 to 28.6 per cent, while the percentage of those who viewed it

as sufficient remained around 12 per cent (Table 17). The picture was again slightly better for larger firms.

There was an increase in the share of companies reporting a deterioration in conditions of access to credit in the fourth quarter of 2012 (30.5 per cent, compared with 26.1 in the September survey; Table 18.). The percentage of those indicating an improvement remained negligible.

Workforce

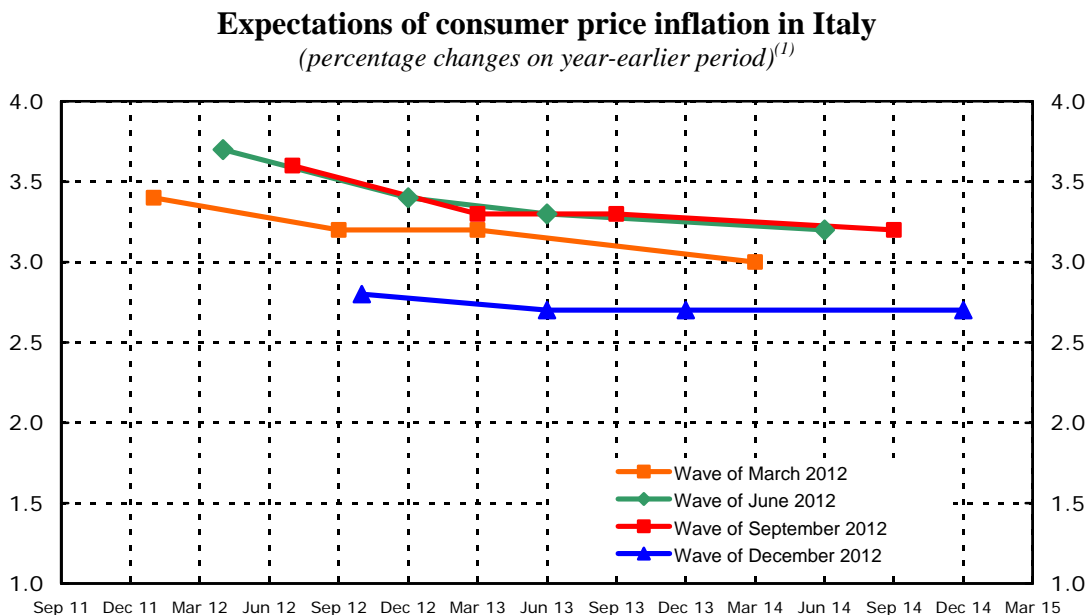
Some 61.9 per cent of companies believed that the number of employees would remain unchanged over the next three months (Table 19). The negative balance between expectations of an increase and a decrease in the workforce widened to -23.3 percentage points, from -18.2 points in September; the gap was particularly pronounced in the case of large firms (-35.5 percentage points).

3. Construction companies

The opinions regarding the general economic situation appeared less favourable than those formulated by industrial and service firms. About half the construction firms reported a decline in demand in the last three months. For the first quarter of 2013, more than 50 per cent expected a worsening of business conditions, although the picture was forecast to improve over the next three years.

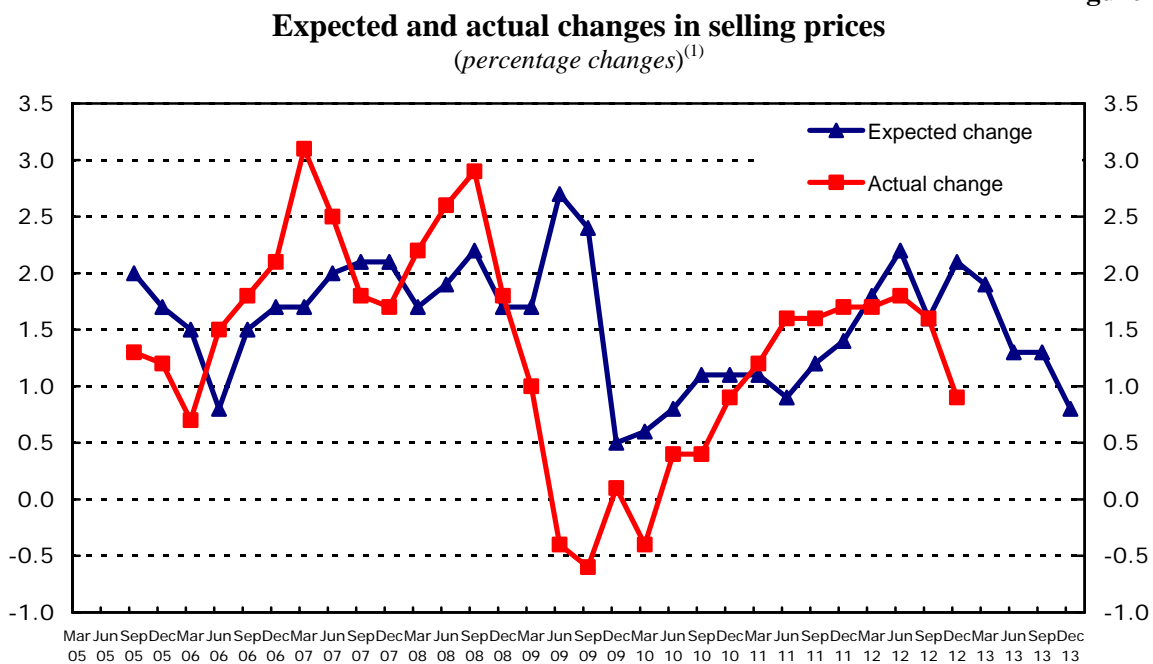
Nearly half of all construction companies reported a worsening of conditions for investment in the last quarter. A similar percentage indicated that the number of employees would remain unchanged in the next three months, while more than a third anticipate a reduction.

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.

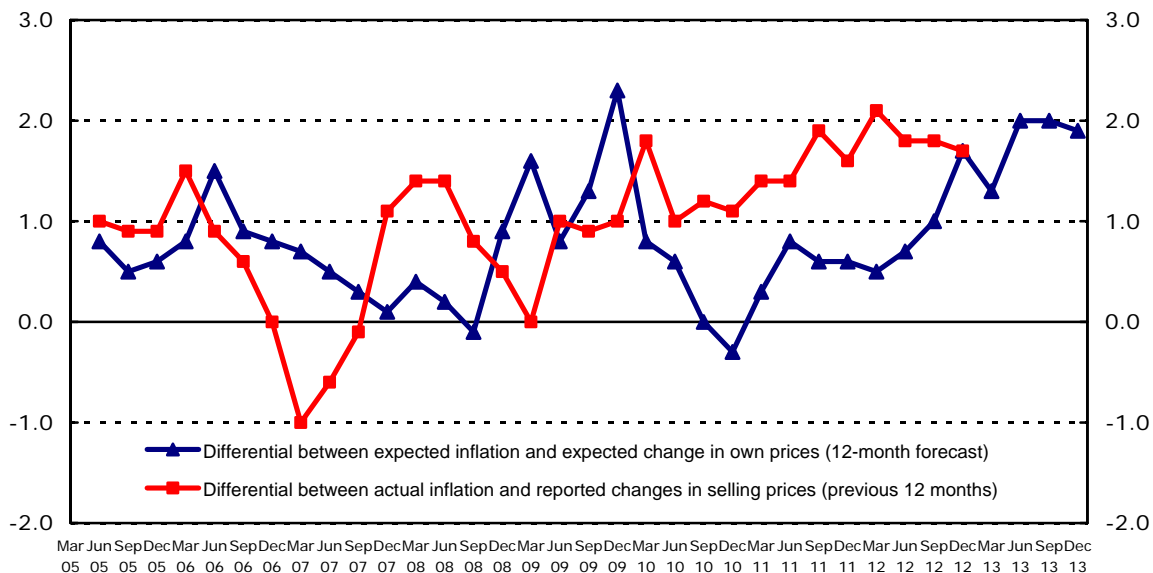
Figure 2



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

Figure 3

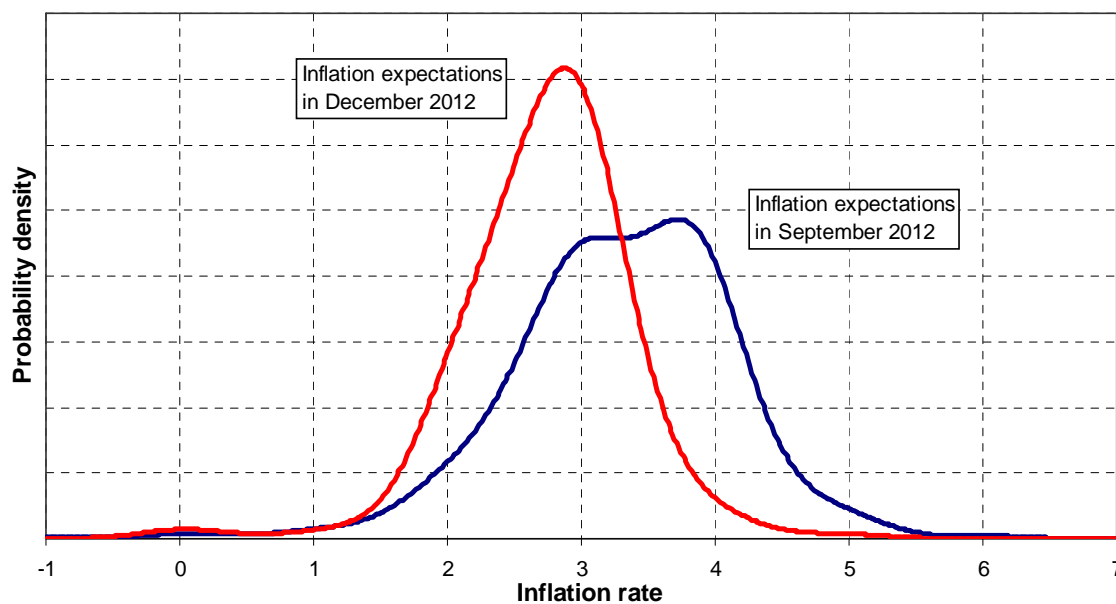
**Differential between price changes reported by firms and the inflation rate:
forecasts and outcomes**
(percentage points)⁽¹⁾



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

Figure 4

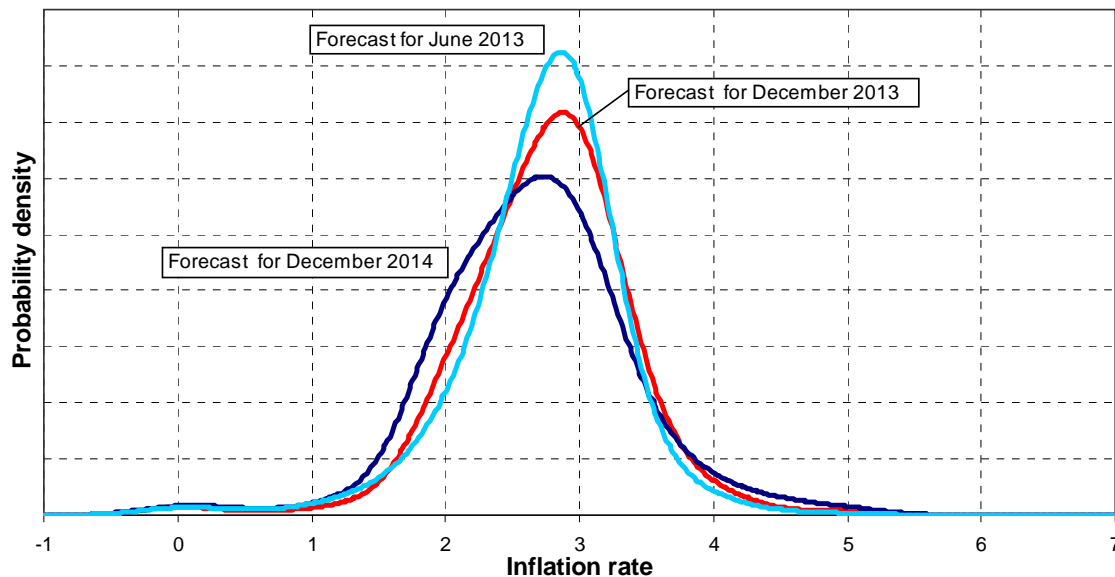
**Expectations of the inflation rate
over the next 12 months**
(kernel density)⁽¹⁾



(1) The estimates are obtained using a Gaussian kernel density with a bandwidth equal to 0.2. The red line indicates the forecast made in December 2012. The blue line indicates the forecast made in September 2012.

Figure 5

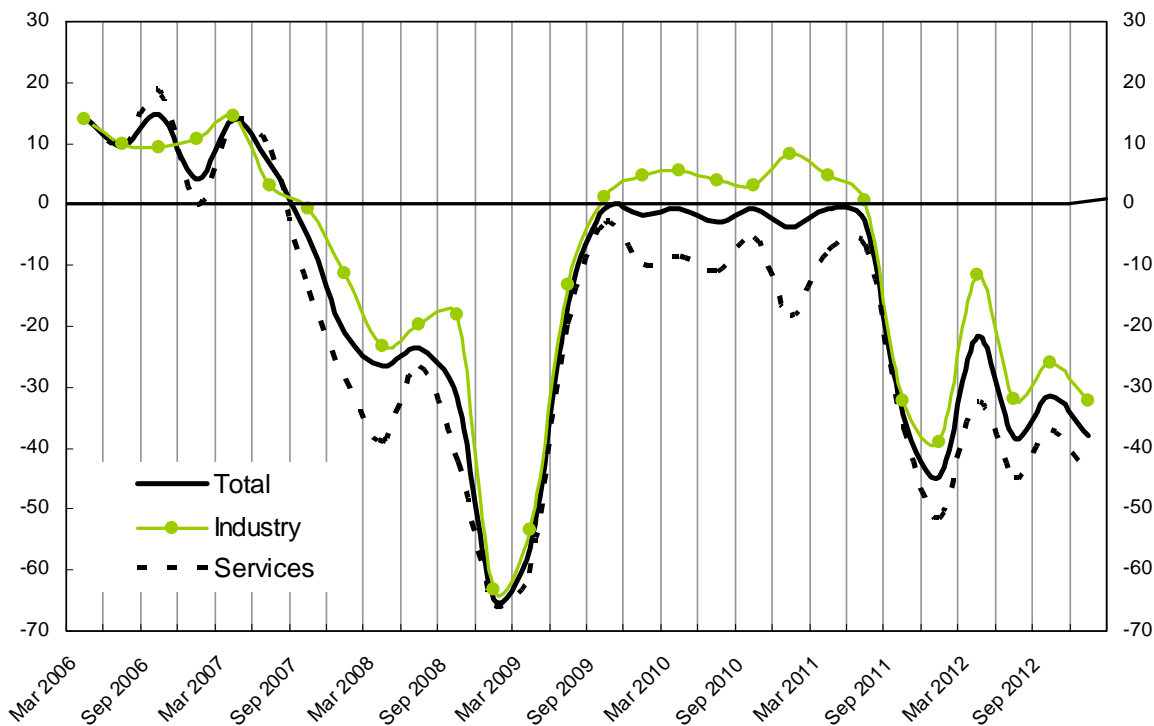
**Expectations of the inflation rate
over the next 6, 12 and 24 months
(kernel density)⁽¹⁾**



(1) 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.

Figure 6

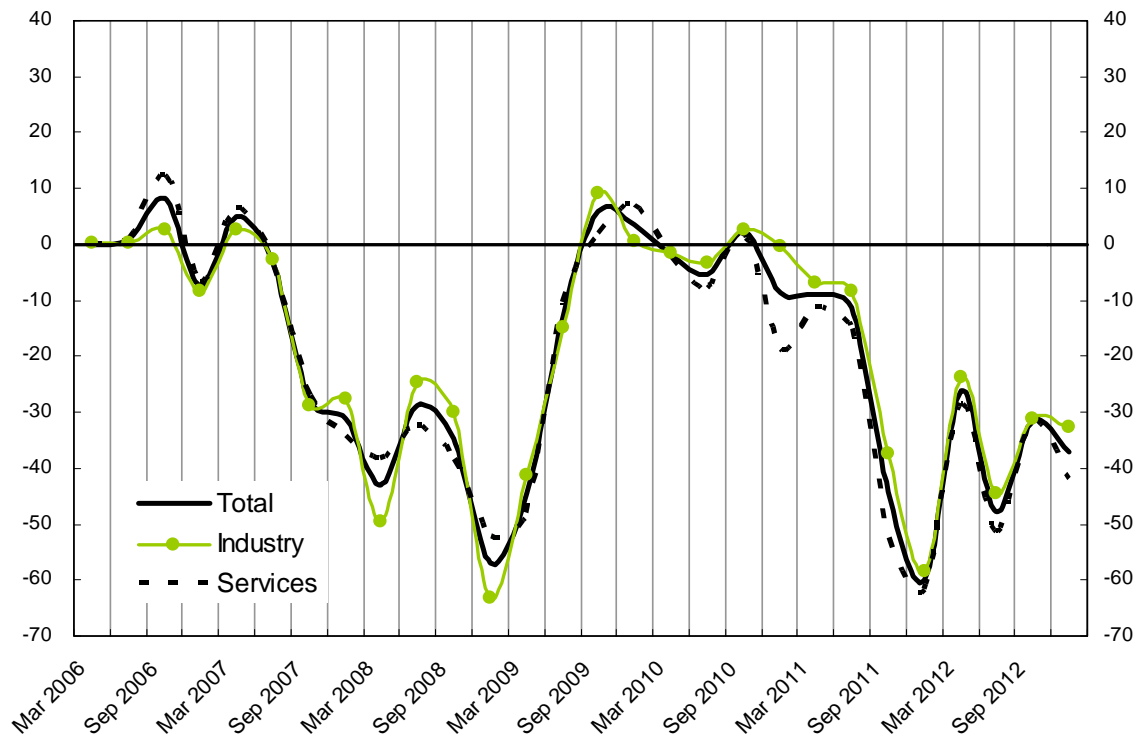
**Three-month forecast of the firm's business conditions
(percentage points)⁽¹⁾**



(1) Balance between expectations of an increase and expectations of a decrease.

Figure 7

Conditions for investment with respect to previous quarter
(percentage points)⁽¹⁾



(1) Balance between positive and negative judgments.

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 782 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 ⁽¹⁾ (b)	Sample coverage rate (a / b) * 100
Number of employees			
50-199.....	392	16,929	2.3
200-999.....	253	3,575	7.1
Over 999.....	137	540	25.4
Sector			
Industry.....	419	10,914	3.8
Services.....	363	10,130	3.6
Geographical area			
North-West.....	238	8,238	2.9
North-East.....	225	5,880	3.8
Centre.....	156	3,765	4.1
South and Islands.....	163	3,161	5.2
Total.....	782	21,044	3.7

(1) Istat (2010).

The estimates of inflation expectations 6, 12 and 24 months ahead are calculated using a subsample of 516 firms. As an experiment, a different formulation of the question on inflation expectations was put to the remaining 266 companies in order to assess the impact on their manner of responding.

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 ⁽¹⁾	Data collected via Internet ⁽²⁾
Number of employees			
50-199.....	1,401	28.0	96.4
200-999.....	365	69.3	96.0
Over 999.....	191	71.7	96.4
Sector			
Industry.....	1,070	39.2	96.4
Services.....	887	40.9	96.1
Geographical area			
North-West.....	632	37.7	96.6
North-East.....	560	40.2	96.9
Centre.....	368	42.4	97.4
South and Islands.....	397	41.1	93.9
Total.....	1,957	40.0	96.3

(1) Percentage of companies contacted which participated in the survey. (2) 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.....	2.7	2.7	2.8	0.0
Consumer price inflation in Italy in the next 12 months.....	2.7	2.7	2.8	0.0
Consumer price inflation in Italy in the next 24 months.....	2.7	2.7	2.6	0.0
Change in own prices in the last 12 months.....	1.1	0.9	0.8	5.4
Change in own prices in the next 12 months	0.7	0.8	1.0	5.6

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	0.39
Change in own prices in the last 12 months (robust).....	0.18
Change in own prices in the next 12 months	0.47
Change in own prices in the next 12 months (robust)	0.25
<u>Factors that will affect the firm's selling prices</u>	
Demand	0.05
Raw materials prices	0.05
Labour costs	0.05
Main competitors' pricing policies.....	0.06
<u>Factors that will influence the firm's business conditions</u>	
Demand	0.07
Selling prices.....	0.06
Raw materials prices	0.06
Labour costs	0.06
Availability and cost of credit	0.06

Appendix B:
Statistical Tables

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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	2.7	2.8	2.7
200-999	2.7	2.7	2.7
Over 999	2.5	2.4	2.4
Sector			
Industry	2.7	2.8	2.7
Services.....	2.7	2.7	2.6
Geographical area			
North-West	2.7	2.7	2.6
North-East.....	2.7	2.8	2.7
Centre	2.7	2.7	2.7
South and Islands.....	2.8	2.8	2.7
Total	2.7	2.7	2.7
<i>per memoria:</i>			
September 2012	3.3	3.3	3.2
June 2012.....	3.4	3.3	3.2
March 2012	3.2	3.2	3.0
December 2011	3.3	3.4	3.4

Table 2

Change in companies' selling prices
(percentages)⁽¹⁾

	Rate of change in own prices ...	
	... in last 12 months	... in next 12 months
	Mean (robust) ⁽²⁾	Mean (robust) ⁽²⁾
Number of employees		
50-199.....	0.5	1.0
200-999.....	0.9	1.0
Over 999.....	1.2	0.6
Sector		
Industry.....	0.9	0.8
Services.....	0.9	0.8
Geographical area		
North-West.....	0.5	1.1
North-East.....	1.3	1.1
Centre.....	1.3	0.1
South and Islands.....	0.4	1.2
Total.....	0.9	0.8
<i>Memorandum items:</i>		
September 2012.....	1.6	1.3
June 2012.....	1.8	1.3
March 2012.....	1.7	1.9
December 2011.....	2.1	1.7

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

(2) 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)⁽¹⁾

	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	-0.7
200-999	-0.3	0.6	0.5	-0.5
Over 999	-0.5	0.5	0.2	-0.6
Sector				
Industry	-0.3	0.5	0.4	-0.5
Services	-0.4	0.7	0.4	-0.6
Geographical area				
North-West.....	-0.2	0.5	0.5	-0.4
North-East.....	-0.9	0.9	0.4	-0.9
Centre.....	-0.2	0.1	0.2	-0.5
South and Islands	-0.1	0.8	0.6	-0.6
Total.....	-0.4	0.6	0.4	-0.6
<i>Memorandum items:</i>				
September 2012	-0.2	0.8	0.6	-0.6
June 2012	-0.1	0.6	0.4	-0.6
March 2012	0.7	1.6	0.3	-1.4
December 2011	-0.2	0.5	0.4	-0.5

(1) 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 (a)	Unchanged	Better (b)	Total	Balance (b) – (a)
Number of employees					
50-199	58.7	38.0	3.3	100.0	-55.4
200-999	54.6	40.7	4.6	100.0	-50.0
Over 999	40.1	48.3	11.6	100.0	-28.5
Sector					
Industry	55.6	40.8	3.6	100.0	-52.0
Services.....	59.6	36.5	3.9	100.0	-55.7
Geographical area					
North-West	57.6	39.1	3.3	100.0	-54.3
North-East.....	61.5	33.6	4.9	100.0	-56.6
Centre	55.9	40.7	3.3	100.0	-52.6
South and Islands	51.6	45.0	3.4	100.0	-48.2
Total	57.5	38.7	3.8	100.0	-53.7
<i>Memorandum items:</i>					
September 2012	50.6	42.9	6.4	100.0	-44.2
June 2012.....	69.9	27.7	2.5	100.0	-67.4
March 2012	41.5	41.0	17.5	100.0	-24.0
December 2011	75.9	22.2	1.9	100.0	-74.0

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%	Totale	Mean (1)
Number of employees							
50-199	61.6	30.2	5.1	2.7	0.4	100.0	7.92
200-999	54.0	38.4	5.0	2.1	0.5	100.0	8.64
Over 999	41.5	33.4	18.1	7.0	0.0	100.0	15.62
Sector							
Industry.....	57.2	34.8	5.5	2.4	0.2	100.0	8.25
Services.....	62.6	28.3	5.3	3.1	0.7	100.0	8.23
Geographical area							
North-West	58.2	30.6	6.9	3.3	1.1	100.0	9.60
North-East.....	62.4	30.1	5.0	2.5	0.0	100.0	7.38
Centre	58.8	33.0	5.2	3.0	0.0	100.0	8.16
South and Islands.....	60.4	36.0	2.4	1.3	0.0	100.0	6.37
Exports' share of sales							
From Zero to 1/3.....	60.7	31.1	5.0	2.7	0.5	100.0	8.07
Between 1/3/ and 2/3	58.8	31.7	7.0	2.1	0.4	100.0	8.46
More than 2/3.....	57.0	34.4	4.9	3.7	0.0	100.0	8.68
Total	59.8	31.7	5.4	2.7	0.4	100.0	8.24
<i>Memorandum items:</i>							
September 2012	52.3	35.9	7.8	3.8	0.2	100.0	10.21
June 2012.....	58.4	32.8	6.6	2.1	0.0	100.0	8.11
March 2012	40.4	39.1	11.0	7.9	1.6	100.0	15.69
December 2011	52.4	35.2	8.2	4.2	0.0	100.0	10.35

(1) The average likelihood of an improvement is computed by assigning the centre value to each interval.

Table 6

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

	Decreased (a)	Unchanged	Increased (b)	Total	Balance (b) – (a)
Number of employees					
50-199	40.8	49.5	9.7	100.0	-31.1
200-999	34.3	55.9	9.9	100.0	-24.4
Over 999	44.7	49.4	5.9	100.0	-38.8
Sector					
Industry	36.7	50.6	12.6	100.0	-24.1
Services.....	43.1	50.4	6.4	100.0	-36.7
Geographical area					
North-West	45.6	44.9	9.6	100.0	-36.0
North-East.....	36.3	48.3	15.4	100.0	-20.9
Centre	35.8	60.7	3.4	100.0	-32.4
South and Islands	36.4	57.2	6.4	100.0	-30.0
Exports' share of sales					
From Zero to 1/3.....	43.1	50.2	6.7	100.0	-36.4
Between 1/3 and 2/3	33.3	53.3	13.4	100.0	-19.9
More than 2/3.....	33.7	48.5	17.8	100.0	-15.9
Total	39.8	50.5	9.6	100.0	-30.2
<i>Memorandum items:</i>					
September 2012	37.7	52.2	10.1	100.0	-27.6
June 2012.....	42.5	48.5	9.0	100.0	-33.5
March 2012	40.4	47.6	12.0	100.0	-28.4
December 2011	42.7	48.8	8.4	100.0	-34.3

Table 7

Three-month forecast of total demand for the firm's products
(percentages)

	Decrease (a)	No change	Increase (b)	Total	Balance (b) – (a)
Number of employees					
50-199	29.7	58.4	11.9	100.0	-17.8
200-999	26.3	61.9	11.7	100.0	-14.6
Over 999	25.7	65.7	8.6	100.0	-17.1
Sector					
Industry	25.0	61.0	14.0	100.0	-11.0
Services.....	33.3	57.1	9.5	100.0	-23.8
Geographical area					
North-West	28.5	57.9	13.6	100.0	-14.9
North-East.....	28.7	63.3	8.0	100.0	-20.7
Centre	30.5	59.8	9.7	100.0	-20.8
South and Islands	29.2	53.9	16.9	100.0	-12.3
Exports' share of sales					
From Zero to 1/3.....	32.2	57.6	10.3	100.0	-21.9
Between 1/3 and 2/3	27.2	61.1	11.7	100.0	-15.5
More than 2/3.....	17.8	63.6	18.6	100.0	0.8
Total	29.0	59.1	11.8	100.0	-17.2

Table 8

**Foreign demand for the firm's products
with respect to previous quarter**
(percentages)⁽¹⁾

	Decreased (a)	Unchanged	Increased (b)	Total	Balance (b) – (a)
Number of employees					
50-199	21.0	54.1	24.9	100.0	3.9
200-999	17.7	55.4	26.8	100.0	9.1
Over 999	24.5	57.2	18.3	100.0	-6.2
Sector					
Industry	20.3	53.4	26.4	100.0	6.1
Services.....	21.3	57.8	20.9	100.0	-0.4
Geographical area					
North-West	25.1	57.2	17.8	100.0	-7.3
North-East.....	13.2	46.4	40.4	100.0	27.2
Centre	20.6	57.4	22.1	100.0	1.5
South and Islands.....	21.2	60.2	18.6	100.0	-2.6
Total	20.5	54.4	25.1	100.0	4.6
<i>Memorandum items:</i>					
September 2012	22.4	45.4	32.1	100.0	9.7
June 2012.....	23.2	49.5	27.3	100.0	4.1
March 2012	24.0	51.0	24.9	100.0	0.9
December 2011	22.7	51.5	25.8	100.0	3.1

(1) For exporting firms only.

Table 9

Three-month forecast of the foreign demand for the firm's products
(percentages)⁽¹⁾

	Decrease (a)	No change	Increase (b)	Total	Balance (b) – (a)
Number of employees					
50-199	15.1	59.0	25.9	100.0	10.8
200-999	13.9	54.1	32.0	100.0	18.1
Over 999	9.6	64.6	25.8	100.0	16.2
Sector					
Industry	12.4	59.2	28.4	100.0	16.0
Services.....	22.4	55.3	22.3	100.0	-0.1
Geographical area					
North-West	15.8	58.9	25.2	100.0	9.4
North-East.....	8.4	58.0	33.6	100.0	25.2
Centre	19.1	58.4	22.5	100.0	3.4
South and Islands.....	21.1	56.0	23.0	100.0	1.9
Total	14.7	58.3	27.0	100.0	12.3
<i>Memorandum items:</i>					
September 2012	15.7	55.0	29.3	100.0	13.6
June 2012.....	13.5	57.1	29.4	100.0	15.9
March 2012	12.0	55.9	32.1	100.0	20.1
December 2011	15.1	56.6	28.2	100.0	13.1

(1) For exporting firms only.

Table 10

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

	Deterioration (a)	No change	Improvement (b)	Total	Balance (b) – (a)
Number of employees					
50-199	42.6	53.5	3.9	100.0	-38.7
200-999	39.0	57.2	3.8	100.0	-35.2
Over 999	37.7	57.1	5.2	100.0	-32.5
Sector					
Industry	35.9	60.3	3.8	100.0	-32.1
Services.....	48.3	47.7	4.0	100.0	-44.3
Geographical area					
North-West	39.9	57.1	3.0	100.0	-36.9
North-East.....	45.8	48.1	6.2	100.0	-39.6
Centre	40.9	55.9	3.2	100.0	-37.7
South and Islands.....	41.0	56.0	3.0	100.0	-38.0
Total	41.9	54.2	3.9	100.0	-38.0
<i>Memorandum items:</i>					
September 2012	37.1	57.1	5.8	100.0	-31.3
June 2012.....	41.4	55.0	3.6	100.0	-37.8
March 2012	31.1	59.3	9.6	100.0	-21.5
December 2011	50.0	44.8	5.2	100.0	-44.8

Table 11

Factors which will affect the firm's business conditions
(average scores)⁽¹⁾

	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	-0.4	-0.1	-0.9	-0.9	-1.0
200-999	-0.5	-0.2	-0.8	-0.8	-0.7
Over 999	-0.7	0.2	-0.7	-0.7	-0.8
Sector					
Industry	-0.3	-0.1	-0.9	-0.8	-0.9
Services.....	-0.5	-0.1	-0.8	-1.0	-1.0
Geographical area					
North-West	-0.4	-0.2	-0.8	-0.8	-0.8
North-East.....	-0.5	-0.2	-0.9	-0.9	-1.0
Centre	-0.6	-0.0	-0.9	-1.0	-1.0
South and Islands.....	-0.1	0.0	-0.9	-0.8	-1.1
Total	-0.4	-0.1	-0.9	-0.9	-1.0
<i>Memorandum items:</i>					
September 2012	-0.3	-0.1	-0.9	-0.9	-0.9
June 2012.....	-0.4	-0.1	-0.8	-0.8	-1.0
March 2012	-0.1	0.0	-1.1	-0.9	-1.0
December 2011	-0.4	-0.1	-0.9	-0.9	-1.1

(1) 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 12

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

	Deterioration (a)	No change	Improvement (b)	Total	Balance (b) – (a)
Number of employees					
50-199	28.0	20.7	51.3	100.0	23.3
200-999	14.0	21.7	64.2	100.0	50.2
Over 999	13.8	20.4	65.8	100.0	52.0
Sector					
Industry	18.8	21.8	59.4	100.0	40.6
Services.....	32.4	19.8	47.8	100.0	15.4
Geographical area					
North-West	24.3	15.7	60.0	100.0	35.7
North-East.....	27.6	24.9	47.5	100.0	19.9
Centre	26.2	24.2	49.6	100.0	23.4
South and Islands.....	22.6	22.7	54.8	100.0	32.2
Total	25.3	20.9	53.8	100.0	28.5
<i>Memorandum items:</i>					
September 2012	20.0	19.0	61.0	100.0	41.0
June 2012.....	23.6	21.1	55.3	100.0	31.7
March 2012	19.3	21.7	59.0	100.0	39.7
December 2011	29.6	22.0	48.4	100.0	18.8

Table 13

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

	Worse (a)	Unchanged	Better (b)	Total	Balance (b) – (a)
Number of employees					
50-199	45.3	47.4	7.3	100.0	-38.0
200-999	39.5	55.9	4.6	100.0	-34.9
Over 999	28.3	62.8	8.9	100.0	-19.4
Sector					
Industry	39.4	53.8	6.8	100.0	-32.6
Services.....	48.7	44.4	6.9	100.0	-41.8
Geographical area					
North-West	43.3	49.5	7.2	100.0	-36.1
North-East.....	44.1	48.6	7.4	100.0	-36.7
Centre	45.1	46.8	8.1	100.0	-37.0
South and Islands.....	43.8	52.8	3.5	100.0	-40.3
Total	43.9	49.2	6.9	100.0	-37.0
<i>Memorandum items:</i>					
September 2012	37.5	56.6	5.9	100.0	-31.6
June 2012.....	49.7	47.9	2.3	100.0	-47.4
March 2012	36.5	53.1	10.4	100.0	-26.1
December 2011	66.0	28.0	6.0	100.0	-60.0

Spending on fixed investment between 2011 and 2012
(percentages)

	Decreased (a)	Unchanged	Increased (b)	Total	Balance (b) – (a)
Number of employees					
50-199	40.6	37.0	22.5	100.0	-18.1
200-999	37.1	36.3	26.6	100.0	-10.5
Over 999	37.3	44.7	18.0	100.0	-19.3
Sector					
Industry	38.9	36.5	24.5	100.0	-14.4
Services.....	41.0	37.6	21.4	100.0	-19.6
Geographical area					
North-West	41.6	37.5	20.8	100.0	-20.8
North-East.....	36.1	35.0	28.9	100.0	-7.2
Centre	42.7	41.4	15.9	100.0	-26.8
South and Islands.....	39.2	34.3	26.5	100.0	-12.7
Total	39.9	37.0	23.1	100.0	-16.8

**Forecast changes in spending on fixed investment
between 2012 and 2013**
(percentages)

	Decrease (a)	No change	Increase (b)	Total	Balance (b) – (a)
Number of employees					
50-199	33.4	48.6	18.0	100.0	-15.4
200-999	32.7	42.5	24.9	100.0	-7.8
Over 999	36.2	38.0	25.8	100.0	-10.4
Sector					
Industry	29.3	51.5	19.2	100.0	-10.1
Services.....	37.8	42.7	19.5	100.0	-18.3
Geographical area					
North-West	33.0	48.1	18.8	100.0	-14.2
North-East.....	35.3	44.6	20.0	100.0	-15.3
Centre	30.7	52.4	16.9	100.0	-13.8
South and Islands.....	33.8	43.9	22.3	100.0	-11.5
Total	33.4	47.3	19.4	100.0	-14.0

**Forecast changes in spending on fixed investment
between the second half of 2012 and the first half of 2013**
(percentages)

	Decrease (a)	No change	Increase (b)	Total	Balance (b) – (a)
Number of employees					
50-199	35.1	46.0	18.9	100.0	-16.2
200-999	36.0	42.9	21.2	100.0	-14.8
Over 999	39.3	41.1	19.5	100.0	-19.8
Sector					
Industry	33.7	46.7	19.6	100.0	-14.1
Services.....	37.0	44.0	19.0	100.0	-18.0
Geographical area					
North-West	34.6	46.7	18.7	100.0	-15.9
North-East.....	35.7	45.8	18.5	100.0	-17.2
Centre	36.0	44.2	19.8	100.0	-16.2
South and Islands.....	35.6	42.7	21.6	100.0	-14.0
Total	35.3	45.4	19.3	100.0	-16.0

Table 17

Overall liquidity position in the next three months
(percentages)

	Insufficient	Sufficient	More than sufficient	Total
Number of employees				
50-199	30.2	58.1	11.6	100.0
200-999	22.8	61.3	15.9	100.0
Over 999	15.7	66.4	17.9	100.0
Sector				
Industry	28.3	60.4	11.3	100.0
Services	29.0	57.2	13.8	100.0
Geographical area				
North-West	24.8	63.0	12.2	100.0
North-East.....	23.8	57.6	18.6	100.0
Centre	33.1	59.2	7.7	100.0
South and Islands.....	42.6	49.7	7.7	100.0
Total	28.6	58.8	12.5	100.0
<i>Memorandum items:</i>				
September 2012	24.8	63.4	11.8	100.0
June 2012.....	26.1	62.8	11.1	100.0
March 2012	27.8	60.5	11.7	100.0
December 2011	31.1	55.8	13.1	100.0

Table 18

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

	Worse (a)	Unchanged	Better (b)	Total	Balance (b) – (a)
Number of employees					
50-199	32.8	64.4	2.8	100.0	-30.0
200-999	21.3	73.7	5.0	100.0	-16.3
Over 999	19.5	78.3	2.2	100.0	-17.3
Sector					
Industry	29.3	67.8	2.9	100.0	-26.4
Services.....	31.8	64.8	3.4	100.0	-28.4
Geographical area					
North-West	27.4	69.2	3.4	100.0	-24.0
North-East.....	31.5	64.6	3.9	100.0	-27.6
Centre	32.9	64.1	3.0	100.0	-29.9
South and Islands	33.9	64.7	1.4	100.0	-32.5
Total	30.5	66.3	3.2	100.0	-27.3
<i>Memorandum items:</i>					
September 2012	26.1	72.2	1.8	100.0	-24.3
June 2012.....	32.9	65.1	2.0	100.0	-30.9
March 2012	33.9	62.4	3.7	100.0	-30.2
December 2011	49.7	48.3	2.0	100.0	-47.7

Table 19

Three-month forecast of workforce
(percentages)

	Decrease (a)	No change	Increase (b)	Total	Balance (b) – (a)
Number of employees					
50-199	30.8	62.6	6.5	100.0	-24.3
200-999	28.2	60.6	11.1	100.0	-17.1
Over 999	43.5	48.5	8.0	100.0	-35.5
Sector					
Industry	27.9	65.6	6.6	100.0	-21.3
Services.....	33.8	58.0	8.2	100.0	-25.6
Geographical area					
North-West	30.4	60.8	8.9	100.0	-21.5
North-East.....	32.5	60.9	6.5	100.0	-26.0
Centre	28.5	64.6	6.9	100.0	-21.6
South and Islands.....	30.8	63.7	5.5	100.0	-25.3
Total	30.7	61.9	7.4	100.0	-23.3
<i>Memorandum items:</i>					
September 2012	24.7	68.9	6.5	100.0	-18.2
June 2012.....	25.3	66.5	8.2	100.0	-17.1
March 2012	21.2	67.1	11.7	100.0	-9.5
December 2011	25.0	67.0	8.1	100.0	-16.9

Appendix C:
Questionnaire

IL SOLE 24 ORE – BANCA D'ITALIA SURVEY ON INFLATION AND GROWTH EXPECTATIONS – DECEMBER 2012

Company name _____

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

SEZIONE A – GENERAL INFORMATION

A0. Sector: |__|

(1= Manufacturing; 2= Other industry; 3= Trade; 4= Other services)

A1. Number of employees: |__|

A2. Share of sales revenues coming from exports: |__|

(1= more than 2/3; 2= Between 1/3 and 2/3; 3= Up to 1/3 and more than zero; 4=Zero)

SECTION B – GENERAL ECONOMIC SITUATION OF THE COUNTRY

	...in June 2013?	...in December 2013?	... in December 2014?
B1a. (about 2/3 of the sample) In July consumer price inflation, measured by the 12-month change in the HARMONIZED INDEX OF CONSUMER PRICES was 2.8 per cent in Italy and 2.5 per cent in the euro area. What do you think it will be in Italy...	__ __ __ . __ %	__ __ __ . __ %	__ __ __ . __ %
B1b. (about 1/3 of the sample) What do you think consumer price inflation in Italy, measured by the 12-month change in the HARMONIZED INDEX OF CONSUMER PRICES, will be...	__ __ __ . __ %	__ __ __ . __ %	__ __ __ . __ %

B2. Compared with 3 months ago, do you consider Italy's general economic situation is ...? Better The same Worse

B3. 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 C – YOUR FIRM'S BUSINESS CONDITIONS

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

C1. in the next 3 months? Much better Better The same Worse Much worse

C2. 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		
C3. in the next 3 months										1	0	0
C4. 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
C5. changes in DEMAND	1 __	2 __	3 __	1 __	2 __	3 __
C6. changes in YOUR PRICES	1 __	2 __	3 __	1 __	2 __	3 __
C7. changes in RAW MATERIALS PRICES	1 __	2 __	3 __	1 __	2 __	3 __
C8. changes in LABOUR COSTS	1 __	2 __	3 __	1 __	2 __	3 __
C9. AVAILABILITY and the COST OF CREDIT	1 __	2 __	3 __	1 __	2 __	3 __

C10. Compared with 3 month ago, do you think conditions for investment are ... ? Better The same Worse

C11. 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

C12. Compared with three months ago, is the total demand for your products ... ? Higher Unchanged Lower

C13. How will the total demand for your products vary in the next 3 months? Increase No change Decrease

C14. Compared with three months ago, is the foreign demand for your products ... ? Higher Unchanged Lower

C15. How will the foreign demand for your products vary in the next 3 months? Increase No change Decrease

C16. Compared with three months ago, are credit conditions for your company ...? Better Unchanged Worse

SECTION D – CHANGES IN YOUR FIRM'S SELLING PRICES

D1. In the last 12 months, what has been the average change in your firm's prices? |__| |__|__|.|__|%

D2. For the next 12 months, what do you expect will be the average change in your firm's prices? |__| |__|__|.|__|%

Please indicate direction and intensity of the following FACTORS as they will affect your firm's selling prices in the next 12 months:						
Factors affecting your firm's prices in the next 12 months	<i>Effect on firm's selling prices</i>			<i>Intensity (if not nil)</i>		
	<i>Downward</i>	<i>Neutral</i>	<i>Upward</i>	<i>Low</i>	<i>Average</i>	<i>High</i>
D3. TOTAL DEMAND	1 _	2 _	3 _	1 _	2 _	3 _
D4. RAW MATERIALS PRICES	1 _	2 _	3 _	1 _	2 _	3 _
D5. LABOUR COSTS	1 _	2 _	3 _	1 _	2 _	3 _
D6. PRICING POLICIES of your firm's main competitors	1 _	2 _	3 _	1 _	2 _	3 _
SECTION E – WORKFORCE						
E1. Your firm's TOTAL NUMBER of employees in the next 3 months will be:				<i>Lower</i>	<i>Unchanged</i>	<i>Higher</i>
				1 _	2 _	3 _
SEZIONE F – INVESTMENT						
F1. Compared with the level in 2011 nominal expenditure on (tangible and intangible) fixed investment in 2012 was: <input type="checkbox"/> Much higher <input type="checkbox"/> A little higher <input type="checkbox"/> About the same <input type="checkbox"/> A little lower <input type="checkbox"/> Much lower						
F2. And compared with the level in 2012 nominal expenditure on (tangible and intangible) fixed investment planned for 2013 will be: <input type="checkbox"/> Much higher <input type="checkbox"/> A little higher <input type="checkbox"/> About the same <input type="checkbox"/> A little lower <input type="checkbox"/> Much lower						
F3. what do you expect will be the nominal expenditure in the first half of 2013 compared with that in the second half of 2012: <input type="checkbox"/> Much higher <input type="checkbox"/> A little higher <input type="checkbox"/> About the same <input type="checkbox"/> A little lower <input type="checkbox"/> Much lower						
NOTE: The responses "much higher" and "much lower" also apply when, in the two periods compared, investments are zero.						

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