



BANCA D'ITALIA
EUROSISTEMA

Supplements to the Statistical Bulletin

Sample Surveys

Survey on Inflation and Growth Expectations

September 2014

New series

Year XXIV - 13 October 2014

Number

52

CONTENTS

	page
1. Introduction.....	5
2. The main findings for firms in services and in industry excluding construction	5
3. Construction firms.....	7
Appendix A: Methodological Notes	13
Appendix B: Statistical Tables.....	19
Appendix C: Questionnaire.....	43

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 September 2014 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 Tatiana Cesaroni and Sergio Santoro.

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 22 September 2014. A total of 1,032 companies with 50 or more employees took part, of which 397 operate in industry excluding construction, 406 in services and 229 in construction firms¹ with 50 or more workers (Table A1).

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 business. 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.

2. The main findings for firms in services and in industry excluding construction

Inflation expectations in Italy and change in firms' prices

In September 2014 firms revised their consumer inflation expectations downward from the June survey, by around half a percentage point for all time horizons. Expectations for the next six months ahead declined from 0.7 to 0.3 per cent, while those for one and two years ahead came down from 0.9 and 1.0 per cent to 0.4 and 0.6 per cent respectively. Forecasts over a longer horizon of three to five years, surveyed for the first time in March, fell from 1.2 per cent in the two previous surveys to 0.8 per cent (Table 1 and Figure 1).

Firms reported that their sales prices declined by 0.2 per cent on an annual basis (in June they had remained unchanged; Table 2). Over the next twelve months they expect prices to show limited growth of 0.7 per cent, as in the previous survey. Weak demand and competitors' pricing policies were confirmed as the main contributions to price moderation, while the effect of pressures from labour costs and raw materials prices is expected to remain limited (Table 3).

Assessment of the general economic situation

The negative balance between judgments of an improvement and a deterioration in the general economic situation widened, from -0.5 percentage points in June to -28.7 percentage points (Table 4), though for the majority of firms the outlook remained stable (62.7 percentage points, from 67.9 in the previous survey). The average probability assigned to an improvement of the overall economic situation in the next three months declined from 16.1 to 11.9 per cent (Table 5).

Demand

Firms' assessments of current and forecast demand worsened. The balance between reports of increases and decreases in demand for the respondent firms' products turned negative (-6.8 percentage points compared with 4.2 percentage points in the June survey), reflecting the very marked deterioration in industry. Only industrial firms with a high proportion of turnover generated

¹ According to the ATECO classification of economic activities, industry is divided into *Industry* and *Industry excluding construction*. In the rest of this report "industrial firms" means firms belonging to the *Industry excluding construction* category.

abroad continued to report a positive, if declining, balance (Table 6). The balance of short-term expectations for demand also worsened, falling from 16.3 to 5.5 percentage points, but was nonetheless positive for the third quarter in a row (Table 7).

The balance between increases and decreases in foreign demand for firms' own products was more favorable, although with respect to the June survey it fell from 27.1 to 13.5 percentage points (Table 8). Short-term expectations for demand also deteriorated: the proportion of firms expecting an increase in foreign demand fell from 39.9 per cent in June to 28.9 per cent, while that of firms expecting a decrease rose from 5.3 to 9.4 per cent (Table 9).

Assessment of business conditions

Most firms continued to expect business conditions to remain stable over the next three months (71.9 per cent). However, the balance between those seeing an improvement and those seeing a deterioration, already barely positive in the June survey, turned negative (-13.6 percentage points), mainly reflecting widespread pessimism among service firms (Table 10 and Figure 6). As before, changes in credit conditions in both the industry and service sectors did not appear to have any negative repercussions on the operating environment (Table 11).

The medium-term outlook, three years ahead, remained positive but nonetheless darkened slightly. The proportion of firms indicating an improvement declined from 64.0 per cent in June to 57.7 per cent, while 18.4 per cent expected conditions to get worse (Table 12).

Investment conditions

Firms' judgments on investment conditions were unfavourable: the balance between responses indicating an improvement and those indicating a deterioration declined from 1.9 percentage points in the June survey to -8.9 percentage points (Table 13 and Figure 7). The judgments were particularly negative in the service sector.

Investment expenditure in the second half of 2014 is expected to largely resemble the levels recorded in the first half of the year: 56.6 per cent of firms predict it will remain constant while the balance between those expecting to increase investment and those expecting to decrease it is 3.4 percentage points, from 11.9 percentage points in June (Table 14). The expectations of industrial firms and of those that generate a large proportion of turnover abroad were relatively more optimistic.

Expectations on investment outlays for 2014 as a whole do not point to a recovery with respect to 2013. The percentage balance between those planning increases and decreases was barely 2.3 percentage points, down from 13.1 percentage points in June. Around half of the operators surveyed expected investment to remain constant; positive assessments were concentrated in the industrial sector (Table 15).

Liquidity and access to credit

Difficulties in accessing credit remain basically unchanged. The negative balance between the share of firms reporting better financing conditions compared with the previous quarter and those indicating a worsening eased slightly, from -4.1 to -3.1 percentage points (Table 7).

Firms' expectations concerning their liquidity position over the next three months declined slightly compared with the previous survey: the share of those expecting it to be inadequate rose from 17.8 to 19.1 per cent, while those considering it more than adequate fell from 19.7 to 17.4 per cent (Table 18). The picture was still relatively more favourable for the largest firms.

In this survey firms were asked whether, after discounting normal seasonal fluctuations, they had reduced their bank deposits in the previous three months; a large majority of firms, especially in industry, reported that they had not done so (71.3 per cent; Table 21). For those that did reduce their bank deposits, the single biggest factor influencing their decision was the decline in receipts.

Employment

Expectations for employment in the short term deteriorated: the proportion of firms estimating an increase in staff numbers in the next three months fell from 11.8 per cent, from 14.3 per cent in June; those expecting a decline rose from 16.3 to 20.4 per cent (Table 19).

3. Construction firms

The views of construction firms concerning the general economic outlook grew more pessimistic in September, with the negative balance between expectations of an improvement and a deterioration widening to -37.9 percentage points, from -14.1 percentage points in the previous survey (Table 4). The probability assigned to an improvement in the next three months declined slightly, to 7.8 per cent, from 11.3 per cent in June (Table 5).

Assessments of demand for the reporting firms' own services also declined somewhat, with 11.1 per cent of firms reporting an improvement and 25.4 per cent reporting a decline (the balance was -14.3, compared with -7.2 per cent in June; Table 6). The positive balance on short-term demand expectations contracted from 12.7 to 4.1 percentage points (Table 7).

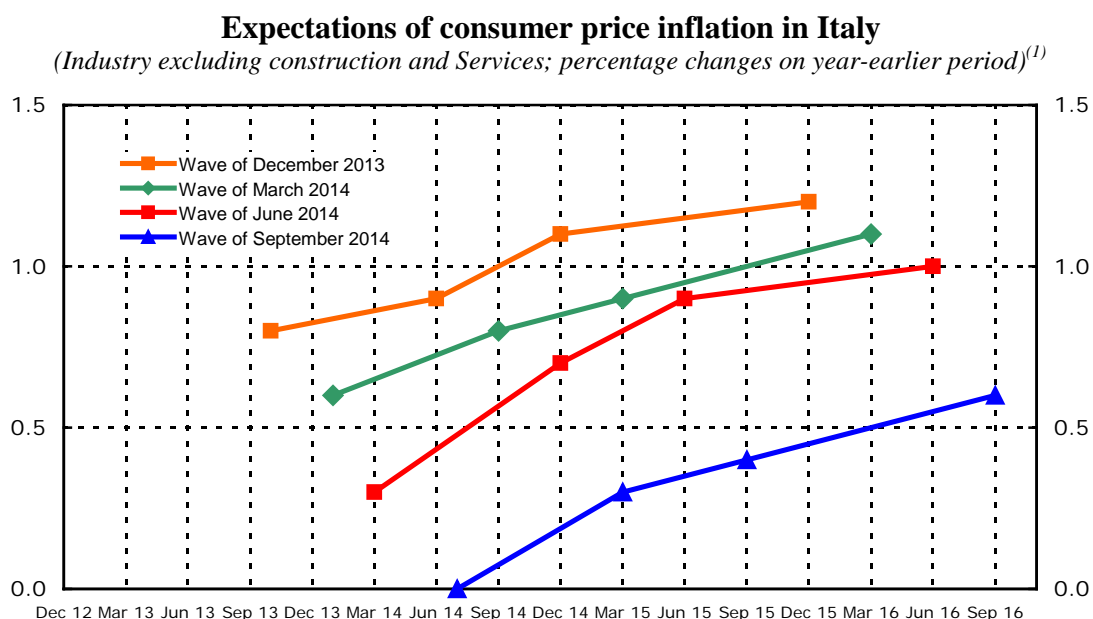
Firms' assessments of operating conditions deteriorated; the negative balance on assessments for the next three months widened from -9.4 to -20.6 percentage points (Table 10). Expectations three years ahead also declined, with 54.5 per cent of firms now expecting conditions to improve, compared with 62.8 per cent in the previous survey, while the proportion expecting conditions to worsen rose from 13.7 to 14.4 per cent (Table 12).

Pessimism about investment conditions deepened in the third quarter of the year, with the negative balance between expectations of an improvement and a deterioration at -17.8 percentage points, from -8.6 percentage points in the June survey (Table 13). Firms continued to predict that investment expenditure would fall in 2014 as a whole compared with 2013, with the balance declining to -13.0 percentage points, from -4.0 percentage points in the previous survey (Table 15).

The portion of construction firms reporting that they had gotten through the worst of the cyclical phase from the summer months onwards dropped slightly, to 22.0 per cent, from 25.5 per cent in June; the percentage expecting a "substantial increase" in output in the coming months fell from 38.3 to 33.8 per cent (Table 20).

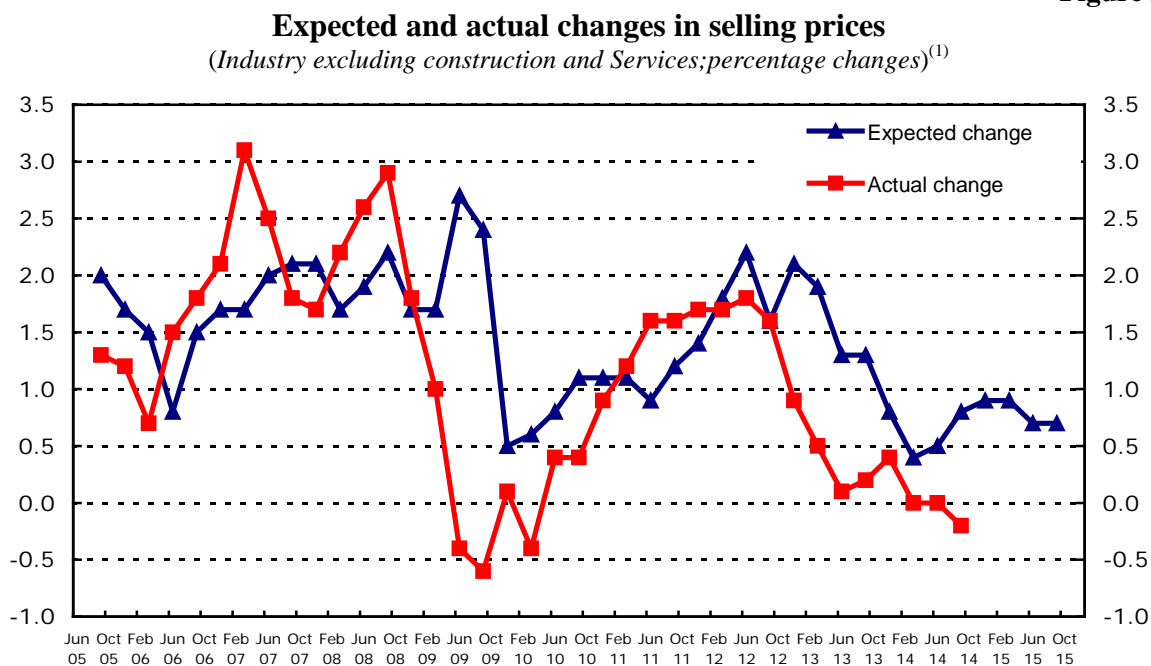
On employment, construction firms continued to anticipate a decrease in their workforce over the coming three months (Table 19).

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

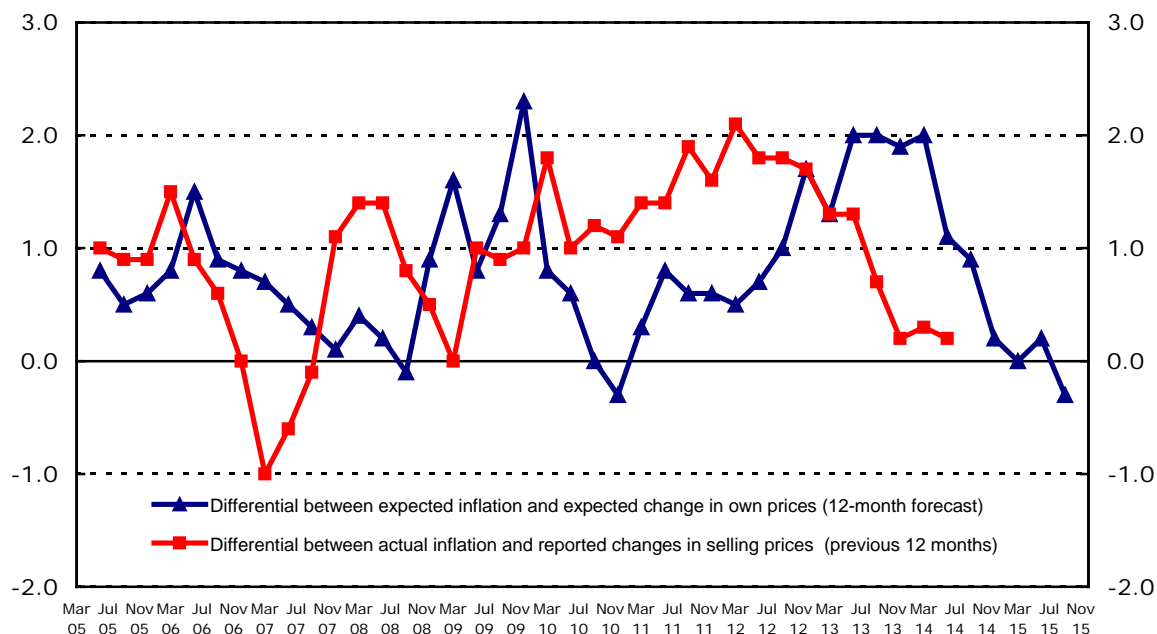


(1) Winsorized estimates: values outside the range between the 5th and the 95th percentiles are set at the threshold values of those percentiles.

Figure 3

**Differential between price changes reported by firms and the inflation rate:
forecasts and outcomes**

(Industry excluding construction and Services; percentage points)⁽¹⁾

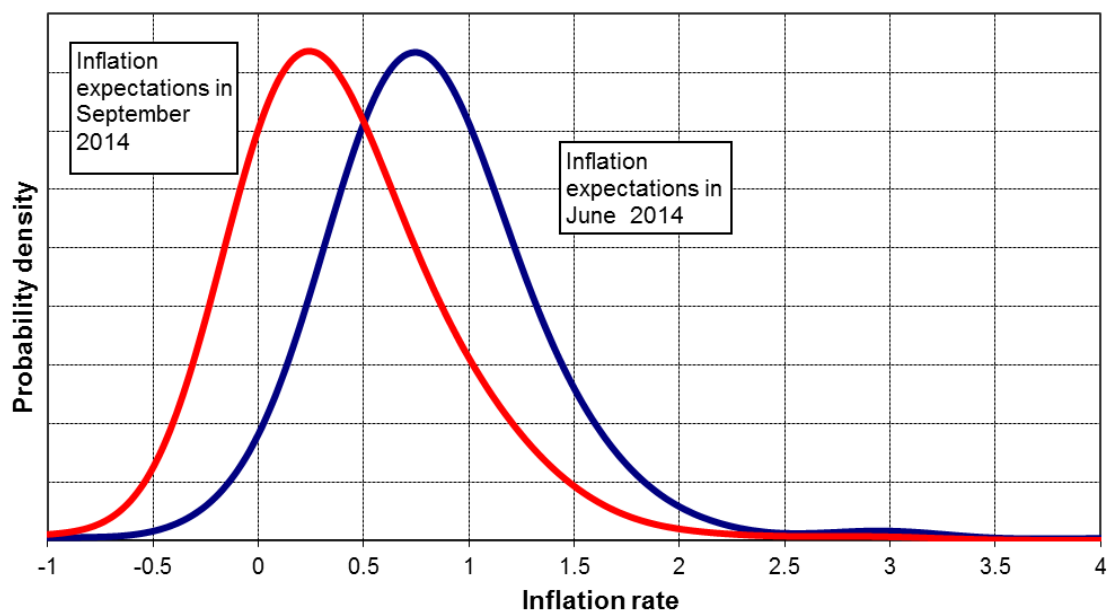


(1) Winsorized estimates: values outside the range between the 5th and the 95th percentiles are set at the threshold values of those percentiles.

Figure 4

**Expectations of the inflation rate
over the next 12 months**

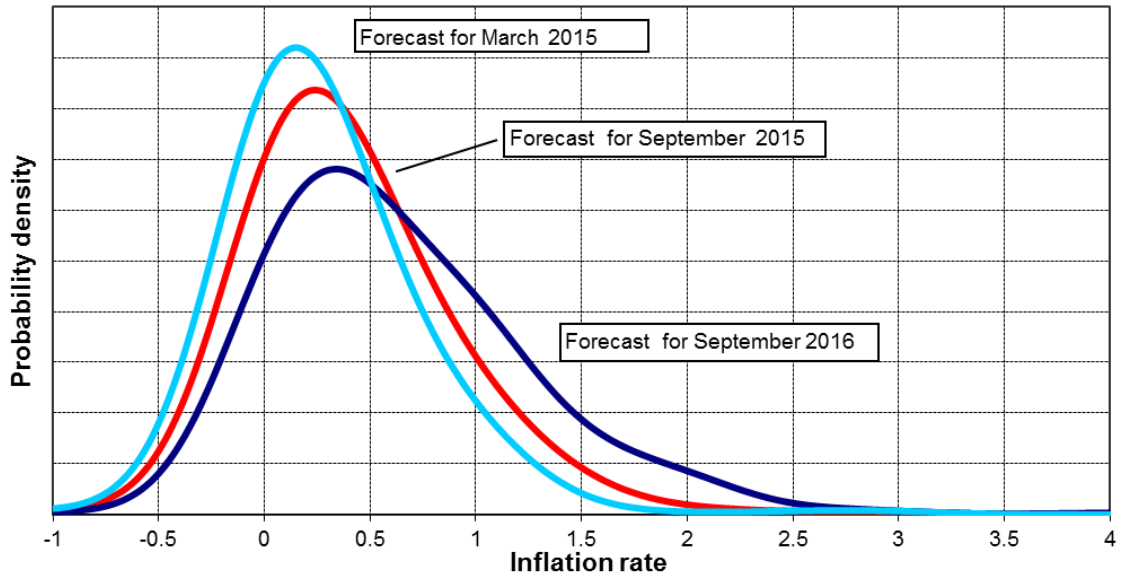
(Industry excluding construction and Services; kernel density)⁽¹⁾



(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 September 2014. The blue line indicates the forecast made in June 2014.

Figure 5

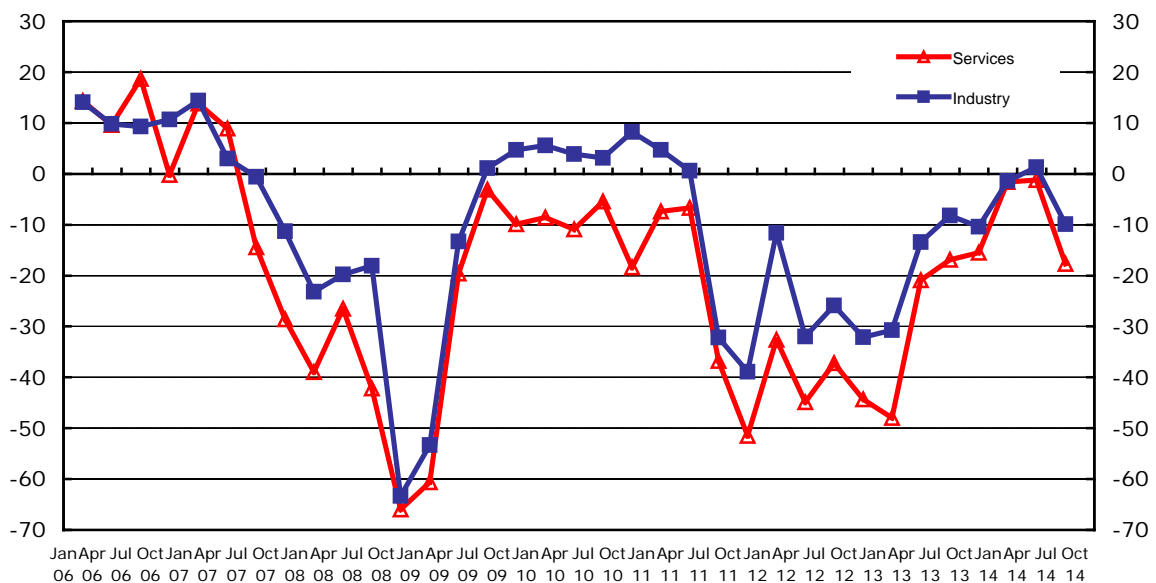
**Expectations of the inflation rate
over the next 6, 12 and 24 months**
(Industry excluding construction and Services;kernel density)⁽¹⁾



(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

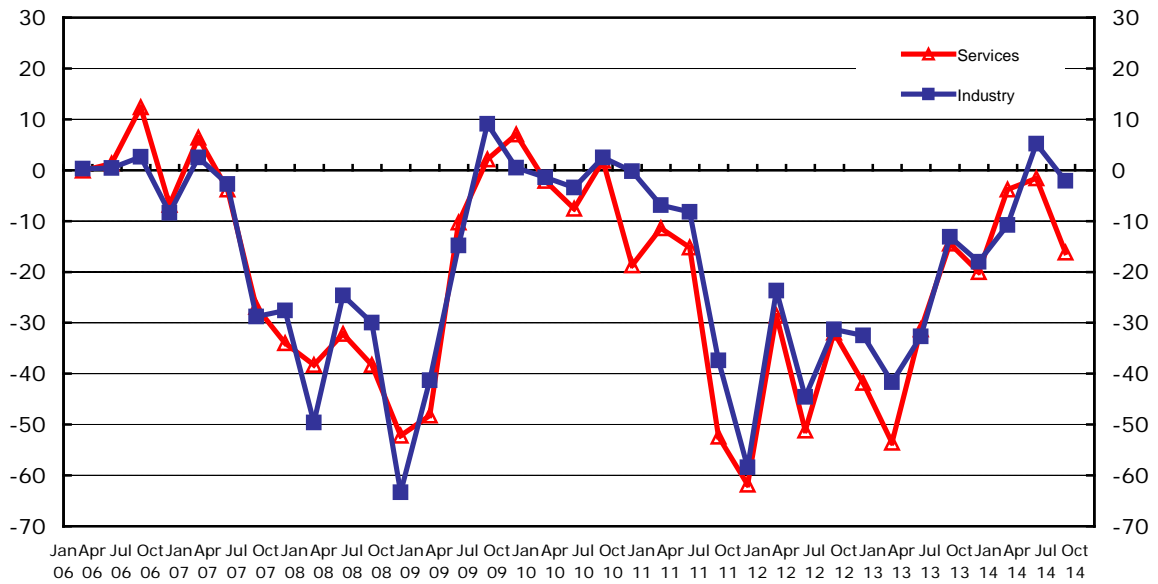
Three-month forecast of the firm's business conditions
(Industry excluding construction and Services;percentage points)⁽¹⁾



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

Figure 7

Conditions for investment with respect to previous quarter
(Industry excluding construction and Services; percentage points)⁽¹⁾



(1) Balance between positive and negative judgments.

Appendix A:

Methodological Notes

METHODOLOGICAL NOTES

A1. The sample

The Bank of Italy – Il Sole 24 Ore survey of inflation and growth expectations has been conducted since 1999, interviewing firms in industry excluding construction and in services with 50 or more workers. Starting in the first quarter of 2013, the survey has been extended to construction firms with at least 50 workers.

The sample for the first quarter of 2014 consisted of 1.032 firms: 397 firms in industry excluding construction, 406 service firms and 229 construction firms (Table A1).

The sample is stratified, with strata consisting of combinations of economic sector, size of firm (by number of workers) and geographical area. The need to ensure a large enough sample for every type of firm considered relevant means that, in some cases, the number of companies selected is disproportionate to the share of that category in the entire population of firms. This is in particular true of large companies.

Table 1a shows the composition of the sample broken down by number of employees, sector and geographical area.

Table A1

Composition of sample and universe

(units, percentages)

	Industry excluding construction and Services			Construction		
	Sample size (a)	Company universe ⁽¹⁾ (b)	Sample coverage rate (a / b) * 100 (c)	Sample size (c)	Company universe ⁽¹⁾ (d)	Sample coverage rate (c / d) * 100
Number of employees						
50-199.....	406	16,929	2.4	187	1,375	13.6
200-999.....	270	3,575	7.6	34	129	26.4
Over 999.....	127	540	23.5	8	8	100.0
Sector						
Industry.....	397	10,914	3.6	-	-	-
Services.....	406	10,130	4.0	-	-	-
Geographical area						
North-West.....	235	8,238	2.9	62	465	13.3
North-East.....	233	5,880	4.0	65	368	17.7
Centre.....	175	3,765	4.6	48	276	17.4
South and Islands.....	160	3,161	5.1	54	403	13.4
Total.....	803	21,044	3.8	229	1,512	15.1

(1) Istat (2010).

The estimates for inflation expectations for 6, 12 and 24 months ahead are calculated on a sub-sample of 550 industrial firms and service firms, and 145 construction firms. The rest of the

sample was given a differently worded question on inflation expectations in order to assess the impact of the wording on the responses. In particular, these firms were asked to give their inflation expectations without being given the latest Istat data on inflation in Italy and the euro area. The results obtained so far indicate that anchoring has the advantage of reducing uncertainty in expressing expectations (by broadening the knowledge base), thus reducing the standard error in the estimates of the average value, without causing any significant distortion in the estimate of expectations. Further research is being carried out.

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 A2).

Table A2

Response rates and data collection via Internet

(units, percentages)

	Industry excluding construction and Services		Construction	
	Companies contacted	Response rate ⁽¹⁾	Companies contacted	Response rate ⁽¹⁾
Number of employees				
50-199.....	1,150	35.3	558	33.5
200-999.....	395	68.4	67	50.7
Over 999.....	176	72.3	24	33.3
Sector				
Industry.....	892	44.5	-	-
Services.....	829	48.9	-	-
Geographical area				
North-West.....	571	41.2	197	31.5
North-East.....	493	47.3	183	35.5
Centre.....	320	54.7	130	36.9
South and Islands.....	337	47.5	139	38.8
Total.....	1,721	46.7	649	35.3

(1) Percentage of companies contacted which participated in the survey.

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 A3).

Table A4 contains indicators of the standard errors of the main variables for the total sample.

Table A3

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

	Industry excluding construction and Services				Construction			
	Mean	Robust mean	Median	Non-response %	Mean	Robust mean	Median	Non-response %
Consumer price inflation in Italy in the next 6 months	0.3	0.3	0.2	0.0	0.3	0.2	0.1	0.0
Consumer price inflation in Italy in the next 12 months	0.4	0.4	0.3	0.0	0.4	0.3	0.2	0.0
Consumer price inflation in Italy in the next 24 months	0.6	0.6	0.5	0.0	0.6	0.5	0.5	0.0
Change in own prices in the last 12 months	-0.7	-0.2	0.0	4.7	-2.0	-2.2	0.0	5.2
Change in own prices in the next 12 months.....	0.7	0.7	0.2	5.4	-0.0	0.0	0.0	5.7

Table A4

Standard errors
(percentage, scores)

	Industry excluding construction and Services	Construction
Consumer price inflation in Italy in the next 6 months	0.02	0.04
Consumer price inflation in Italy in the next 12 months	0.03	0.05
Consumer price inflation in Italy in the next 24 months	0.03	0.05
Change in own prices in the last 12 months	0.42	0.71
Change in own prices in the last 12 months (robust).....	0.28	0.65
Change in own prices in the next 12 months.....	0.18	0.28
Change in own prices in the next 12 months (robust)	0.14	0.19

Appendix B:
Statistical Tables

LIST OF TABLES

		page
Tab. 1	Consumer price inflation expectations in Italy	21
Tab. 2	Change in companies' selling prices.....	22
Tab. 3	Factors that will affect firms' selling prices.....	23
Tab. 4	Assessment of the general state of the economy with respect to previous quarter	24
Tab. 5	Likelihood of an improvement in the general economic situation in the next three months	25
Tab. 6	Trend in total demand for firm's product/work with respect to previous quarter	26
Tab. 7	Three-month forecast of total demand for the firm's products/works	27
Tab. 8	Foreign demand for the firm's products with respect to previous quarter	28
Tab. 9	Three-month forecast of the foreign demand for the firm's products.....	29
Tab. 10	Three-month forecast of the firm's business conditions	30
Tab. 11	Factors which will affect the firm's business conditions	31
Tab. 12	Three-year forecast of the firm's business conditions	32
Tab. 13	Assessment of conditions for investment with respect to previous quarter	33
Tab. 14	Forecast changes in spending on fixed investment between the second half of 2014 and the first half of 2014.....	34
Tab. 15	Forecast changes in spending on fixed investment between 2013 and 2014.....	35
Tab. 16	Changes to the normal level of the economic activity in the last two years	36
Tab. 17	Assessment of the credit conditions for firms with respect to previous quarter	37
Tab. 18	Overall liquidity position in the next three months.....	38
Tab. 19	Three-month forecast of workforce	39
Tab. 20	Passing the worst stage of the economic situation and expectations for production/work rates	40
Tab. 21	Bank deposit reduction in the last three months	41
Tab. 22	Bank deposit reduction factors in the last three months	42

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	... between 3 and 5 years
Industry excluding construction and Services				
Number of employees				
50-199 addetti	0.3	0.4	0.6	0.8
200-999 addetti	0.3	0.5	0.7	1.0
Oltre 999 addetti	0.5	0.7	0.9	1.3
Sector				
Industria in senso stretto	0.3	0.4	0.7	0.9
Servizi	0.2	0.4	0.6	0.8
Geographical area				
North-West	0.3	0.4	0.6	0.8
North-East	0.3	0.4	0.7	0.8
Centre	0.3	0.4	0.7	0.8
South and Islands	0.3	0.4	0.7	0.8
Total industry and services	0.3	0.4	0.6	0.8
<i>Memorandum items:</i>				
June 2014	0.7	0.9	1.0	1.2
March 2014	0.8	0.9	1.1	1.2
December 2013	0.9	1.1	1.2	....
September 2013	1.5	1.6	1.7	....
Construction				
Fraction of revenue derived from residential building				
Less than one third	0.3	0.4	0.6	0.8
More than one third	0.2	0.4	0.6	0.8
Geographical area				
North	0.3	0.4	0.7	1.0
Centre and South-Islands	0.2	0.4	0.5	0.6
Total construction	0.3	0.4	0.6	0.8
<i>Memorandum items:</i>				
June 2014	0.7	0.8	0.9	1.0
March 2014	0.8	0.9	1.0	1.1
December 2013	0.9	0.9	1.1	....
September 2013	1.4	1.5	1.5	....

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⁾
Industry excluding construction and Services		
Number of employees		
50-199	0.1	0.5
200-999	0.5	0.6
Over 999	-0.8	0.8
Sector		
Industry	-0.6	1.0
Services	0.2	0.4
Geographical area		
North-West	-0.6	0.7
North-East	0.4	0.6
Centre	-0.6	0.8
South and Islands	0.3	0.7
Total industry and services	-0.2	0.7
<i>Memorandum items:</i>		
June 2014	0.0	0.7
March 2014	0.0	0.9
December 2013	0.4	0.9
September 2013	0.2	0.8
Construction		
Fraction of revenue derived from residential building		
Less than one third	-2.1	0.2
More than one third	-2.9	-0.9
Geographical area		
North	-3.3	-0.3
Centre and South-Islands	-0.4	0.7
Total construction	-2.2	0.1
<i>Memorandum items:</i>		
June 2014	-1.6	0.5
March 2014	-2.0	0.1
December 2013	-0.5	-0.5
September 2013	-2.4	0.3

(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
Industry excluding construction and Services				
Number of employees				
50-199	-0.2	0.5	0.5	-0.6
200-999	-0.2	0.3	0.6	-0.4
Over 999	-0.1	0.4	0.3	-0.5
Sector				
Industry.....	0.1	0.5	0.4	-0.4
Services	-0.3	0.3	0.4	-0.6
Geographical area				
North-West	-0.1	0.3	0.3	-0.5
North-East	-0.3	0.4	0.6	-0.6
Centre	0.1	0.5	0.3	-0.4
South and Islands.....	-0.1	0.5	0.6	-0.4
Total industry and services	-0.1	0.4	0.4	-0.5
<i>Memorandum items:</i>				
June 2014.....	-0.1	0.5	0.5	-0.6
March 2014	-0.1	0.5	0.4	-0.6
December 2013.....	-0.2	0.6	0.4	-0.6
September 2013.....	-0.1	0.6	0.5	-0.6
Construction				
Fraction of revenue derived from residential building				
Less than one third.....	0.5	0.8	0.4	-0.8
More than one third	-0.2	0.6	0.7	-0.5
Geographical area				
North	0.5	1.1	0.5	-0.6
Centre and South-Islands.....	0.3	0.4	0.2	-0.9
Total construction.....	0.4	0.8	0.4	-0.7
<i>Memorandum items:</i>				
June 2014.....	0.2	0.8	0.6	-0.8
March 2014	-0.1	0.8	0.8	-0.5
December 2013.....	-0.2	0.9	1.0	-0.6
September 2013.....	-0.4	0.9	0.7	-0.7

(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)
Industry excluding construction and Services					
Number of employees					
50-199	34.8	61.0	4.2	100.0	-30.6
200-999	26.4	69.7	3.9	100.0	-22.5
Over 999	20.9	70.8	8.4	100.0	-12.5
Sector					
Industry	30.5	64.6	4.9	100.0	-25.6
Services	35.6	60.8	3.6	100.0	-32.0
Geographical area					
North-West	29.8	64.8	5.4	100.0	-24.4
North-East	36.5	60.6	3.0	100.0	-33.5
Centre	36.8	62.6	0.6	100.0	-36.2
South and Islands	30.5	61.5	8.0	100.0	-22.5
Total industry and services	33.0	62.7	4.3	100.0	-28.7
<i>Memorandum items:</i>					
June 2014	16.3	67.9	15.8	100.0	-0.5
March 2014	22.1	67.9	10.0	100.0	-12.1
December 2013	32.7	62.5	4.8	100.0	-27.9
September 2013	25.3	66.9	7.9	100.0	-17.4
Construction					
Fraction of revenue derived from residential building					
Less than one third	39.5	57.9	2.6	100.0	-36.9
More than one third	42.2	56.2	1.6	100.0	-40.6
Geographical area					
North	45.2	52.3	2.5	100.0	-42.7
Centre and South-Islands	34.3	63.6	2.1	100.0	-32.2
Total construction	40.2	57.4	2.3	100.0	-37.9
<i>Memorandum items:</i>					
June 2014	25.9	62.2	11.8	100.0	-14.1
March 2014	34.2	61.5	4.3	100.0	-29.9
December 2013	47.6	50.5	1.9	100.0	-45.7
September 2013	40.3	54.3	5.4	100.0	-34.9

Table 5

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

(percentages)

	Zero	1-25%	26-50%	51-75%	76-100%	Total	Mean ⁽¹⁾
Industry excluding construction and Services							
Number of employees							
50-199	45.6	41.7	9.3	2.5	0.9	100.0	11.3
200-999	37.7	45.8	12.5	3.9	0.0	100.0	13.2
Over 999	21.1	47.8	19.7	11.4	0.0	100.0	20.9
Sector							
Industry	41.2	43.6	11.2	3.0	1.0	100.0	12.7
Services	46.2	41.5	8.9	3.0	0.4	100.0	11.0
Geographical area							
North-West	37.4	43.5	14.4	3.9	0.8	100.0	14.3
North-East	45.8	42.8	8.4	1.6	1.4	100.0	11.0
Centre	49.6	38.7	7.4	4.2	0.0	100.0	10.5
South and Islands.....	48.8	44.2	5.1	1.8	0.0	100.0	8.9
Exports' share of sales							
From Zero to 1/3.....	46.9	41.2	8.9	2.7	0.3	100.0	10.7
Between 1/3/ and 2/3.....	40.9	42.5	14.5	2.2	0.0	100.0	12.4
More than 2/3	34.6	48.1	8.8	5.5	3.1	100.0	15.8
Total industry and services	43.6	42.6	10.1	3.0	0.7	100.0	11.9
<i>Memorandum items:</i>							
June 2014.....	32.2	47.5	12.8	6.4	1.2	100.0	16.1
March 2014	30.8	49.3	12.1	6.8	0.9	100.0	16.1
December 2013.....	43.6	41.5	9.8	4.4	0.7	100.0	12.5
September 2013.....	40.7	44.7	9.8	4.1	0.7	100.0	12.7
Construction							
Fraction of revenue derived from residential building							
Less than one third	55.0	36.7	7.4	0.9		100.0	8.2
More than one third	62.1	30.6	7.3	0.0		100.0	6.7
Geographical area							
North	61.7	29.8	7.7	0.8		100.0	7.3
Centre and South-Islands.....	51.3	41.4	6.8	0.5		100.0	8.3
Total construction.....	57.0	35.0	7.3	0.7		100.0	7.8
<i>Memorandum items:</i>							
June 2014	43.2	45.7	7.3	3.2	0.6	100.0	11.3
March 2014	43.0	46.9	8.2	1.9	0.0	100.0	10.4
December 2013	43.6	41.5	9.8	4.4	0.7	100.0	12.5
September 2013.....	49.5	40.9	7.6	1.9	0.0	100.0	9.4

(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/work⁽¹⁾
with respect to previous quarter**

(percentages)

	Decreased (a)	Unchanged	Increased (b)	Total	Balance (b) – (a)
Industry excluding construction and Services					
Number of employees					
50-199	24.4	59.4	16.3	100.0	-8.1
200-999	18.6	64.3	17.1	100.0	-1.5
Over 999	18.6	64.2	17.2	100.0	-1.4
Sector					
Industry	20.7	62.3	16.9	100.0	-3.8
Services	26.0	58.1	15.9	100.0	-10.1
Geographical area					
North-West	19.4	63.3	17.3	100.0	-2.1
North-East	28.2	54.6	17.2	100.0	-11.0
Centre	23.2	62.0	14.8	100.0	-8.4
South and Islands	23.9	61.5	14.6	100.0	-9.3
Exports' share of sales					
From zero to 1/3	27.1	59.9	13.0	100.0	-14.1
Between 1/3 and 2/3	17.8	66.5	15.7	100.0	-2.1
More than 2/3	15.9	53.6	30.5	100.0	14.6
Total industry and services	23.2	60.3	16.4	100.0	-6.8
<i>Memorandum items:</i>					
June 2014	17.2	61.4	21.4	100.0	4.2
March 2014	22.8	59.3	17.9	100.0	-4.9
September 2013	24.7	59.8	15.5	100.0	-9.2
June 2013	24.5	60.4	15.1	100.0	-9.4
Construction					
Fraction of revenue derived from residential building					
Less than one third	24.7	63.4	11.9	100.0	-12.8
More than one third	27.2	64.0	8.9	100.0	-18.3
Geographical area					
North	26.5	59.8	13.7	100.0	-12.8
Centre and South-Islands	24.0	68.2	7.8	100.0	-16.2
Total construction	25.4	63.5	11.1	100.0	-14.3
<i>Memorandum items:</i>					
June 2014	23.8	59.6	16.6	100.0	-7.2
March 2014	31.8	55.4	12.8	100.0	-19.0
December 2013	33.6	52.5	13.9	100.0	-19.7
September 2013	34.2	57.1	8.7	100.0	-25.5

(1) For firms in industry excluding construction and services, products; for construction firms, works.

Table 7

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

	Decrease (a)	No change	Increase (b)	Total	Balance (b) – (a)
Industry excluding construction and Services					
Number of employees					
50-199	14.7	66.5	18.8	100.0	4.1
200-999	11.9	65.5	22.6	100.0	10.7
Over 999	12.6	58.5	28.9	100.0	16.3
Sector					
Industry	11.0	64.8	24.2	100.0	13.2
Services.....	17.7	67.5	14.8	100.0	-2.9
Geographical area					
North-West	10.2	66.4	23.3	100.0	13.1
North-East.....	17.2	66.1	16.7	100.0	-0.5
Centre.....	18.2	64.4	17.4	100.0	-0.8
South and Islands.....	14.0	67.2	18.7	100.0	4.7
Exports' share of sales					
From zero to 1/3.....	18.1	67.8	14.1	100.0	-4.0
Between 1/3/ and 2/3	7.2	69.2	23.6	100.0	16.4
More than 2/3.....	8.8	55.2	36.0	100.0	27.2
Total industry and services.....	14.2	66.1	19.7	100.0	5.5
<i>Memorandum items:</i>					
June 2014.....	10.3	63.1	26.6	100.0	16.3
March 2014.....	11.4	62.8	25.8	100.0	14.4
December 2013.....	19.7	61.3	19.0	100.0	-0.7
September 2013	17.5	63.0	19.5	100.0	2.0
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	14.8	67.0	18.2	100.0	3.4
More than one third.....	14.8	64.7	20.5	100.0	5.7
Geographical area					
North.....	18.5	64.9	16.6	100.0	-1.9
Centre and South-Islands	10.1	68.1	21.7	100.0	11.6
Total construction	14.8	66.3	18.9	100.0	4.1
<i>Memorandum items:</i>					
June 2014.....	13.0	61.3	25.7	100.0	12.7
March 2014.....	16.1	60.8	23.1	100.0	7.0
December 2013.....	18.7	67.5	13.7	100.0	-5.0
September 2013	22.1	60.4	17.5	100.0	-4.6

(1) For firms in industry excluding construction and services, products; for construction firms, works.

Table 8

**Foreign demand for the firm's products
with respect to previous quarter**
(Industry excluding construction and Services; percentages)⁽¹⁾

	Decreased (a)	Unchanged	Increased (b)	Total	Balance (b) – (a)
Number of employees					
50-199	14.4	61.2	24.4	100.0	10.0
200-999	6.2	58.9	34.9	100.0	28.7
Over 999	14.3	56.8	28.9	100.0	14.6
Sector					
Industry	12.2	58.6	29.2	100.0	17.0
Services.....	14.6	66.0	19.4	100.0	4.8
Geographical area					
North-West	13.1	62.4	24.4	100.0	11.3
North-East.....	11.9	54.8	33.3	100.0	21.4
Centre.....	16.4	61.0	22.6	100.0	6.2
South and Islands.....	9.0	67.4	23.6	100.0	14.6
Total industry and services.....	12.9	60.7	26.4	100.0	13.5
<i>Memorandum items:</i>					
June 2014.....	11.3	50.3	38.4	100.0	27.1
March 2014.....	13.9	54.2	32.0	100.0	18.1
September 2013	17.2	52.8	30.0	100.0	12.8
June 2013.....	14.7	53.1	32.2	100.0	17.5

(1) For exporting firms only.

Table 9

Three-month forecast of the foreign demand for the firm's products
(Industry excluding construction and Services; percentages)⁽¹⁾

	Decrease (a)	No change	Increase (b)	Total	Balance (b) – (a)
Number of employees					
50-199	10.2	62.3	27.6	100.0	17.4
200-999	5.8	59.5	34.7	100.0	28.9
Over 999	10.7	59.1	30.2	100.0	19.5
Sector					
Industry	8.4	59.5	32.1	100.0	23.7
Services.....	11.8	67.4	20.8	100.0	9.0
Geographical area					
North-West	9.5	61.3	29.1	100.0	19.6
North-East.....	7.9	62.1	30.0	100.0	22.1
Centre.....	12.0	61.1	26.9	100.0	14.9
South and Islands.....	8.2	63.3	28.5	100.0	20.3
Total industry and services.....	9.4	61.7	28.9	100.0	19.5
<i>Memorandum items:</i>					
June 2014.....	5.3	54.8	39.9	100.0	34.6
March 2014.....	7.8	54.3	37.9	100.0	30.1
December 2013.....	11.0	57.3	31.8	100.0	20.8
September 2013	9.8	58.5	31.7	100.0	21.9

(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)
Industry excluding construction and Services					
Number of employees					
50-199	22.8	70.1	7.1	100.0	-15.7
200-999	12.8	80.0	7.2	100.0	-5.6
Over 999	13.0	76.4	10.6	100.0	-2.4
Sector					
Industry	17.1	75.6	7.2	100.0	-9.9
Services.....	24.9	67.9	7.2	100.0	-17.7
Geographical area					
North-West	17.4	75.7	6.9	100.0	-10.5
North-East.....	23.2	71.1	5.7	100.0	-17.5
Centre.....	24.0	67.3	8.7	100.0	-15.3
South and Islands.....	21.6	69.0	9.4	100.0	-12.2
Total industry and services.....	20.8	71.9	7.2	100.0	-13.6
<i>Memorandum items:</i>					
June 2014.....	11.9	76.0	12.1	100.0	0.2
March 2014.....	14.1	73.2	12.7	100.0	-1.4
December 2013.....	21.6	69.6	8.7	100.0	-12.9
September 2013	20.9	70.5	8.6	100.0	-12.3
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	26.4	70.3	3.3	100.0	-23.1
More than one third.....	22.8	68.4	8.8	100.0	-14.0
Geographical area					
North.....	30.0	64.8	5.3	100.0	-24.7
Centre and South-Islands	19.9	75.9	4.3	100.0	-15.6
Total construction	19.6	70.2	4.8	100.0	-20.6
<i>Memorandum items:</i>					
June 2014.....	19.6	70.2	10.2	100.0	-9.4
March 2014.....	22.1	66.7	11.2	100.0	-10.9
December 2013.....	32.7	59.4	7.9	100.0	-24.8
September 2013	34.2	59.1	6.6	100.0	-27.6

Table 11

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

	Change in demand	Trend in new sites	Trend in existing sites	Change in selling prices	Change in credit conditions
Industry excluding construction and Services					
Number of employees					
50-199	0.4	....	....	0.1	-0.1
200-999	0.3	....	....	0.1	0.2
Over 999	0.3	....	....	0.3	0.0
Sector					
Industry	0.5	....	....	0.1	0.0
Services.....	0.2	....	....	0.1	0.0
Geographical area					
North-West	0.6	....	....	0.2	0.1
North-East.....	0.1	....	....	0.1	-0.1
Centre.....	0.3	....	....	-0.1	-0.3
South and Islands.....	0.4	....	....	0.1	0.0
Total industry and services.....	0.4	....	....	0.1	0.0
<i>Memorandum items:</i>					
June 2014.....	0.6	....	....	0.2	0.0
March 2014.....	0.6	....	....	0.1	-0.2
December 2013.....	0.4	....	....	0.1	-0.2
September 2013	0.2	....	....	0.0	-0.4
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	....	1.1	0.7	-0.2	-0.1
More than one third.....	....	1.0	0.8	-0.2	-0.1
Geographical area					
North.....	....	1.0	0.7	-0.3	-0.2
Centre and South-Islands .....	....	1.1	0.7	-0.2	0.0
Total construction .....	....	1.1	0.7	-0.2	-0.1
<i>Memorandum items:</i>					
June 2014.....	....	1.1	0.9	-0.1	0.0
March 2014.....	....	0.9	0.8	-0.3	-0.4
December 2013.....	....	0.9	0.6	-0.3	-0.6
September 2013 .....	....	0.8	0.6	-0.4	-0.7

(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)
Industry excluding construction and Services					
Number of employees					
50-199	20.6	24.6	54.8	100.0	34.2
200-999	9.6	21.5	68.9	100.0	59.3
Over 999	9.9	17.1	73.0	100.0	63.1
Sector					
Industry	12.5	24.2	63.4	100.0	50.9
Services.....	24.9	23.5	51.5	100.0	26.6
Geographical area					
North-West	15.2	21.1	63.7	100.0	48.5
North-East.....	21.7	27.8	50.5	100.0	28.8
Centre.....	24.5	27.5	48.0	100.0	23.5
South and Islands.....	13.4	19.4	67.2	100.0	53.8
Total industry and services.....	18.4	23.9	57.7	100.0	39.3
<i>Memorandum items:</i>					
June 2014.....	12.4	23.6	64.0	100.0	51.6
March 2014.....	11.4	24.9	63.8	100.0	52.4
December 2013.....	18.2	19.8	62.0	100.0	43.8
September 2013	16.5	19.1	64.4	100.0	47.9
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	15.1	30.3	54.6	100.0	39.5
More than one third.....	12.6	33.3	54.1	100.0	41.5
Geographical area					
North.....	16.1	33.2	50.7	100.0	34.6
Centre and South-Islands.....	12.4	28.5	59.1	100.0	46.7
Total construction	14.4	31.1	54.5	100.0	40.1
<i>Memorandum items:</i>					
June 2014.....	13.7	23.4	62.8	100.0	49.1
March 2014.....	14.6	23.6	61.8	100.0	47.2
December 2013.....	17.1	26.5	56.4	100.0	39.3
September 2013	21.8	23.1	55.1	100.0	33.3

Table 13

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

	Worse (a)	Unchanged	Better (b)	Total	Balance (b) – (a)
Industry excluding construction and Services					
Number of employees					
50-199	21.7	67.3	11.0	100.0	-10.7
200-999	11.9	77.1	11.0	100.0	-0.9
Over 999	10.6	83.3	6.1	100.0	-4.5
Sector					
Industry	14.6	72.9	12.5	100.0	-2.1
Services.....	25.3	65.6	9.1	100.0	-16.2
Geographical area					
North-West	17.5	69.5	12.9	100.0	-4.6
North-East.....	20.5	68.8	10.7	100.0	-9.8
Centre.....	20.7	71.0	8.4	100.0	-12.3
South and Islands.....	23.0	68.2	8.8	100.0	-14.2
Total industry and services.....	19.8	69.4	10.9	100.0	-8.9
<i>Memorandum items:</i>					
June 2014.....	11.0	76.1	12.9	100.0	-8.9
March 2014.....	17.2	73.0	9.8	100.0	-7.4
December 2013.....	25.6	67.8	6.6	100.0	-19.0
September 2013	20.6	72.5	6.9	100.0	-13.7
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	24.3	67.5	8.2	100.0	-16.1
More than one third.....	25.6	70.9	3.5	100.0	-22.1
Geographical area					
North.....	23.2	67.9	8.9	100.0	-14.3
Centre and South-Islands	26.5	69.1	4.4	100.0	-22.1
Total construction	24.7	68.4	6.9	100.0	-17.8
<i>Memorandum items:</i>					
June 2014.....	19.1	70.4	10.5	100.0	-8.6
March 2014.....	30.9	63.2	5.9	100.0	-25.0
December 2013.....	38.1	57.9	4.0	100.0	-34.1
September 2013	37.1	56.9	6.0	100.0	-31.1

Table 14

**Forecast changes in spending on fixed investment
between the second half of 2014 and the first half of 2014**

(percentages)

	Decrease (a)	No change	Increase (b)	Total	Balance (b) – (a)
Industry excluding construction and Services					
Number of employees					
50-199	20.1	57.2	22.7	100.0	2.6
200-999	20.0	53.9	26.1	100.0	6.1
Over 999	17.3	56.6	26.1	100.0	8.8
Sector					
Industry	19.1	55.1	25.7	100.0	6.6
Services	20.9	58.3	20.8	100.0	-0.1
Geographical area					
North-West	19.3	59.6	21.1	100.0	1.8
North-East	19.8	56.3	23.8	100.0	4.0
Centre	24.0	46.2	29.7	100.0	5.7
South and Islands	17.5	61.7	20.8	100.0	3.3
Total industry and services	20.0	56.6	23.4	100.0	3.4
Construction					
Fraction of revenue derived from residential building					
Less than one third	23.2	63.0	13.8	100.0	-9.4
More than one third	21.1	68.4	10.4	100.0	-10.7
Geographical area					
North	21.5	65.5	13.0	100.0	-8.5
Centre and South-Islands	24.0	63.2	12.7	100.0	-11.3
Total construction	22.6	64.5	12.9	100.0	-9.7

Table 15

**Forecast changes in spending on fixed investment
between 2013 and 2014**

(percentages)

	Decrease (a)	No change	Increase (b)	Total	Balance (b) – (a)
Industry excluding construction and Services					
Number of employees					
50-199	23.8	50.2	26.0	100.0	2.2
200-999	24.6	47.5	27.9	100.0	3.3
Over 999	31.4	40.3	28.2	100.0	-3.2
Sector					
Industry	23.2	46.2	30.5	100.0	7.3
Services	25.1	53.0	21.9	100.0	-3.2
Geographical area					
North-West	20.6	52.6	26.8	100.0	6.2
North-East	26.8	49.9	23.3	100.0	-3.5
Centre	29.1	40.5	30.4	100.0	1.3
South and Islands	22.8	51.0	26.2	100.0	3.4
Total industry and services	24.1	49.5	26.4	100.0	2.3
Construction					
Fraction of revenue derived from residential building					
Less than one third	33.6	47.5	18.9	100.0	-14.7
More than one third	26.9	54.7	18.3	100.0	-8.6
Geographical area					
North	30.9	50.2	18.9	100.0	-12.0
Centre and South-Islands	32.8	48.6	18.6	100.0	-14.2
Total construction	31.7	49.5	18.7	100.0	-13.0

Table 16

**Changes to the normal level of the economic activity
in the last two years**

(percentages)

	No	Yes, an increase	Yes, a decrease	I don't know	Total
Industry excluding construction and Services					
Number of employees					
50-199	24.7	24.4	43.4	7.6	100.0
200-999	33.2	25.0	34.8	7.0	100.0
Over 999	21.9	20.5	47.7	9.8	100.0
Sector					
Industry	25.6	29.0	39.7	5.7	100.0
Services.....	26.5	19.4	44.5	9.5	100.0
Geographical area					
North-West	26.2	27.7	37.7	8.4	100.0
North-East.....	23.4	24.9	45.4	6.3	100.0
Centre.....	25.6	20.9	48.0	5.5	100.0
South and Islands.....	31.1	18.9	40.0	10.0	100.0
Total industry and services.....	26.0	24.4	42.0	7.5	100.0
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	21.4	15.2	57.2	6.3	100.0
More than one third.....	16.2	16.6	60.3	6.9	100.0
Geographical area					
North.....	19.5	18.7	57.5	4.3	100.0
Centre and South-Islands	20.4	11.7	58.8	9.1	100.0
Total construction	19.9	15.6	58.1	6.5	100.0

Table 17

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

	Worse (a)	Unchanged	Better (b)	Total	Balance (b) – (a)
Industry excluding construction and Services					
Number of employees					
50-199	13.4	78.6	7.9	100.0	-5.5
200-999	5.6	81.2	13.3	100.0	7.7
Over 999	7.5	80.2	12.3	100.0	4.8
Sector					
Industry.....	9.2	80.2	10.6	100.0	1.4
Services	14.9	77.9	7.2	100.0	-7.7
Geographical area					
North-West	8.0	81.1	10.9	100.0	2.9
North-East	10.2	80.6	9.2	100.0	-1.0
Centre	18.3	73.2	8.4	100.0	-9.9
South and Islands.....	18.1	78.2	3.8	100.0	-14.3
Total industry and services	12.0	79.1	8.9	100.0	-3.1
<i>Memorandum items:</i>					
June 2014.....	11.8	80.5	7.7	100.0	-4.1
March 2014.....	17.8	77.6	4.6	100.0	-13.2
December 2013.....	19.7	75.8	4.4	100.0	-15.3
September 2013.....	20.8	76.0	3.3	100.0	-17.5
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	23.3	70.5	6.2	100.0	-17.1
More than one third	26.6	71.9	1.6	100.0	-25.0
Geographical area					
North.....	22.7	71.7	5.6	100.0	-17.1
Centre and South-Islands.....	26.2	69.9	3.9	100.0	-22.3
Total construction	24.2	70.9	4.9	100.0	-19.3
<i>Memorandum items:</i>					
June 2014.....	26.5	69.2	4.3	100.0	-22.2
December 2013.....	31.4	67.7	0.9	100.0	-30.5
September 2013.....	37.5	60.9	1.6	100.0	-35.9
June 2013.....	38.0	57.2	4.8	100.0	-33.2

Table 18

Overall liquidity position in the next three months
(percentages)

	Insufficient	Sufficient	More than sufficient	Total
Industry excluding construction and Services				
Number of employees				
50-199	21.5	62.9	15.6	100.0
200-999	8.8	66.9	24.3	100.0
Over 999	8.7	62.5	28.8	100.0
Sector				
Industry.....	17.8	61.1	21.1	100.0
Services	20.4	66.1	13.5	100.0
Geographical area				
North-West.....	11.2	67.2	21.7	100.0
North-East	18.6	61.6	19.8	100.0
Centre	24.9	60.7	14.4	100.0
South and Islands.....	33.7	61.0	5.4	100.0
Total industry and services	19.1	63.5	17.4	100.0
<i>Memorandum items:</i>				
June 2014.....	17.8	62.5	19.7	100.0
March 2014.....	19.5	61.8	18.7	100.0
December 2013.....	19.5	64.6	15.9	100.0
September 2013.....	21.4	63.0	15.6	100.0
Construction				
Fraction of revenue derived from residential building				
Less than one third.....	37.2	55.9	6.8	100.0
More than one third	50.2	44.6	5.2	100.0
Geographical area				
North.....	33.5	56.2	10.3	100.0
Centre and South-Islands.....	49.8	48.7	1.5	100.0
Total construction.....	40.8	52.8	6.4	100.0
<i>Memorandum items:</i>				
June 2014.....	41.8	54.5	3.7	100.0
March 2014.....	48.1	46.5	5.3	100.0
December 2013.....	48.6	46.1	5.4	100.0
September 2013.....	48.9	48.2	2.9	100.0

Table 19

Three-month forecast of workforce
(percentages)

	Decrease (a)	No change	Increase (b)	Total	Balance (b) – (a)
Industry excluding construction and Services					
Number of employees					
50-199	19.4	69.0	11.6	100.0	-7.8
200-999	23.0	64.7	12.3	100.0	-10.7
Over 999	32.9	52.6	14.5	100.0	-18.4
Sector					
Industry.....	17.9	68.7	13.3	100.0	-4.6
Services	23.0	66.9	10.1	100.0	-12.9
Geographical area					
North-West.....	18.5	69.4	12.1	100.0	-6.4
North-East	20.6	65.4	14.0	100.0	-6.6
Centre	20.4	70.2	9.3	100.0	-11.1
South and Islands.....	24.6	65.6	9.9	100.0	-14.7
Total industry and services	20.4	67.9	11.8	100.0	-8.6
<i>Memorandum items:</i>					
June 2014.....	16.3	69.5	14.3	100.0	-2.0
March 2014.....	18.9	67.6	13.4	100.0	-5.5
December 2013.....	23.5	66.9	9.6	100.0	-13.9
September 2013.....	23.1	68.1	8.8	100.0	-14.3
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	30.5	60.5	9.0	100.0	-21.5
More than one third	25.6	59.9	14.5	100.0	-11.1
Geographical area				100.0	
North.....	32.6	57.1	10.3	100.0	-22.3
Centre and South-Islands.....	25.0	64.2	10.8	100.0	-14.2
Total construction	29.1	60.3	10.5	100.0	-18.6
<i>Memorandum items:</i>					
June 2014.....	27.1	64.1	8.7	100.0	-18.4
March 2014.....	32.0	61.4	6.7	100.0	-25.3
December 2013.....	37.8	54.9	7.3	100.0	-30.5
September 2013.....	31.7	62.1	6.2	100.0	-25.5

Table 20

Passing the worst stage of the economic situation and expectations for production rates

(percentages)

	The firm passed the most difficult stage of the economic situation during the first half of 2014			The firm expects a solid improvement of its production/work rates in the coming months		
	No	Yes	Total	No	Yes	Total
Industry excluding construction and Services						
Number of employees						
50-199	73,2	26,8	100,0	64,4	35,6	100,0
200-999	70,0	30,0	100,0	72,6	27,4	100,0
Over 999	63,2	36,8	100,0	68,6	31,4	100,0
Sector						
Industry.....	69,4	30,6	100,0	63,9	36,1	100,0
Services.....	75,6	24,4	100,0	68,1	31,9	100,0
Geographical area						
North-West	72,3	27,7	100,0	67,9	32,1	100,0
North-East.....	71,2	28,8	100,0	69,0	31,0	100,0
Centre.....	77,3	22,7	100,0	66,4	33,6	100,0
South and Islands.....	69,2	30,8	100,0	54,8	45,2	100,0
Exports' share of sales						
From zero to 1/3.....	75,9	24,1	100,0	68,0	32,0	100,0
Between 1/3/ and 2/3	70,1	29,9	100,0	64,7	35,3	100,0
More than 2/3.....	62,1	37,9	100,0	59,5	40,5	100,0
Total industry and services.....	72,4	27,6	100,0	65,9	34,1	100,0
Construction						
Fraction of revenue derived from residential building						
Less than one third.....	76,8	23,2	100,0	66,9	33,1	100,0
More than one third.....	81,2	18,8	100,0	64,4	35,6	100,0
Geographical area						
North.....	77,8	22,2	100,0	74,7	25,3	100,0
Centre and South-Islands	78,3	21,7	100,0	55,9	44,1	100,0
Total construction	78,0	22,0	100,0	66,2	33,8	100,0

Table 21

Reduction in bank deposits in the last three months

(percentages)

	No	Yes	Total
Industry excluding construction and Services			
Number of employees			
50-199	69,3	30,7	100,0
200-999	79,7	20,3	100,0
Over 999	78,5	21,5	100,0
Sector			
Industry	73,5	26,5	100,0
Services	68,9	31,1	100,0
Geographical area			
North-West	75,9	24,1	100,0
North-East	71,9	28,1	100,0
Centre	65,6	34,4	100,0
South and Islands	64,8	35,2	100,0
Total	71,3	28,7	100,0
<i>Memorandum items:</i>			
March 2014	68,6	31,4	100,0
September 2013	69,0	31,0	100,0
March 2013	60,4	39,6	100,0
September 2012	55,1	44,9	100,0
Construction			
Fraction of revenue derived from residential building			
Less than one third	50,0	50,0	100,0
More than one third	39,0	61,0	100,0
Geographical area			
North	48,8	51,2	100,0
Centre and South-Islands	44,6	55,4	100,0
Total construction	46,9	53,1	100,0
<i>Memorandum items:</i>			
March 2014	47,7	52,3	100,0

Table 22

**Factors contributing to the reduction in bank deposits
in the last three months**
(average score) ⁽¹⁾⁽²⁾

	Increasing difficulty in accessing credit)	Reduction in revenues	Portfolio rebalancing
Industry excluding construction and Services			
Number of employees			
50-199	2,4	3,0	2,2
200-999	2,0	2,8	2,0
Over 999	2,2	2,7	1,7
Sector			
Industry	2,5	2,8	2,3
Services	2,2	3,1	2,0
Geographical area			
North-West	2,0	2,9	1,9
North-East	2,5	2,8	2,2
Centre	2,4	3,1	2,4
South and Islands	2,6	3,1	2,2
Total	2,4	3,0	2,2
<i>Memorandum items:</i>			
March 2014	1,6	2,0	1,3
September 2013	1,6	2,1	1,4
March 2013	1,6	2,1	1,3
September 2012 .....	...	2,2	1,3
Construction			
Fraction of revenue derived from residential building			
Less than one third	2,7	3,2	2,5
More than one third	3	3,2	2,6
Geographical area			
North	2,7	3,2	2,5
Centre and South-Islands	2,9	3,3	2,6
Total	2,8	3,2	2,6
<i>Memorandum items:</i>			
March 2014	2,0	2,4	1,6

(1) The question was put only to firms that had responded affirmatively to the question on the reduction in bank deposits.
– (2) Firms' assessments of the intensity of the impact of each factor on the reduction of their bank deposits (none, small, average and large) were scored on a scale from 0 to 3.

Appendix C:
Questionnaire

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

SEPTEMBER 2014

Company Name _____

A0. Which is your firm's main sector? [__]

(1) MANUFACTURING

(2) OTHER INDUSTRY

- Mineral extraction from mines
- Elettrical. gas. vapour. air conditioning supply
- Water supply
- Sewerage. waste management. and redevelopment

(3) TRADING

(4) OTHER SERVICES

(5) CONSTRUCTION

- Buildings
- Engineering
- Special construction works
(demolition and preparation of building sites. plant installation.
completion and finishing. etc.)

Fill in GREEN questionnaire

Fill in LIGHT BLUE questionnaire

INDUSTRY EXCLUDING CONSTRUCTION AND SERVICES

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

SEZIONE A – GENERAL INFORMATION

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 March 2015?	...in September 2015?	...in September 2016?	... on average between september 2016 and september 2018 ?
B1a. (about 2/3 of the sample) In October consumer price inflation, measured by the 12-month change in the HARMONIZED INDEX OF CONSUMER PRICES was 0.0 per cent in Italy and 0.4 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. AVAILABILITY and the COST OF CREDIT	1|__|	2|__|	3|__|	1|__|	2|__|	3|__|

C8. Compared with 3 month ago, do you think conditions for investment are ... ? Better The same Worse

C9. 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

C10. Compared with three months ago, is the total demand for your products ... ? Higher Unchanged Lower

C11. How will the total demand for your products vary in the next 3 months? Increase No change Decrease

(Answer to questions C12-C13 only if the share of sales revenues coming from exports is positive, otherwise go to C14)

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

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

C14. Compared with three months ago, are credit conditions for your company ...? Better Unchanged Worse

C15 Overall, do you think your firm passed the most difficult stage of the economic situation? No Yes

C16 Do you expect a solid improvement of your production/work rates in the coming months? No Yes

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	Effect on firm's selling prices			Intensity (if not nil)		
	Downward	Neutral	Upward	Low	Average	High

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|_|

SECTION F – BANK DEPOSITS SECTION F – EXCHANGE RATE EFFECT

F1. In the last three months, excluding normal seasonal fluctuations, did you reduce your bank deposits? No Yes

If yes, what contribution did each of the following factors make?	<i>None</i>	<i>Small</i>	<i>Average</i>	<i>Large</i>
F2. Increasing difficulty in accessing credit	1|_|	2|_|	3|_|	4|_|
F3. Reduction in revenues	1|_|	2|_|	3|_|	4|_|
F4. Portfolio rebalancing; perceived uncertainty on financial system	1|_|	2|_|	3|_|	4|_|

SEZIONE G – INVESTMENT

G1. What do you expect will be the nominal expenditure on (tangible and intangible) fixed investment in 2014 compared with that in 2013? Much higher A little higher About the same A little lower Much lower

G2. And what do you expect will be the nominal expenditure in the second half of 2014 compared with that in the first half of 2014: Much higher A little higher About the same A little lower Much lower

NOTE: The responses "much higher" and "much lower" also apply when, in the two periods compared, investments are zero.

CONSTRUCTION

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

SEZIONE A – GENERAL INFORMATION

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 March 2015?	...in September 2015?	...in September 2016?	... on average between September 2016 and September 2018 ?
B1a. (about 2/3 of the sample) In October consumer price inflation, measured by the 12-month change in the HARMONIZED INDEX OF CONSUMER PRICES was 0.0 per cent in Italy and 0.4 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 <u>In the next 3 months</u>	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. AVAILABILITY and the COST OF CREDIT	1|__|	2|__|	3|__|	1|__|	2|__|	3|__|

C8. Compared with 3 month ago, do you think conditions for investment are ... ? Better The same Worse

C9. 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

C10. Compared with three months ago, is the **total** demand for your products ... ? Higher Unchanged Lower

C11. How will the **total** demand for your products vary in the next 3 months? Increase No change Decrease

(Answer to questions C12-C13 only if the share of sales revenues coming from exports is positive, otherwise go to C14)

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

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

C14. Compared with three months ago, are credit conditions for your company ... ? Better Unchanged Worse

C15 Overall, do you think your firm passed the most difficult stage of the economic situation during the second half of 2013? No Yes

C16 Do you expect a solid improvement of your production/work rates in the coming months? No Yes

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	Effect on firm's selling prices			Intensity (if not nil)			
	<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|_|	
SECTION F – BANK DEPOSITS							
F1. In the last three months, excluding normal seasonal fluctuations, did you reduce your bank deposits? <input type="checkbox"/> No <input type="checkbox"/> Yes							
If yes, what contribution did each of the following factors make?				<i>None</i>	<i>Small</i>	<i>Average</i>	<i>Large</i>
F2. Increasing difficulty in accessing credit				1|_|	2|_|	3|_|	4|_|
F3. Reduction in revenues				1|_|	2|_|	3|_|	4|_|
F4. Portfolio rebalancing; perceived uncertainty on financial system				1|_|	2|_|	3|_|	4|_|
SEZIONE G – INVESTMENT							
G1. What do you expect will be the nominal expenditure on (tangible and intangible) fixed investment in 2014 compared with that in 2013? <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							
G2. And what do you expect will be the nominal expenditure in the second half of 2014 compared with that in the first half of 2014: <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 (half yearly)

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

Printed by the Printing and Publishing Division of the Bank of Italy

Registration with the Court of Rome No. 24/2008, 25 January 2008 - *Director: EUGENIO GAIOTTI* -