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Survey on Inflation and Growth Expectations

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This publication contains the main findings of the survey on inflation and growth expectations conducted by the Bank of Italy in collaboration with the newspaper Il Sole 24 Ore. The data were collected in March 2015 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 Claire Giordano.

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

## **SURVEY ON INFLATION AND GROWTH EXPECTATIONS**

### **1. Introduction**

The interviews for the Banca d'Italia–Il Sole 24 Ore quarterly survey on inflation and growth expectations were carried out between 2 and 19 March 2015. A total of 1043 firms with 50 or more employees took part, of which 407 operate in industry excluding construction, 418 in services and 218 in construction (Table A1).

The firms were asked to provide forecasts both on macroeconomic matters, such as changes in 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.

The main findings of the survey are summarized below. Appendices A, B and C contain 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' selling prices**

In March firms shaved 0.2 percentage points off their consumer inflation expectations for the next six months (down from 0.4 in the December survey), while expectations one year ahead were stable at 0.5 per cent. Forecasts over a longer horizon were revised up to 0.8 (from 0.7) for expectations two years ahead and up to 1.2 (from 0.9) for expectations five years ahead (Table 1 and Figure 1).

Firms on average reported that their selling prices were unchanged on an annual basis (as opposed to a 0.3 decrease detected in December; Table 2). Firms in industry excluding construction expect the variation in their selling prices to be slightly positive, while firms in services expect a slight decrease. Over the next twelve months firms expect prices to increase by 0.6 per cent on average in both sectors (up from 0.2 in the previous quarter). A key factor suggesting such an increase in future selling prices is a pick-up in demand, compounded by a stronger than expected positive effect deriving from changes in the price of raw materials compared with the previous quarter (Table 3).

#### **Assessment of the general economic situation**

Firms generally stated a much more positive view on Italy's general economic situation compared with the previous quarter. The negative balance between reports of improvement and reports of deterioration in the general economy soared to 18.6 points (up from -23.1 in December; Table 4). However, about two thirds of the respondent firms re-iterated their view that Italy's situation is stable. The average probability assigned to an improvement of the economic situation in the next three months also increased by 6 per cent, and is now at 18.2 per cent (Table 5).

#### **Demand**

The percentage of firms displaying an increase in demand for their products in the last quarter (20.5 per cent; Table 6) slightly exceeded the percentage of firms displaying a decrease (19.5). The balance was -5.8 per cent in the December survey. Short-term expectations also improved, the balance having risen to 21.2 per cent, up from 2.1 in December (Table 7). This was especially due to a positive trend in Italy's South and Islands.

The firms' assessment on foreign demand for their products, both current and expected, continues to be more favourable. The balance between positive and negative views increased to 16.9 per cent, up from 12.6 in the previous survey. It failed, however, to attain the levels of June 2014 (Table 8). The balance between projections of an increase in demand expectations versus a decrease soared to 37.1 per cent (up from 25.8; Table 9).

### **Assessment of business conditions**

Firms' expectations on the economic conditions in which they will be operating over the next three months were marked by cautious optimism, although the largest share of responses indicated an expectation of stability (71.6 per cent, compared with 75.8 in December; Table 10 and Figure 6); the balance between firms expecting an improvement and those expecting a deterioration became positive again (4.9 per cent, up from -6.8), mainly reflecting the assessments of industrial firms. Changes in demand and prices are expected to have a positive effect on economic activity, compounded by the stimuli deriving from current credit conditions and changes in the euro-dollar exchange rate. Uncertainty deriving from economic and political factors is expected to subside slightly (Table 11).

Compared with the previous survey, expectations three years ahead have also been revised upwards; the balance between positive and negative views reached 55.2 per cent (up from 41.7; Table 12).

The percentage of firms reporting a decrease in their 'normal' level of activity in the last two years has gone down to 37.6 from 44.2 in December and 42.0 in September 2014, which was the first time this question was included in the survey (Table 18). This compares with 23.9 per cent of firms reporting an increase in their 'normal' level of activity (the percentage was 22.7 in December and 24.4 in September) and 29.7 reporting no change (the percentage was 26.5 in December).

### **Investment conditions**

Firms expressed a more favourable assessment on investment conditions compared with the last quarter. The balance between responses indicating an improvement and those indicating a deterioration became positive again, attaining 14.5 per cent, up from -15.0 in December (Table 13 and Figure 7). This reflects favourable developments in services and in industry excluding construction.

With respect to investment expenditure, 50.1 per cent of respondent firms expect it to remain at the levels of the second half of 2014 (compared with 48.9 per cent in the December survey). The balance between firms expecting an increase in investment expenditure and those expecting a decrease is 5.5 per cent (compared with 3.2 in the previous survey). If the construction sector is taken out of the equation, the balance becomes negative and confirms its downward trend (-2.4 per cent, compared with -0.7 in December), reflecting unfavourable conditions particularly in industry excluding construction. Nevertheless, the percentage of firms expecting stability has increased to 60.2, up from 57.9 (Table 15). For the year 2015 the balance between firms forecasting an increase in investment and those forecasting a decrease has risen to 16.4 per cent (up from 3.6), mainly reflecting a significant upward review of investment plans in the service sector. Among respondent firms, 45.5 per cent expect total investment expenditure to remain unchanged compared with 2014 (as opposed to 48.2 in the previous survey; Table 16). Future prospects for investment excluding the construction sector continue to be less favourable than for overall investment. The percentage of firms expecting investment conditions to stabilize decreased slightly to 57.3 per cent. The balance between responses pointing to an increase of investment versus a decrease is now at 7.3 per cent, up from 0.2 in December (Table 17).

Some 47.1 per cent of respondent firms expressed the view that they have overcome the most difficult phase of the downturn, up from 33.5 in December (Table 22). The percentage of firms

predicting a substantial improvement in their output in the coming months has also increased to 46.3 per cent, up from 35.5.

### **Liquidity and access to credit**

Access to credit has eased further, continuing a trend underway since December 2012. The last quarter saw the balance between the share of firms reporting better financing conditions compared with the previous quarter and those indicating a deterioration increase to 4.7 per cent (up from -2.4; Table 19), marking the first time it entered positive territory since the question was added to the survey in the first quarter of 2008. More in detail, 12.3 per cent of firms report better access to credit (compared with 10.1 in December) and 7.6 report less favourable access (compared with 12.5 in December). There is, however, an increase in the percentage of firms stating credit conditions have not changed (80.1 per cent, up from 77.4 in the previous survey).

Firms' expectations concerning their liquidity position over the next three months also improved: the share of those expecting it to be inadequate fell from 19.5 per cent in December to 15.5 per cent, while those considering it more than adequate increased from 18.5 to 21.6 per cent (Table 20). The picture remains relatively more favourable for the largest firms.

### **Employment**

Expectations for employment in the short term improved. The share of firms estimating an increase in staff numbers in the next three months rose to 18.2 per cent, from 11.8 in December; those expecting a decline fell from 19.9 per cent in the last survey to 14.4 (Table 21). Nevertheless, a large share of firms expects the situation to remain stable.

## **3. Construction firms**

The views of construction firms concerning the general economic outlook turned much more optimistic in March, with the balance between expectations of an improvement and a deterioration reaching positive territory at 3.0 per cent, up from -34.9 in December (Table 4). The probability assigned to an improvement in the scenario in the next three months nearly doubled and is now at 13.6 per cent (Table 5).

Assessments of demand for the reporting firms' own services also improved compared with the previous survey, with the balance between firms reporting an improvement and those reporting a deterioration reaching 3.4 per cent (up from -13.0 in December; Table 6). The positive balance on short-term demand expectations widened again, rising from 2.9 to 17.5 percentage points (Table 7).

The respondent firms' assessments of the economic conditions in which they are operating improved compared with the previous survey. The negative balance on assessments for the next three months narrowed from -18.3 to -2.0 per cent (Table 10). The uncertainty attributable to economic and political factors appears to be the only obstacle to the firms' business, and is abating compared with the December survey. Positive stimuli to the economy should come mainly from an increased demand for the firms' services (both new and pre-existing orders) and also from the dynamics observed in the firms' own prices, as well as from variations in the exchange rate and changes in credit conditions. Expectations three years ahead recorded a significant improvement, with the balance between firms expecting better conditions and those expecting deteriorating conditions reaching 60.0 per cent, up from 36.3 (Table 12).

The percentage of firms reporting a decrease in their 'normal' level of activity in the last two years remained unchanged compared with the December survey. Conversely, 15.8 per cent of firms reported an increase, up from 14.2 (Table 18).

An improvement in the firms' views concerning investment conditions has also been recorded in the construction sector, when comparing with the previous survey. The balance between positive versus negative views was 7.3 per cent, up from -22.9 (Table 13).

Approximately half of the firms think investment expenditure will stabilize in the first semester of 2015 compared with the second half of 2014, a share slightly lower than in the December survey (Table 14 and Table 16).

For the current semester the share of firms reporting a decrease in capital accumulation is greater than the share reporting an increase, although the balance has narrowed compared with the previous survey. Conversely, the yearly balance turned positive (2.2 per cent, compared with -8.3 in December).

The share of construction firms stating the view that in the previous months they had overcome the most difficult phase of the downturn increased to 35.8 per cent (from 24.2 in December; Table 22), while the percentage expecting a 'substantial increase' in output in the upcoming months attained 48.4 per cent, up from 29.2.

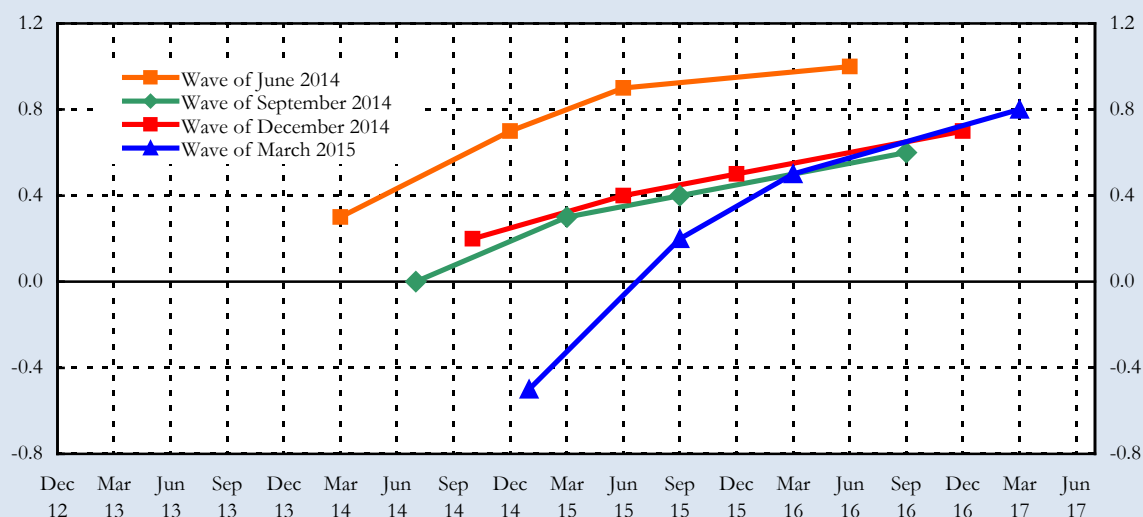
Pessimism over employment conditions persists. The negative balance between expectations of an improvement and a deterioration has narrowed, however, and is now at -14.1 per cent, down from -20.3 in December (Table 21).



Figure 1

### Expectations of consumer price inflation in Italy

(Industry excluding construction and Services; percentage changes on year-earlier period) <sup>(1)</sup>

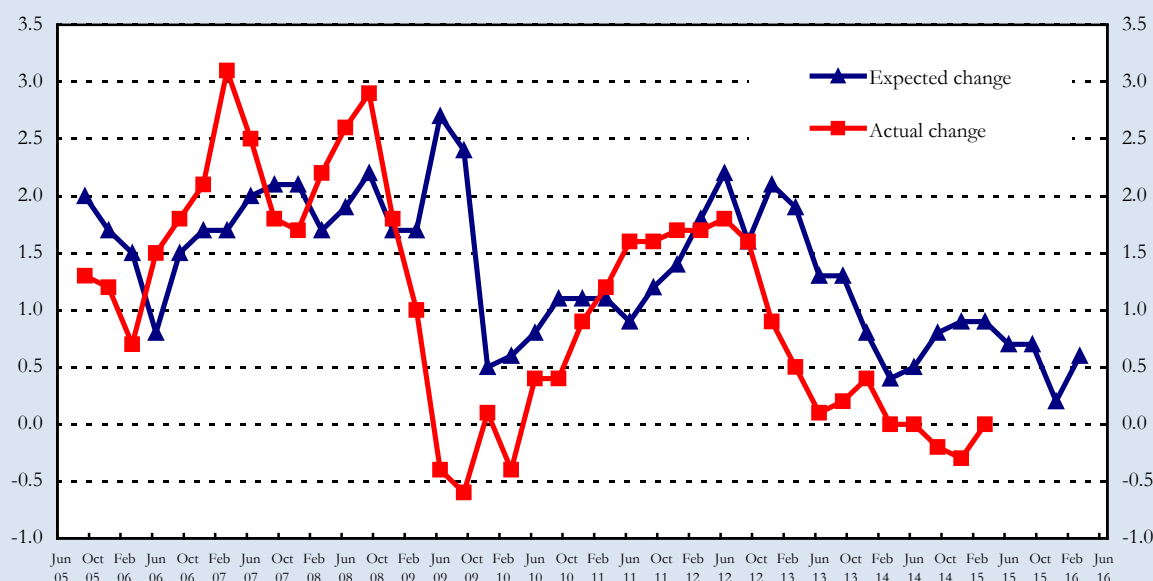


(1) The first point in each curve is the latest definitive inflation data available at the time of the survey, which is given to the interviewees in the questionnaire as a point of reference for expressing their expectations; the second point is the average of the interviewees' forecasts for the next 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

### Expected and actual changes in selling prices

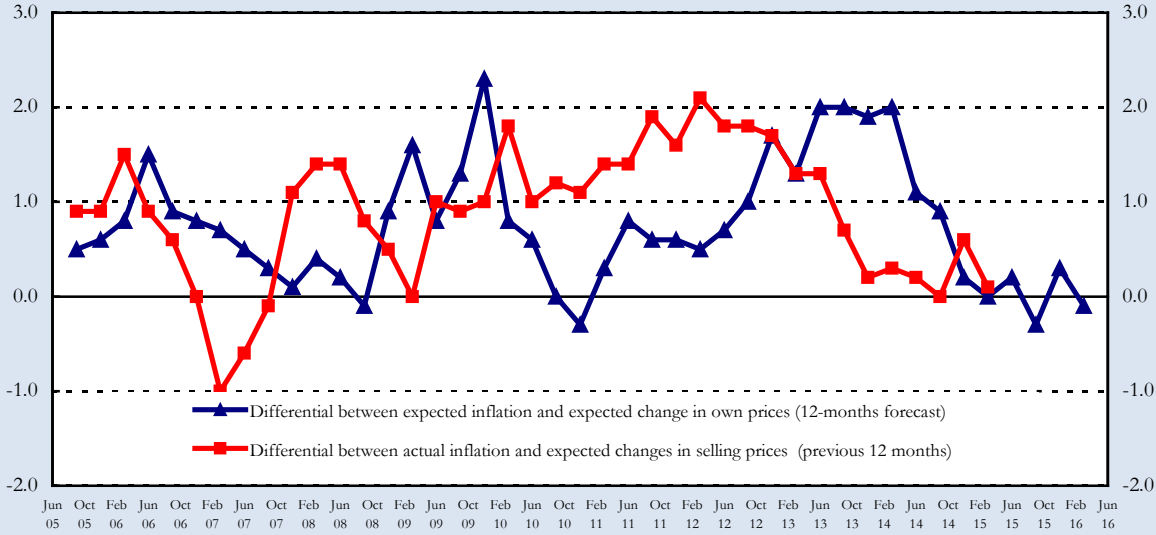
(Industry excluding construction and Services; percentage changes) <sup>(1)</sup>



(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

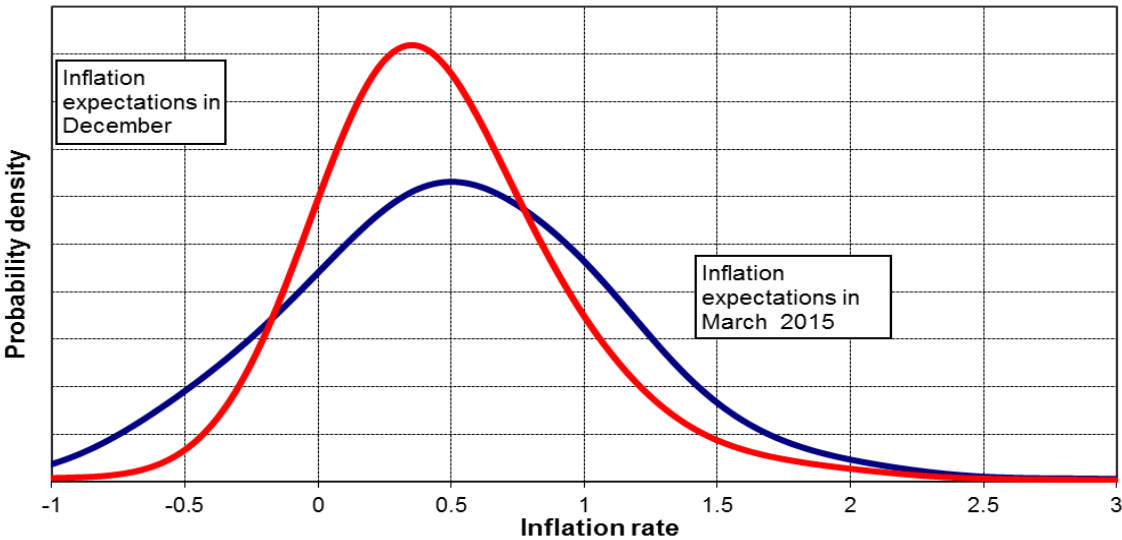
Differential between price changes reported by firms and the inflation rate:  
forecasts and outcomes  
*(Industry excluding construction and Services; percentage points) <sup>(1)</sup>*



(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) <sup>(1)</sup>*

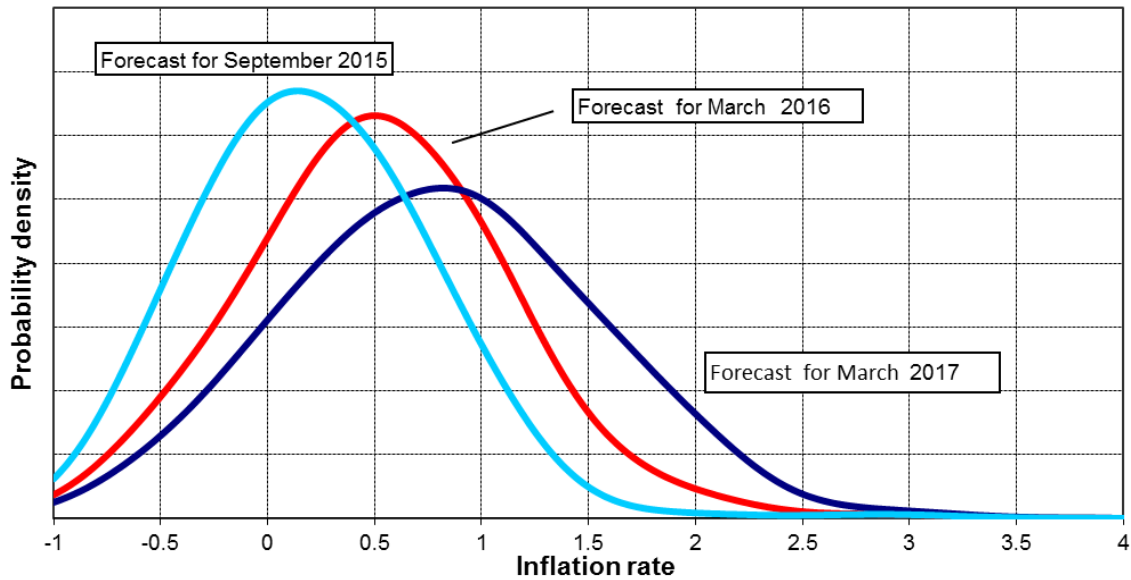


(1) The estimates are obtained using a Gaussian kernel density with a bandwidth equal to 0.2. The red line indicates the forecast made in September 2014. The blue line indicates the forecast made in September 2014.

Figure 5

Expectations of the inflation rate  
over the next 6, 12 and 24 months

(Industry excluding construction and Services, non parametric estimates)<sup>(1)</sup>

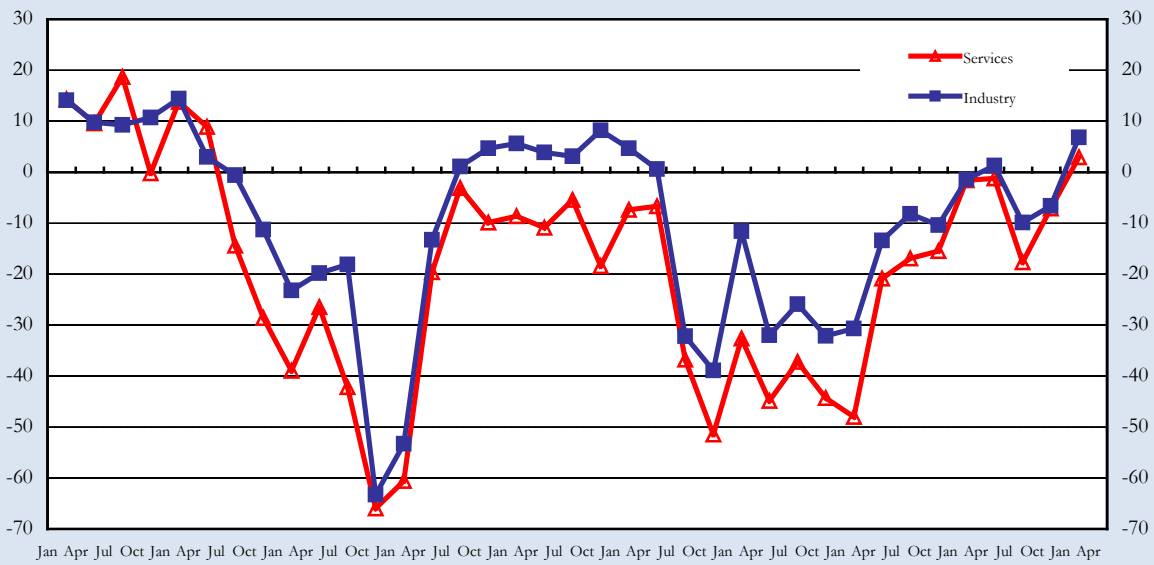


(1) The estimates are obtained using a Gaussian kernel density with a bandwidth equal to 0.2. The light blue line indicates the forecast over the next 6 months. The red line indicates the forecast over the next 12 months. The dark blue line indicates the forecast over the next 24 months.

Figure 6

Three-month forecast of the firm's business conditions

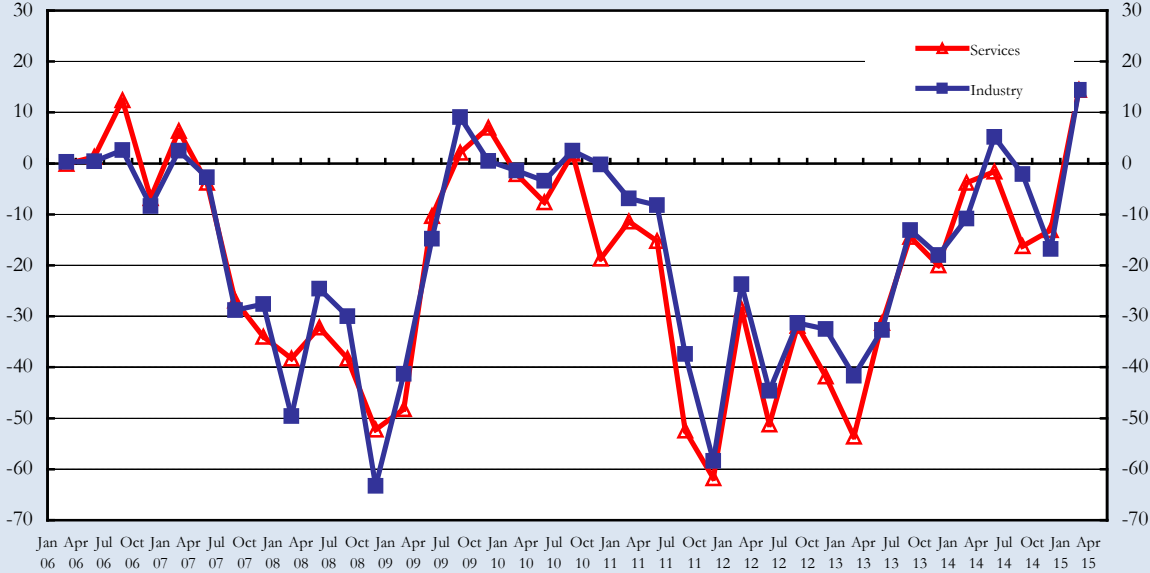
(Industry excluding construction and Services; percentage points)<sup>(1)</sup>



(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)<sup>(1)</sup>



(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 2015 consisted of 1,043 firms: 407 firms in industry excluding construction, 418 service firms and 218 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. A1).

**Tab. A1 - Composition of sample and universe**  
(units, percentages)

|                            | Industry excluding construction and Services |                                     |                                  | Construction    |                                     |                                    |
|----------------------------|--|-------------------------------------|----------------------------------|-----------------|-------------------------------------|------------------------------------|
|                            | Sample size (a)                              | Company universe <sup>(1)</sup> (b) | Sample coverage rate (a/b) * 100 | Sample size (c) | Company universe <sup>(1)</sup> (d) | Sample coverage rate (c / d) * 100 |
| <b>Number of employees</b> |  |                                     |                                  |                 |                                     |                                    |
| 50-199 .....               | 439  | 16,844                              | 2.6                              | 182             | 1,199                               | 15.2                               |
| 200-999 .....              | 255  | 3,465                               | 7.4                              | 30              | 110                                 | 27.3                               |
| Over 999.....              | 131  | 528                                 | 24.8                             | 6               | 7                                   | 85.7                               |
| <b>Sector</b>              |  |                                     |                                  |                 |                                     |                                    |
| Industry.....              | 407  | 10,690                              | 3.8                              | –               | –                                   | –                                  |
| Services .....             | 418  | 10,147                              | 4.1                              | –               | –                                   | –                                  |
| <b>Geographical area</b>   |  |                                     |                                  |                 |                                     |                                    |
| North-West.....            | 237  | 8,167                               | 2.9                              | 62              | 415                                 | 14.9                               |
| North-East .....           | 234  | 5,786                               | 4.0                              | 62              | 344                                 | 18.0                               |
| Centre.....                | 176  | 3,775                               | 4.7                              | 40              | 242                                 | 16.5                               |
| South and Islands .....    | 178  | 3,109                               | 5.7                              | 54              | 315                                 | 17.1                               |
| <b>Total.....</b>          | <b>825</b>                                   | <b>20,837</b>                       | <b>4.0</b>                       | <b>218</b>      | <b>1,316</b>                        | <b>16.6</b>                        |

(1) Istat (2010).

The estimates for inflation expectations for 6, 12 and 24 months ahead are calculated on a sub-sample of 557 industrial firms and service firms, and 144 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).

The response rate is equal to 38.3 per cent for industry and 35.6 for construction (tab A2).

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.



**Tab. A2 - Response rates and data collection via Internet**  
(units, percentages)

|                            | Industry excluding construction and Services |                              | Construction        |                              |
|----------------------------|--|------------------------------|---------------------|------------------------------|
|                            | Companies contacted                          | Response rate <sup>(1)</sup> | Companies contacted | Response rate <sup>(1)</sup> |
| <b>Number of employees</b> |  |                              |                     |                              |
| 50-199 .....               | 1,146  | 38.3                         | 535                 | 34.0                         |
| 200-999 .....              | 392  | 65.0                         | 56                  | 53.6                         |
| Over 999 .....             | 194  | 67.0                         | 22                  | 27.3                         |
| <b>Sector</b>              |  |                              |                     |                              |
| Industry                   | 577  | 35.7                         | –                   | –                            |
| Services .....             | 569  | 40.9                         | –                   | –                            |
| <b>Geographical area</b>   |  |                              |                     |                              |
| North West .....           | 564  | 42.0                         | 173                 | 32.1                         |
| North East .....           | 497  | 47.1                         | 144                 | 35.2                         |
| Centre.....                | 314  | 56.1                         | 100                 | 32.8                         |
| South and Islands .....    | 357  | 49.9                         | 118                 | 41.2                         |
| <b>Total.....</b>          | <b>1,732</b>                                 | <b>47.6</b>                  | <b>613</b>          | <b>35.6</b>                  |

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

**Tab. 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.....   | 0.2  | 0.2         | 0.1    | 0.0          | 0.2          | 0.1         | 0.0    | 0.0          |
| Consumer price inflation in Italy in the next 12 months ..... | 0.5  | 0.5         | 0.5    | 0.0          | 0.4          | 0.4         | 0.4    | 0.0          |
| Consumer price inflation in Italy in the next 24 months ..... | 0.8  | 0.8         | 0.9    | 0.0          | 0.7          | 0.6         | 0.5    | 0.0          |
| Change in own prices in the last 12 months.....               | -0.4   | -0.4        | 0.0    | 6.1          | 1.8          | -0.1        | 0.0    | 5.1          |
| Change in own prices in the next 12 months.....               | 0.3  | 0.3         | 0.2    | 5.9          | 2.4          | 0.7         | 0.0    | 5.1          |

**Tab. A4 -Standard errors***(percentage)*

|  | Industry excluding<br>construction and Services | Construction |
|--|---|--------------|
| Consumer price inflation in Italy in the next 6 months ..... | 0.03  | 0.07         |
| Consumer price inflation in Italy in the next 12 months..... | 0.03  | 0.06         |
| Consumer price inflation in Italy in the next 24 months..... | 0.04  | 0.07         |
| Change in own prices in the last 12 months.....              | 0.24  | 3.23         |
| Change in own prices in the last 12 months (robust).....     | 0.16  | 1.91         |
| Change in own prices in the next 12 months.....              | 0.23  | 3.20         |
| Change in own prices in the next 12 months (robust).....     | 0.12  | 1.90         |

## **Appendix B:**

### **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 | ... between 3 and 5 years |
| <b>Industry excluding construction and Services</b>          |   |                     |                     |                           |
| <b>Number of employees</b>                                   |   |                     |                     |                           |
| 50-199 .....   | 0.2                                       | 0.5                 | 0.8                 | 1.1                       |
| 200-999 .....  | 0.3                                       | 0.6                 | 0.9                 | 1.3                       |
| Over 999.....  | 0.3                                       | 0.7                 | 1.1                 | 1.5                       |
| <b>Sector</b>  |   |                     |                     |                           |
| Industry.....  | 0.3                                       | 0.5                 | 0.9                 | 1.3                       |
| Services .....   | 0.2                                       | 0.5                 | 0.8                 | 1.0                       |
| <b>Geographical area</b>                                     |   |                     |                     |                           |
| North West.....  | 0.3                                       | 0.5                 | 0.8                 | 1.2                       |
| North East .....   | 0.1                                       | 0.5                 | 0.8                 | 1.2                       |
| Centre.....  | 0.3                                       | 0.6                 | 0.9                 | 1.2                       |
| South and Islands .....                                      | 0.1                                       | 0.4                 | 0.7                 | 1.0                       |
| <b>Total Industry and services .....</b>                     | <b>0.2</b>                                | <b>0.5</b>          | <b>0.8</b>          | <b>1.2</b>                |
| <i>Memorandum items:</i>                                     |   |                     |                     |                           |
| December 2014.....   | 0.4                                       | 0.5                 | 0.7                 | 0.9                       |
| September 2014.....  | 0.3                                       | 0.4                 | 0.6                 | 0.8                       |
| June 2014.....   | 0.7                                       | 0.9                 | 1.0                 | 1.2                       |
| March 2014.....  | 0.8                                       | 0.9                 | 1.1                 | 1.2                       |
| <b>Construction</b>  |   |                     |                     |                           |
| <b>Fraction of revenue derived from residential building</b> |   |                     |                     |                           |
| Less than one third.....                                     | 0.2                                       | 0.4                 | 0.7                 | 0.9                       |
| More than one third.....                                     | 0.1                                       | 0.3                 | 0.6                 | 0.8                       |
| <b>Geographical area</b>                                     |   |                     |                     |                           |
| North.....   | 0.2                                       | 0.4                 | 0.7                 | 1.1                       |
| Center and South -Islands.....                               | 0.2                                       | 0.4                 | 0.6                 | 0.7                       |
| <b>Total construction.....</b>                               | <b>0.2</b>                                | <b>0.4</b>          | <b>0.7</b>          | <b>0.9</b>                |
| <i>Memorandum items:</i>                                     |   |                     |                     |                           |
| December 2014.....   | 0.3                                       | 0.4                 | 0.7                 | 0.9                       |
| September 2014.....  | 0.3                                       | 0.4                 | 0.6                 | 0.8                       |
| June 2014.....   | 0.7                                       | 0.8                 | 0.9                 | 1.0                       |
| March 2014.....  | 0.8                                       | 0.9                 | 1.0                 | 1.1                       |

Table 2

## Change in companies' selling prices

(percentages) <sup>(1)</sup>

|  | Rate of change in own prices ... |                              |
|--|----------------------------------|------------------------------|
|  | ... in last 12 months            | ... in next 12 months        |
|  | Mean (robust) <sup>(2)</sup>     | Mean (robust) <sup>(2)</sup> |
| <b>Industry excluding construction and Services</b>          |                                  |                              |
| <b>Number of employees</b>                                   |                                  |                              |
| 50-199 .....   | 0.1                              | 0.7                          |
| 200-999 .....  | 0.4                              | 0.7                          |
| Over 999 .....   | -0.4                             | 0.4                          |
| <b>Sector</b>  |                                  |                              |
| Industry.....  | 0.1                              | 0.8                          |
| Services .....   | -0.2                             | 0.4                          |
| <b>Geographical area</b>                                     |                                  |                              |
| North West .....   | -0.1                             | 0.5                          |
| North East .....   | 0.0                              | 0.6                          |
| Centre.....  | -0.1                             | 0.7                          |
| South and Islands .....                                      | 0.1                              | 0.7                          |
| <b>Total Industry and services .....</b>                     | <b>0.0</b>                       | <b>0.6</b>                   |
| <i>Memorandum items:</i>                                     |                                  |                              |
| December 2014.....   | -0.3                             | 0.2                          |
| September 2014 .....   | -0.2                             | 0.7                          |
| June 2014.....   | 0.0                              | 0.7                          |
| March 2014.....  | 0.0                              | 0.9                          |
| <b>Construction</b>  |                                  |                              |
| <b>Fraction of revenue derived from residential building</b> |                                  |                              |
| Less than one third.....                                     | 0.1                              | 0.8                          |
| More than one third.....                                     | -1.2                             | 0.2                          |
| <b>Geographical area</b>                                     |                                  |                              |
| North.....   | -3.4                             | -2.3                         |
| Centre and South-Islands.....                                | 4.7                              | 5.0                          |
| <b>Total construction.....</b>                               | <b>-0.1</b>                      | <b>0.7</b>                   |
| <i>Memorandum items:</i>                                     |                                  |                              |
| December 2014.....   | -0.9                             | -0.1                         |
| September 2014 .....   | -2.2                             | 0.1                          |
| June 2014.....   | -1.6                             | 0.5                          |
| March 2014.....  | -2.0                             | 0.1                          |

(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) <sup>(1)</sup>

|  | Change in demand | Change in raw materials prices | Change in labour costs | Pricing policies of main competitors |
|--|------------------|--------------------------------|------------------------|--------------------------------------|
| <b>Industry excluding construction and Services</b>          |                  |                                |                        |                                      |
| <b>Number of employees</b>                                   |                  |                                |                        |                                      |
| 50-199.....  | 0.1              | 0.5                            | 0.4                    | -0.4                                 |
| 200-999.....   | 0.0              | 0.4                            | 0.4                    | -0.5                                 |
| Over 999.....  | -0.1             | 0.6                            | 0.4                    | -0.7                                 |
| <b>Sector</b>  |                  |                                |                        |                                      |
| Industry.....  | 0.2              | 0.6                            | 0.4                    | -0.4                                 |
| Services.....  | -0.2             | 0.4                            | 0.5                    | -0.7                                 |
| <b>Geographical area</b>                                     |                  |                                |                        |                                      |
| North-West.....  | 0.2              | 0.4                            | 0.5                    | -0.5                                 |
| North-East.....  | -0.4             | 0.5                            | 0.4                    | -0.7                                 |
| Centre.....  | 0.0              | 0.5                            | 0.4                    | -0.5                                 |
| South and Islands.....                                       | 0.3              | 0.6                            | 0.6                    | -0.4                                 |
| <b>Total Industry and services.....</b>                      | <b>-0.0</b>      | <b>0.5</b>                     | <b>0.4</b>             | <b>-0.6</b>                          |
| <i>Memorandum items:</i>                                     |                  |                                |                        |                                      |
| December 2014.....   | -0.3             | 0.3                            | 0.4                    | -0.7                                 |
| September 2014.....  | -0.1             | 0.4                            | 0.4                    | -0.5                                 |
| June 2014.....   | -0.1             | 0.5                            | 0.5                    | -0.6                                 |
| March 2014.....  | -0.1             | 0.5                            | 0.4                    | -0.6                                 |
| <b>Construction</b>  |                  |                                |                        |                                      |
| <b>Fraction of revenue derived from residential building</b> |                  |                                |                        |                                      |
| Less than one third.....                                     | 0.6              | 0.7                            | 0.9                    | -0.6                                 |
| More than one third.....                                     | -0.5             | 0.4                            | 0.3                    | -0.5                                 |
| <b>Geographical area</b>                                     |                  |                                |                        |                                      |
| North.....   | 0.5              | 0.8                            | 1.2                    | -0.5                                 |
| Centre and South-Islands.....                                | 0.4              | 0.4                            | 0.2                    | -0.7                                 |
| <b>Total construction.....</b>                               | <b>0.5</b>       | <b>0.6</b>                     | <b>0.8</b>             | <b>-0.6</b>                          |
| <i>Memorandum items:</i>                                     |                  |                                |                        |                                      |
| December 2014.....   | -0.3             | 0.2                            | 0.4                    | -0.8                                 |
| September 2014.....  | 0.4              | 0.8                            | 0.4                    | -0.7                                 |
| June 2014.....   | 0.2              | 0.8                            | 0.6                    | -0.8                                 |
| March 2014.....  | -0.1             | 0.8                            | 0.8                    | -0.5                                 |

(1) I 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**

(percentage)

|  | Worse<br>(a) | Unchanged   | Better<br>(b) | Total        | Balance<br>(b) – (a) |
|--|--------------|-------------|---------------|--------------|----------------------|
| <b>Industry excluding construction and Services</b>              |              |             |               |              |                      |
| <b>Number of employees</b>                                       |              |             |               |              |                      |
| 50-199 .....   | 7.4          | 67.3        | 25.3          | 100.0        | 17.9                 |
| 200-999 .....  | 8.0          | 63.7        | 28.2          | 100.0        | 20.2                 |
| Over 999 .....   | 2.1          | 65.7        | 32.2          | 100.0        | 30.1                 |
| <b>Sector</b>  |              |             |               |              |                      |
| Industry .....   | 6.8          | 69.2        | 24.1          | 100.0        | 17.3                 |
| Services .....   | 8.0          | 64.0        | 28.0          | 100.0        | 20.0                 |
| <b>Geographical area</b>   |              |             |               |              |                      |
| North-West .....   | 5.5          | 65.5        | 29.0          | 100.0        | 23.5                 |
| North-East .....   | 8.5          | 68.5        | 23.1          | 100.0        | 14.6                 |
| Centre .....   | 10.7         | 66.2        | 23.2          | 100.0        | 12.5                 |
| South and Islands .....  | 6.1          | 67.0        | 26.9          | 100.0        | 20.8                 |
| <b>Total industry and services .....</b>                         | <b>7.4</b>   | <b>66.6</b> | <b>26.0</b>   | <b>100.0</b> | <b>18.6</b>          |
| <i>Memorandum items:</i>   |              |             |               |              |                      |
| December 2014 .....  | 27.8         | 67.5        | 4.7           | 100.0        | -23.1                |
| September 2014 .....   | 33.0         | 62.7        | 4.3           | 100.0        | -28.7                |
| June 2014 .....  | 16.3         | 67.9        | 15.8          | 100.0        | -0.5                 |
| March 2014 .....   | 22.1         | 67.9        | 10.0          | 100.0        | -12.1                |
| <b>Construction</b>  |              |             |               |              |                      |
| <b>Fraction of revenue derived<br/>from residential building</b> |              |             |               |              |                      |
| Less than one third .....  | 11.5         | 71.7        | 16.8          | 100.0        | 5.3                  |
| More than one third .....  | 17.2         | 69.0        | 13.7          | 100.0        | -3.5                 |
| <b>Geographical area</b>   |              |             |               |              |                      |
| North .....  | 11.0         | 73.4        | 15.6          | 100.0        | 4.6                  |
| Centre and South-Islands .....                                   | 15.9         | 67.6        | 16.5          | 100.0        | 0.6                  |
| <b>Total construction .....</b>                                  | <b>13.0</b>  | <b>71.0</b> | <b>16.0</b>   | <b>100.0</b> | <b>3.0</b>           |
| <i>Memorandum items:</i>   |              |             |               |              |                      |
| December 2014 .....  | 37.2         | 60.6        | 2.3           | 100.0        | -34.9                |
| September 2014 .....   | 40.2         | 57.4        | 2.3           | 100.0        | -37.9                |
| June 2014 .....  | 25.9         | 62.2        | 11.8          | 100.0        | -14.1                |
| March 2014 .....   | 34.2         | 61.5        | 4.3           | 100.0        | -29.9                |

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 <sup>(1)</sup> |
|--|-------------|-------------|-------------|------------|------------|--------------|---------------------|
| <b>Industry excluding construction and Services</b>          |             |             |             |            |            |              |                     |
| <b>Number of employees</b>                                   |             |             |             |            |            |              |                     |
| 50-199 .....   | 26.6        | 52.6        | 11.8        | 7.9        | 1.2        | 100.0        | 17.3                |
| 200-999 .....  | 19.3        | 52.4        | 17.0        | 9.7        | 1.5        | 100.0        | 20.8                |
| Over 999 .....   | 12.5        | 43.7        | 20.3        | 18.7       | 4.8        | 100.0        | 29.4                |
| <b>Sector</b>  |             |             |             |            |            |              |                     |
| Industry.....  | 23.3        | 52.5        | 14.2        | 9.0        | 1.2        | 100.0        | 18.9                |
| Services .....   | 26.8        | 52.2        | 11.5        | 8.0        | 1.5        | 100.0        | 17.6                |
| <b>Geographical area</b>                                     |             |             |             |            |            |              |                     |
| North West .....   | 24.4        | 45.8        | 17.3        | 11.3       | 1.2        | 100.0        | 20.7                |
| North East .....   | 25.7        | 52.8        | 12.0        | 7.2        | 2.2        | 100.0        | 18.0                |
| Centre.....  | 21.1        | 61.6        | 9.2         | 7.6        | 0.6        | 100.0        | 16.8                |
| South and Islands .....                                      | 30.1        | 57.2        | 7.2         | 4.8        | 0.8        | 100.0        | 13.8                |
| <b>Exports' share of sales</b>                               |             |             |             |            |            |              |                     |
| From Zero to 1/3 .....                                       | 28.2        | 51.6        | 11.9        | 7.0        | 1.3        | 100.0        | 16.8                |
| Between 1/3/ and 2/3 .....                                   | 23.7        | 53.9        | 13.0        | 7.9        | 1.5        | 100.0        | 18.3                |
| More than 2/3.....   | 14.8        | 52.8        | 16.1        | 15.2       | 1.2        | 100.0        | 23.6                |
| <b>Total Industry and services .....</b>                     | <b>25.0</b> | <b>52.3</b> | <b>12.9</b> | <b>8.5</b> | <b>1.3</b> | <b>100.0</b> | <b>18.2</b>         |
| <i>Memorandum items:</i>                                     |             |             |             |            |            |              |                     |
| December 2014 .....  | 43.7        | 42.6        | 9.6         | 3.6        | 0.6        | 100.0        | 11.9                |
| September 2014 .....   | 43.6        | 42.6        | 10.1        | 3.0        | 0.7        | 100.0        | 11.9                |
| 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                |
| <b>Construction</b>  |             |             |             |            |            |              |                     |
| <b>Fraction of revenue derived from residential building</b> |             |             |             |            |            |              |                     |
| Less than one third .....                                    | 30.9        | 53.8        | 10.9        | 3.8        | 0.7        | 100.0        | 14.2                |
| More than one third .....                                    | 43.1        | 47.5        | 3.5         | 3.8        | 2.0        | 100.0        | 11.7                |
| <b>Geographical area</b>                                     |             |             |             |            |            |              |                     |
| North.....   | 32.9        | 52.5        | 9.3         | 4.4        | 0.9        | 100.0        | 14.0                |
| Centre and South-Islands .....                               | 35.8        | 51.6        | 8.4         | 2.9        | 1.3        | 100.0        | 13.0                |
| <b>Total construction .....</b>                              | <b>34.1</b> | <b>52.1</b> | <b>8.9</b>  | <b>3.8</b> | <b>1.1</b> | <b>100.0</b> | <b>13.6</b>         |
| <i>Memorandum items:</i>                                     |             |             |             |            |            |              |                     |
| December 2014 .....  | 54.6        | 40.0        | 4.5         | 1.0        | 0.0        | 100.0        | 7.5                 |
| September 2014 .....   | 57.0        | 35.0        | 7.3         | 0.7        | 0.0        | 100.0        | 7.8                 |
| 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                |

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

Table 6

**Trend in total demand for firm's product/work <sup>(1)</sup>**  
**with respect to previous quarter**  
*(percentages)*

|  | Decreased<br>(a) | Unchanged   | Increased<br>(b) | Total        | Balance<br>(b) – (a) |
|--|------------------|-------------|------------------|--------------|----------------------|
| <b>Industry excluding construction and Services</b>          |                  |             |                  |              |                      |
| <b>Number of employees</b>                                   |                  |             |                  |              |                      |
| 50-199 .....   | 20.7             | 59.5        | 19.7             | 100.0        | -1.0                 |
| 200-999 .....  | 13.6             | 62.5        | 23.9             | 100.0        | 10.3                 |
| Over 999.....  | 19.5             | 56.4        | 24.1             | 100.0        | 4.6                  |
| <b>Sector</b>  |                  |             |                  |              |                      |
| Industry.....  | 19.7             | 57.6        | 22.7             | 100.0        | 3.0                  |
| Services .....   | 19.3             | 62.5        | 18.2             | 100.0        | -1.1                 |
| <b>Geographical area</b>                                     |                  |             |                  |              |                      |
| North West .....   | 20.0             | 58.9        | 21.1             | 100.0        | 1.1                  |
| North East .....   | 20.5             | 57.9        | 21.6             | 100.0        | 1.1                  |
| Centre.....  | 17.6             | 59.9        | 22.6             | 100.0        | 5.0                  |
| South and Islands .....                                      | 18.8             | 66.5        | 14.8             | 100.0        | -4.0                 |
| <b>Exports' share of sales</b>                               |                  |             |                  |              |                      |
| From Zero to 1/3 .....                                       | 20.4             | 63.1        | 16.5             | 100.0        | -3.9                 |
| Between 1/3/ and 2/3 .....                                   | 20.3             | 51.1        | 28.6             | 100.0        | 8.3                  |
| More than 2/3.....   | 15.0             | 61.0        | 24.1             | 100.0        | 9.1                  |
| <b>Total Industry and services.....</b>                      | <b>19.5</b>      | <b>60.0</b> | <b>20.5</b>      | <b>100.0</b> | <b>1.0</b>           |
| <i>Memorandum items:</i>                                     |                  |             |                  |              |                      |
| December 2014 .....  | 23.5             | 58.8        | 17.7             | 100.0        | -5.8                 |
| September 2014 .....   | 23.5             | 58.8        | 17.7             | 100.0        | -5.8                 |
| June 2014 .....  | 17.2             | 61.4        | 21.4             | 100.0        | 4.2                  |
| March 2014 .....   | 22.8             | 59.3        | 17.9             | 100.0        | -4.9                 |
| <b>Construction</b>  |                  |             |                  |              |                      |
| <b>Fraction of revenue derived from residential building</b> |                  |             |                  |              |                      |
| Less than one third.....                                     | 18.2             | 58.4        | 23.4             | 100.0        | 5.2                  |
| More than one third.....                                     | 14.6             | 72.6        | 12.8             | 100.0        | -1.8                 |
| <b>Geographical area</b>                                     |                  |             |                  |              |                      |
| North.....   | 17.7             | 57.8        | 24.6             | 100.0        | 6.9                  |
| Centre and South-Islands.....                                | 16.7             | 68.1        | 15.3             | 100.0        | -1.4                 |
| <b>Total construction.....</b>                               | <b>17.2</b>      | <b>62.1</b> | <b>20.6</b>      | <b>100.0</b> | <b>3.4</b>           |
| <i>Memorandum items:</i>                                     |                  |             |                  |              |                      |
| December 2014 .....  | 26.7             | 59.6        | 13.7             | 100.0        | -13.0                |
| September 2014 .....   | 25.4             | 63.5        | 11.1             | 100.0        | -14.3                |
| June 2014 .....  | 23.8             | 59.6        | 16.6             | 100.0        | -7.2                 |
| March 2014 .....   | 31.8             | 55.4        | 12.8             | 100.0        | -19.0                |

(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<sup>(1)</sup>**  
(percentages)

|  | Diminuirà<br>(a) | Resterà<br>invariata | Aumenterà<br>(b) | Total        | Balance<br>(b) – (a) |
|--|------------------|----------------------|------------------|--------------|----------------------|
| <b>Industry excluding construction and Services</b>          |                  |                      |                  |              |                      |
| <b>Number of employees</b>                                   |                  |                      |                  |              |                      |
| 50-199 .....   | 9.2              | 60.4                 | 30.4             | 100.0        | 21.2                 |
| 200-999 .....  | 8.2              | 62.8                 | 29.0             | 100.0        | 20.8                 |
| Over 999.....  | 9.8              | 54.5                 | 35.7             | 100.0        | 25.9                 |
| <b>Sector</b>  |                  |                      |                  |              |                      |
| Industry.....  | 8.1              | 57.6                 | 34.3             | 100.0        | 26.2                 |
| Services .....   | 10.1             | 63.9                 | 26.0             | 100.0        | 15.9                 |
| <b>Geographical area</b>                                     |                  |                      |                  |              |                      |
| North West .....   | 9.2              | 60.7                 | 30.0             | 100.0        | 20.8                 |
| North East .....   | 10.4             | 62.3                 | 27.3             | 100.0        | 16.9                 |
| Centre.....  | 11.6             | 56.0                 | 32.3             | 100.0        | 20.7                 |
| South and Islands .....                                      | 3.2              | 62.7                 | 34.1             | 100.0        | 30.9                 |
| <b>Exports' share of sales</b>                               |                  |                      |                  |              |                      |
| From Zero to 1/3 .....                                       | 9.9              | 65.2                 | 24.9             | 100.0        | 15.0                 |
| Between 1/3/ and 2/3 .....                                   | 4.4              | 59.1                 | 36.5             | 100.0        | 32.1                 |
| More than 2/3.....   | 12.6             | 45.4                 | 42.0             | 100.0        | 29.4                 |
| <b>Total Industry and services .....</b>                     | <b>9.1</b>       | <b>60.6</b>          | <b>30.3</b>      | <b>100.0</b> | <b>21.2</b>          |
| <i>Memorandum items:</i>                                     |                  |                      |                  |              |                      |
| December 2014 .....  | 16.8             | 64.4                 | 18.9             | 100.0        | 2.1                  |
| September 2014 .....   | 14.2             | 66.1                 | 19.7             | 100.0        | 5.5                  |
| June 2014 .....  | 10.3             | 63.1                 | 26.6             | 100.0        | 16.3                 |
| March 2014 .....   | 11.4             | 62.8                 | 25.8             | 100.0        | 14.4                 |
| <b>Construction</b>  |                  |                      |                  |              |                      |
| <b>Fraction of revenue derived from residential building</b> |                  |                      |                  |              |                      |
| Less than one third.....                                     | 9.6              | 62.5                 | 27.9             | 100.0        | 18.3                 |
| More than one third.....                                     | 10.5             | 64.0                 | 25.5             | 100.0        | 15.0                 |
| <b>Geographical area</b>                                     |                  |                      |                  |              |                      |
| North.....   | 9.2              | 59.4                 | 31.3             | 100.0        | 22.1                 |
| Centre and South-Islands.....                                | 10.7             | 67.7                 | 21.7             | 100.0        | 11.0                 |
| <b>Total construction.....</b>                               | <b>9.8</b>       | <b>62.9</b>          | <b>27.3</b>      | <b>100.0</b> | <b>17.5</b>          |
| <i>Memorandum items:</i>                                     |                  |                      |                  |              |                      |
| December 2014 .....  | 15.1             | 66.9                 | 18.0             | 100.0        | 2.9                  |
| September 2014 .....   | 14.8             | 66.3                 | 18.9             | 100.0        | 4.1                  |
| June 2014 .....  | 13.0             | 61.3                 | 25.7             | 100.0        | 12.7                 |
| March 2014 .....   | 16.1             | 60.8                 | 23.1             | 100.0        | 7.0                  |

(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 i) <sup>(1)</sup>

|  | Decreased<br>(a) | Unchanged   | Increased<br>(b) | Total        | Balance<br>(b) – (a) |
|--|------------------|-------------|------------------|--------------|----------------------|
| <b>Number of employees</b>               |                  |             |                  |              |                      |
| 50-199 .....                             | 13.1             | 59.7        | 27.1             | 100.0        | 14.0                 |
| 200-999 .....                            | 13.5             | 44.7        | 41.8             | 100.0        | 28.3                 |
| Over 999 .....                           | 10.5             | 57.8        | 31.8             | 100.0        | 21.3                 |
| <b>Sector</b>                            |                  |             |                  |              |                      |
| Industry.....                            | 14.5             | 56.2        | 29.3             | 100.0        | 14.8                 |
| Services .....                           | 9.3              | 58.5        | 32.1             | 100.0        | 22.8                 |
| <b>Geographical area</b>                 |                  |             |                  |              |                      |
| North West .....                         | 16.1             | 57.8        | 26.0             | 100.0        | 9.9                  |
| North East .....                         | 12.4             | 51.2        | 36.4             | 100.0        | 24.0                 |
| Centre.....                              | 10.9             | 52.6        | 36.4             | 100.0        | 25.5                 |
| South and Islands .....                  | 5.9              | 74.5        | 19.6             | 100.0        | 13.7                 |
| <b>Total Industry and services .....</b> | <b>13.1</b>      | <b>56.8</b> | <b>30.0</b>      | <b>100.0</b> | <b>16.9</b>          |
| <i>Memorandum items:</i>                 |                  |             |                  |              |                      |
| December 2014 .....                      | 14.7             | 58.0        | 27.3             | 100.0        | 12.6                 |
| September 2014 .....                     | 12.9             | 60.7        | 26.4             | 100.0        | 13.5                 |
| June 2014 .....                          | 11.3             | 50.3        | 38.4             | 100.0        | 27.1                 |
| March 2014 .....                         | 13.9             | 54.2        | 32.0             | 100.0        | 18.1                 |

(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) <sup>(1)</sup>

|  | Decrease<br>(a) | No<br>change | Increase<br>(b) | Total        | Balance<br>(b) – (a) |
|--|-----------------|--------------|-----------------|--------------|----------------------|
| <b>Number of employees</b>               |                 |              |                 |              |                      |
| 50-199 .....                             | 6.2             | 50.1         | 43.7            | 100.0        | 37.5                 |
| 200-999 .....                            | 4.8             | 54.1         | 41.1            | 100.0        | 36.3                 |
| Over 999.....                            | 8.5             | 56.1         | 35.4            | 100.0        | 26.9                 |
| <b>Sector</b>                            |                 |              |                 |              |                      |
| Industry.....                            | 6.6             | 49.4         | 44.0            | 100.0        | 37.4                 |
| Services .....                           | 4.3             | 55.3         | 40.5            | 100.0        | 36.2                 |
| <b>Geographical area</b>                 |                 |              |                 |              |                      |
| North West .....                         | 4.9             | 56.8         | 38.3            | 100.0        | 33.4                 |
| North East .....                         | 8.8             | 40.6         | 50.7            | 100.0        | 41.9                 |
| Centre.....                              | 6.7             | 49.8         | 43.6            | 100.0        | 36.9                 |
| South and Islands .....                  | 1.8             | 55.8         | 42.4            | 100.0        | 40.6                 |
| <b>Total Industry and services .....</b> | <b>6.0</b>      | <b>51.0</b>  | <b>43.1</b>     | <b>100.0</b> | <b>37.1</b>          |
| <i>Memorandum items:</i>                 |                 |              |                 |              |                      |
| December 2014 .....                      | 8.5             | 57.2         | 34.3            | 100.0        | 25.8                 |
| September 2014 .....                     | 9.4             | 61.7         | 28.9            | 100.0        | 19.5                 |
| June 2014 .....                          | 5.3             | 54.8         | 39.9            | 100.0        | 34.6                 |
| March 2014 .....                         | 7.8             | 54.3         | 37.9            | 100.0        | 30.1                 |

(1) For exporting firms only.

Table 10

### Three-month forecast of the firm's business conditions

(percentages)

|  | Deterioration<br>(a) | No change   | Improvement<br>(b) | Total        | Balance<br>(b) – (a) |
|--|----------------------|-------------|--------------------|--------------|----------------------|
| <b>Industry excluding construction and Services</b>          |                      |             |                    |              |                      |
| <b>Number of employees</b>                                   |                      |             |                    |              |                      |
| 50-199 .....   | 12.8                 | 70.7        | 16.5               | 100.0        | 3.7                  |
| 200-999 .....  | 7.1                  | 75.9        | 17.0               | 100.0        | 9.9                  |
| Over 999 .....   | 9.3                  | 73.6        | 17.1               | 100.0        | 7.8                  |
| <b>Sector</b>  |                      |             |                    |              |                      |
| Industry.....  | 11.1                 | 71.0        | 17.9               | 100.0        | 6.8                  |
| Services .....   | 12.4                 | 72.3        | 15.3               | 100.0        | 2.9                  |
| <b>Geographical area</b>                                     |                      |             |                    |              |                      |
| North West .....   | 11.7                 | 69.8        | 18.5               | 100.0        | 6.8                  |
| North East .....   | 12.7                 | 71.1        | 16.2               | 100.0        | 3.5                  |
| Centre.....  | 9.8                  | 75.7        | 14.6               | 100.0        | 4.8                  |
| South and Islands .....                                      | 12.6                 | 72.4        | 15.0               | 100.0        | 2.4                  |
| <b>Total Industry and services .....</b>                     | <b>11.7</b>          | <b>71.6</b> | <b>16.6</b>        | <b>100.0</b> | <b>4.9</b>           |
| <i>Memorandum items:</i>                                     |                      |             |                    |              |                      |
| December 2014 .....  | 15.5                 | 75.8        | 8.7                | 100.0        | -6.8                 |
| September 2014 .....   | 20.8                 | 71.9        | 7.2                | 100.0        | -13.6                |
| June 2014 .....  | 11.9                 | 76.0        | 12.1               | 100.0        | 0.2                  |
| March 2014 .....   | 14.1                 | 73.2        | 12.7               | 100.0        | -1.4                 |
| <b>Construction</b>  |                      |             |                    |              |                      |
| <b>Fraction of revenue derived from residential building</b> |                      |             |                    |              |                      |
| Less than one third.....                                     | 13.9                 | 75.1        | 11.0               | 100.0        | -2.9                 |
| More than one third.....                                     | 7.6                  | 84.5        | 7.9                | 100.0        | 0.3                  |
| <b>Geographical area</b>                                     |                      |             |                    |              |                      |
| North.....   | 14.3                 | 76.2        | 9.5                | 100.0        | -4.8                 |
| Centre and South-Islands.....                                | 9.4                  | 79.5        | 11.2               | 100.0        | 1.8                  |
| <b>Total construction .....</b>                              | <b>12.2</b>          | <b>77.6</b> | <b>10.2</b>        | <b>100.0</b> | <b>-2.0</b>          |
| <i>Memorandum items:</i>                                     |                      |             |                    |              |                      |
| December 2014 .....  | 24.6                 | 69.1        | 6.3                | 100.0        | -18.3                |
| September 2014 .....   | 25.4                 | 69.7        | 4.8                | 100.0        | -20.6                |
| June 2014 .....  | 19.6                 | 70.2        | 10.2               | 100.0        | -9.4                 |
| March 2014 .....   | 22.1                 | 66.7        | 11.2               | 100.0        | -10.9                |

Table 11

## Factors which will affect the firm's business conditions

(average scores) <sup>(1)</sup>

|  | Change in demand | Trend in new sites | Trend in existing sites | Change in selling prices | Change in credit conditions | Economic and political factors uncertainty |
|--|------------------|--------------------|-------------------------|--------------------------|-----------------------------|--|
| <b>Industry excluding construction and Services</b>          |                  |                    |                         |                          |                             |  |
| <b>Number of employees</b>                                   |                  |                    |                         |                          |                             |  |
| 50-199 .....   | 0.6              | ...                | ...                     | 0.3                      | 0.2                         | -0.6                                       |
| 200-999 .....  | 0.7              | ...                | ...                     | 0.2                      | 0.3                         | -0.6                                       |
| Over 999 .....   | 0.6              | ...                | ...                     | 0.1                      | 0.3                         | -0.6                                       |
| <b>Sector</b>  |                  |                    |                         |                          |                             |  |
| Industry.....  | 0.7              | ...                | ...                     | 0.2                      | 0.2                         | -0.6                                       |
| Services .....   | 0.6              | ...                | ...                     | 0.3                      | 0.3                         | -0.7                                       |
| <b>Geographical area</b>                                     |                  |                    |                         |                          |                             |  |
| North West.....  | 0.7              | ...                | ...                     | 0.3                      | 0.2                         | -0.6                                       |
| North East.....  | 0.5              | ...                | ...                     | 0.2                      | 0.2                         | -0.9                                       |
| Centre.....  | 0.6              | ...                | ...                     | 0.1                      | 0.2                         | -0.6                                       |
| South and Islands .....                                      | 0.7              | ...                | ...                     | 0.4                      | 0.3                         | -0.3                                       |
| <b>Total Industry and services .....</b>                     | <b>0.6</b>       | <b>...</b>         | <b>...</b>              | <b>0.3</b>               | <b>0.2</b>                  | <b>-0.6</b>                                |
| <i>Memorandum items:</i>                                     |                  |                    |                         |                          |                             |  |
| December 2014 .....  | 0.4              | ...                | ...                     | 0.1                      | 0.0                         | -1.0                                       |
| September 2014 .....   | 0.4              | ...                | ...                     | 0.1                      | 0.0                         | ...  |
| June 2014 .....  | 0.6              | ...                | ...                     | 0.2                      | 0.0                         | ...  |
| March 2014 .....   | 0.6              | ...                | ...                     | 0.1                      | -0.2                        | ...  |
| <b>Construction</b>  |                  |                    |                         |                          |                             |  |
| <b>Fraction of revenue derived from residential building</b> |                  |                    |                         |                          |                             |  |
| Less than one third.....                                     | ....             | 1.2                | 0.8                     | 0.0                      | 0.1                         | -1.0                                       |
| More than one third.....                                     | ....             | 1.0                | 0.9                     | 0.3                      | 0.6                         | -0.6                                       |
| <b>Geographical area</b>                                     | ....             |                    |                         |                          |                             |  |
| North.....   | ....             | 1.2                | 0.8                     | -0.0                     | 0.1                         | -1.0                                       |
| Centre and South-Islands.....                                | ....             | 1.1                | 0.8                     | 0.3                      | 0.4                         | -0.8                                       |
| <b>Total construction.....</b>                               | <b>....</b>      | <b>1.2</b>         | <b>0.8</b>              | <b>0.1</b>               | <b>0.2</b>                  | <b>-0.9</b>                                |
| <i>Memorandum items:</i>                                     |                  |                    |                         |                          |                             |  |
| December 2014 .....  | ....             | 1.0                | 0.6                     | -0.2                     | -0.2                        | -1.3                                       |
| September 2014 .....   | ....             | 1.1                | 0.7                     | -0.2                     | -0.1                        | ...  |
| June 2014 .....  | ....             | 1.1                | 0.9                     | -0.1                     | 0.0                         | ...  |
| March 2014 .....   | ....             | 0.9                | 0.8                     | -0.3                     | -0.4                        | ...  |

(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  $\square$  to 3. A neutral position was assigned a score of 0.



Table 12

### Three-year forecast of the firm's business conditions

(percentages)

|  | Deterioration<br>(a) | No change   | Improvement<br>(b) | Total        | Balance<br>(b) – (a) |
|--|----------------------|-------------|--------------------|--------------|----------------------|
| <b>Industry excluding construction and Services</b>          |                      |             |                    |              |                      |
| <b>Number of employees</b>                                   |                      |             |                    |              |                      |
| 50-199 .....   | 12.0                 | 23.6        | 64.3               | 100.0        | 52.3                 |
| 200-999 .....  | 6.1                  | 20.5        | 73.4               | 100.0        | 67.3                 |
| Over 999 .....   | 7.2                  | 19.1        | 73.7               | 100.0        | 66.5                 |
| <b>Sector</b>  |                      |             |                    |              |                      |
| Industry.....  | 9.0                  | 23.8        | 67.2               | 100.0        | 58.2                 |
| Services .....   | 12.9                 | 22.1        | 65.0               | 100.0        | 52.1                 |
| <b>Geographical area</b>                                     |                      |             |                    |              |                      |
| North West .....   | 10.2                 | 17.5        | 72.3               | 100.0        | 62.1                 |
| North East .....   | 12.7                 | 24.6        | 62.6               | 100.0        | 49.9                 |
| Centre.....  | 12.9                 | 25.7        | 61.4               | 100.0        | 48.5                 |
| South and Islands .....                                      | 7.0                  | 31.1        | 61.8               | 100.0        | 54.8                 |
| <b>Total Industry and services .....</b>                     | <b>10.9</b>          | <b>23.0</b> | <b>66.1</b>        | <b>100.0</b> | <b>55.2</b>          |
| <i>Memorandum items:</i>                                     |                      |             |                    |              |                      |
| December 2014 .....  | 16.3                 | 25.7        | 58.0               | 100.0        | 41.7                 |
| September 2014 .....   | 18.4                 | 23.9        | 57.7               | 100.0        | 39.3                 |
| June 2014 .....  | 12.4                 | 23.6        | 64.0               | 100.0        | 51.6                 |
| March 2014 .....   | 11.4                 | 24.9        | 63.8               | 100.0        | 52.4                 |
| <b>Construction</b>  |                      |             |                    |              |                      |
| <b>Fraction of revenue derived from residential building</b> |                      |             |                    |              |                      |
| Less than one third.....                                     | 10.4                 | 17.8        | 71.8               | 100.0        | 61.4                 |
| More than one third .....                                    | 12.9                 | 17.8        | 69.3               | 100.0        | 56.4                 |
| <b>Geographical area</b>                                     |                      |             |                    |              |                      |
| North.....   | 13.3                 | 18.1        | 68.7               | 100.0        | 55.4                 |
| Centre and South-Islands.....                                | 8.0                  | 17.4        | 74.5               | 100.0        | 66.5                 |
| <b>Total construction.....</b>                               | <b>11.1</b>          | <b>17.8</b> | <b>71.1</b>        | <b>100.0</b> | <b>60.0</b>          |
| <i>Memorandum items:</i>                                     |                      |             |                    |              |                      |
| December 2014 .....  | 17.8                 | 28.0        | 54.1               | 100.0        | 36.3                 |
| September 2014 .....   | 14.4                 | 31.1        | 54.5               | 100.0        | 40.1                 |
| June 2014 .....  | 13.7                 | 23.4        | 62.8               | 100.0        | 49.1                 |
| March 2014 .....   | 14.6                 | 23.6        | 61.8               | 100.0        | 47.2                 |

Table 13

## Assessment of conditions for investment with respect to previous quarter

(percentages)

|  | Worse<br>(a) | Unchanged   | Better<br>(b) | Total        | Balance<br>(b) – (a) |
|--|--------------|-------------|---------------|--------------|----------------------|
| <b>Industry excluding construction and Services</b>          |              |             |               |              |                      |
| <b>Number of employees</b>                                   |              |             |               |              |                      |
| 50-199 .....   | 7.4          | 71.7        | 20.9          | 100.0        | 13.5                 |
| 200-999 .....  | 5.1          | 71.9        | 23.0          | 100.0        | 17.9                 |
| Over 999 .....   | 4.2          | 67.4        | 28.4          | 100.0        | 24.2                 |
| <b>Sector</b>  |              |             |               |              |                      |
| Industry.....  | 5.6          | 74.4        | 20.0          | 100.0        | 14.4                 |
| Services .....   | 8.4          | 68.8        | 22.8          | 100.0        | 14.4                 |
| <b>Geographical area</b>                                     |              |             |               |              |                      |
| North West .....   | 5.3          | 71.7        | 23.0          | 100.0        | 17.7                 |
| North East .....   | 5.0          | 74.2        | 20.8          | 100.0        | 15.8                 |
| Centre.....  | 8.8          | 70.6        | 20.6          | 100.0        | 11.8                 |
| South and Islands .....                                      | 12.5         | 67.9        | 19.5          | 100.0        | 7.0                  |
| <b>Total Industry and services .....</b>                     | <b>6.9</b>   | <b>71.6</b> | <b>21.4</b>   | <b>100.0</b> | <b>14.5</b>          |
| <i>Memorandum items:</i>                                     |              |             |               |              |                      |
| December 2014 .....  | 21.9         | 71.3        | 6.9           | 100.0        | -15.0                |
| September 2014 .....   | 19.8         | 69.4        | 10.9          | 100.0        | -8.9                 |
| June 2014 .....  | 11.0         | 76.1        | 12.9          | 100.0        | 1.9                  |
| March 2014 .....   | 17.2         | 73.0        | 9.8           | 100.0        | -7.4                 |
| <b>Construction</b>  |              |             |               |              |                      |
| <b>Fraction of revenue derived from residential building</b> |              |             |               |              |                      |
| Less than one third.....                                     | 11.6         | 71.8        | 16.6          | 100.0        | 5.0                  |
| More than one third.....                                     | 3.5          | 79.5        | 17.0          | 100.0        | 13.5                 |
| <b>Geographical area</b>                                     |              |             |               |              |                      |
| North.....   | 8.8          | 71.8        | 19.4          | 100.0        | 10.6                 |
| Centre and South-Islands.....                                | 10.3         | 76.7        | 13.0          | 100.0        | 2.7                  |
| <b>Total construction.....</b>                               | <b>9.4</b>   | <b>73.9</b> | <b>16.7</b>   | <b>100.0</b> | <b>7.3</b>           |
| <i>Memorandum items:</i>                                     |              |             |               |              |                      |
| December 2014 .....  | 27.9         | 67.2        | 5.0           | 100.0        | -22.9                |
| September 2014 .....   | 24.7         | 68.4        | 6.9           | 100.0        | -17.8                |
| June 2014 .....  | 19.1         | 70.4        | 10.5          | 100.0        | -8.6                 |
| March 2014 .....   | 30.9         | 63.2        | 5.9           | 100.0        | -25.0                |

Table 14

**Forecast changes on fixed investment between first half of 2015 and  
second half 2014**

*(percentages)*

|  | Decrease<br>(a) | No<br>change | Increase<br>(b) | Total        | Balance<br>(b) – (a) |
|--|-----------------|--------------|-----------------|--------------|----------------------|
| <b>Industry excluding construction and Services</b>          |                 |              |                 |              |                      |
| <b>Number of employees</b>                                   |                 |              |                 |              |                      |
| 50-199 .....   | 21.8            | 51.3         | 26.9            | 100.0        | 5.1                  |
| 200-999 .....  | 24.3            | 45.0         | 30.7            | 100.0        | 6.4                  |
| Over 999 .....   | 20.8            | 46.3         | 32.9            | 100.0        | 12.1                 |
| <b>Sector</b>  |                 |              |                 |              |                      |
| Industry.....  | 23.7            | 50.6         | 25.7            | 100.0        | 2.0                  |
| Services .....   | 20.6            | 49.6         | 29.8            | 100.0        | 9.2                  |
| <b>Geographical area</b>                                     |                 |              |                 |              |                      |
| North West .....   | 21.6            | 49.2         | 29.1            | 100.0        | 7.5                  |
| North East .....   | 21.7            | 55           | 23.2            | 100.0        | 1.5                  |
| Centre.....  | 23.2            | 42.3         | 34.5            | 100.0        | 11.3                 |
| South and Islands .....                                      | 23.5            | 52.3         | 24.2            | 100.0        | 0.7                  |
| <b>Total Industry and services .....</b>                     | <b>22.2</b>     | <b>50.1</b>  | <b>27.7</b>     | <b>100.0</b> | <b>5.5</b>           |
| <b>Construction</b>  |                 |              |                 |              |                      |
| <b>Fraction of revenue derived from residential building</b> |                 |              |                 |              |                      |
| Less than one third.....                                     | 25.9            | 49.4         | 24.6            | 100.0        | -1.3                 |
| More than one third.....                                     | 31.4            | 50.6         | 18.0            | 100.0        | -13.4                |
| <b>Geographical area</b>                                     |                 |              |                 |              |                      |
| North.....   | 26.7            | 48.2         | 25.1            | 100.0        | -1.6                 |
| Centre and South-Islands.....                                | 28.3            | 51.8         | 19.8            | 100.0        | -8.5                 |
| <b>Total construction.....</b>                               | <b>27.4</b>     | <b>49.7</b>  | <b>22.9</b>     | <b>100.0</b> | <b>-4.5</b>          |

Table 15

**Forecast changes on fixed investment excluding investment in property  
between first half of 2015 and second half 2014**

*(percentages)*

|  | Decrease<br>(a) | No<br>change | Increase<br>(b) | Total        | Balance<br>(b) – (a) |
|--|-----------------|--------------|-----------------|--------------|----------------------|
| <b>Industry excluding construction and Services</b>          |                 |              |                 |              |                      |
| <b>Number of employees</b>                                   |                 |              |                 |              |                      |
| 50-199 .....   | 20.0            | 62.7         | 17.3            | 100.0        | -2.7                 |
| 200-999 .....  | 26.4            | 49.2         | 24.4            | 100.0        | -2.0                 |
| Over 999 .....   | 24.9            | 49.0         | 26.1            | 100.0        | 1.2                  |
| <b>Sector</b>  |                 |              |                 |              |                      |
| Industry.....  | 23.2            | 58.5         | 18.3            | 100.0        | -4.9                 |
| Services .....   | 19.0            | 61.9         | 19.1            | 100.0        | 0.1                  |
| <b>Geographical area</b>                                     |                 |              |                 |              |                      |
| North West .....   | 20.0            | 60.7         | 19.4            | 100.0        | -0.6                 |
| North East .....   | 23.4            | 60.3         | 16.4            | 100.0        | -7.0                 |
| Centre.....  | 19.9            | 56.1         | 24.0            | 100.0        | 4.1                  |
| South and Islands .....                                      | 21.6            | 63.4         | 15.1            | 100.0        | -6.5                 |
| <b>Total Industry and services .....</b>                     | <b>21.1</b>     | <b>60.2</b>  | <b>18.7</b>     | <b>100.0</b> | <b>-2.4</b>          |
| <b>Construction</b>  |                 |              |                 |              |                      |
| <b>Fraction of revenue derived from residential building</b> |                 |              |                 |              |                      |
| Da zero a un terzo.....                                      | 22.2            | 56.8         | 21.0            | 100.0        | -1.2                 |
| Oltre un terzo.....  | 36.2            | 54.6         | 9.2             | 100.0        | -27.0                |
| <b>Geographical area</b>                                     |                 |              |                 |              |                      |
| North.....   | 25.5            | 55.1         | 19.4            | 100.0        | -6.1                 |
| Centre and South-Islands.....                                | 26.4            | 57.7         | 15.8            | 100.0        | -10.6                |
| <b>Total construction.....</b>                               | <b>25.9</b>     | <b>56.2</b>  | <b>17.9</b>     | <b>100.0</b> | <b>-8.0</b>          |

Table 16

## Forecast changes in spending on fixed investment between 2014 and 2015

*(percentages)*

|  | Decrease<br>(a) | No<br>change | Increase<br>(b) | Total        | Balance<br>(b) – (a) |
|--|-----------------|--------------|-----------------|--------------|----------------------|
| <b>Industry excluding construction and Services</b>          |                 |              |                 |              |                      |
| <b>Number of employees</b>                                   |                 |              |                 |              |                      |
| 50-199 .....   | 18.8            | 46.0         | 35.2            | 100.0        | 16.4                 |
| 200-999 .....  | 20.6            | 43.1         | 36.3            | 100.0        | 15.7                 |
| Over 999 .....   | 17.8            | 40.9         | 41.3            | 100.0        | 23.5                 |
| <b>Sector</b>  |                 |              |                 |              |                      |
| Industry.....  | 22.6            | 41.5         | 35.9            | 100.0        | 13.3                 |
| Services .....   | 15.3            | 49.6         | 35.1            | 100.0        | 19.8                 |
| <b>Geographical area</b>                                     |                 |              |                 |              |                      |
| North West .....   | 17.4            | 48.0         | 34.6            | 100.0        | 17.2                 |
| North East .....   | 18.8            | 47.4         | 33.8            | 100.0        | 15                   |
| Centre.....  | 22.7            | 39.4         | 37.9            | 100.0        | 15.2                 |
| South and Islands .....                                      | 19.8            | 42.1         | 38.1            | 100.0        | 18.3                 |
| <b>Total Industry and services.....</b>                      | <b>19.1</b>     | <b>45.4</b>  | <b>35.5</b>     | <b>100.0</b> | <b>16.4</b>          |
| <b>Construction</b>  |                 |              |                 |              |                      |
| <b>Fraction of revenue derived from residential building</b> |                 |              |                 |              |                      |
| Less than one third.....                                     | 19.4            | 55           | 25.6            | 100.0        | 6.2                  |
| More than one third.....                                     | 27.8            | 52.9         | 19.3            | 100.0        | -8.5                 |
| <b>Geographical area</b>                                     |                 |              |                 |              |                      |
| North.....   | 18.2            | 52.1         | 29.7            | 100.0        | 11.5                 |
| Centre and South-Islands.....                                | 26.3            | 57.6         | 16.1            | 100.0        | -10.2                |
| <b>Total construction.....</b>                               | <b>21.7</b>     | <b>54.4</b>  | <b>23.9</b>     | <b>100.0</b> | <b>2.2</b>           |

Table 17

### Forecast changes in spending on fixed investment excluding investment in property between 2014 and 2015

(valori percentuali)

|  | Decrease<br>(a) | No<br>change | Increase<br>(b) | Total        | Balance<br>(b) – (a) |
|--|-----------------|--------------|-----------------|--------------|----------------------|
| <b>Industry excluding construction and Services</b>              |                 |              |                 |              |                      |
| <b>Number of employees</b>                                       |                 |              |                 |              |                      |
| 50-199 .....   | 17.7            | 58.3         | 24.0            | 100.0        | 6.3                  |
| 200-999 .....  | 17.8            | 53.7         | 28.5            | 100.0        | 10.7                 |
| Over 999.....  | 16.3            | 50.3         | 33.4            | 100.0        | 17.1                 |
| <b>Sector</b>  |                 |              |                 |              |                      |
| Industry.....  | 21.6            | 53.4         | 25.0            | 100.0        | 3.4                  |
| Services .....   | 13.4            | 61.7         | 25.0            | 100.0        | 11.6                 |
| <b>Geographical area</b>   |                 |              |                 |              |                      |
| North West .....   | 15.2            | 56.6         | 28.1            | 100.0        | 12.9                 |
| North East .....   | 20.4            | 57.1         | 22.5            | 100.0        | 2.1                  |
| Centre.....  | 18.6            | 57.2         | 24.2            | 100.0        | 5.6                  |
| South and Islands .....  | 17.9            | 59.7         | 22.4            | 100.0        | 4.5                  |
| <b>Total Industry and services .....</b>                         | <b>17.7</b>     | <b>57.3</b>  | <b>25.0</b>     | <b>100.0</b> | <b>7.3</b>           |
| <b>Construction</b>  |                 |              |                 |              |                      |
| <b>Fraction of revenue derived from<br/>residential building</b> |                 |              |                 |              |                      |
| Less than one third.....   | 18.4            | 63.1         | 18.5            | 100.0        | 0.1                  |
| More than one third.....   | 31.0            | 59.0         | 10.0            | 100.0        | -21.0                |
| <b>Geographical area</b>   |                 |              |                 |              |                      |
| North.....   | 18.7            | 61.3         | 20.0            | 100.0        | 1.3                  |
| Centre and South-Islands.....                                    | 25.7            | 63.0         | 11.3            | 100.0        | -14.4                |
| <b>Total construction .....</b>                                  | <b>21.7</b>     | <b>62.1</b>  | <b>16.3</b>     | <b>100.0</b> | <b>-5.4</b>          |

Table 18

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

(percentages)

|  | No          | Yes, an<br>increase | Yes,<br>a decrease | I don't<br>know | Total        |
|--|-------------|---------------------|--------------------|-----------------|--------------|
| <b>Industry excluding construction and Services</b>              |             |                     |                    |                 |              |
| <b>Number of employees</b>                                       |             |                     |                    |                 |              |
| 50-199 .....   | 29.5        | 23.0                | 38.7               | 8.8             | 100.0        |
| 200-999 .....  | 30.7        | 28.3                | 32.3               | 8.6             | 100.0        |
| Over 999 .....   | 31.6        | 23.9                | 38.2               | 6.3             | 100.0        |
| <b>Sector</b>  |             |                     |                    |                 |              |
| Industry.....  | 29.0        | 26.7                | 37.5               | 6.7             | 100.0        |
| Services .....   | 30.5        | 20.9                | 37.8               | 10.9            | 100.0        |
| <b>Geographical area</b>   |             |                     |                    |                 |              |
| North West .....   | 31.5        | 26.5                | 33.6               | 8.4             | 100.0        |
| North East .....   | 27.4        | 25.9                | 40.2               | 6.5             | 100.0        |
| Centre.....  | 32.0        | 16.3                | 41.4               | 10.3            | 100.0        |
| South and Islands .....  | 26.7        | 22.5                | 39.0               | 11.7            | 100.0        |
| <b>Total Industry and services .....</b>                         | <b>29.7</b> | <b>23.9</b>         | <b>37.6</b>        | <b>8.7</b>      | <b>100.0</b> |
| <i>Memorandum items:</i>   |             |                     |                    |                 |              |
| September 2014 .....   | 26.5        | 22.7                | 44.2               | 6.6             | 100.0        |
| <b>Construction</b>  |             |                     |                    |                 |              |
| <b>Fraction of revenue derived from<br/>residential building</b> |             |                     |                    |                 |              |
| Less than one third.....   | 25.6        | 15.4                | 54.9               | 4.1             | 100.0        |
| More than one third.....   | 20.3        | 17.0                | 54.0               | 8.7             | 100.0        |
| <b>Geographical area</b>   |             |                     |                    |                 |              |
| North.....   | 25.6        | 16.2                | 53.4               | 4.7             | 100.0        |
| Centre and South-Islands.....                                    | 22.3        | 15.2                | 56.4               | 6.1             | 100.0        |
| <b>Total construction.....</b>                                   | <b>24.2</b> | <b>15.8</b>         | <b>54.7</b>        | <b>5.3</b>      | <b>100.0</b> |
| <i>Memorandum items:</i>   |             |                     |                    |                 |              |
| September 2014 .....   | 21.3        | 14.2                | 54.9               | 9.6             | 100.0        |

Table 19

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

(percentages)

|  | Deterioration<br>(a) | No change   | Improvement<br>(b) | Total        | Balance<br>(b) – (a) |
|--|----------------------|-------------|--------------------|--------------|----------------------|
| <b>Industry excluding construction and Services</b>          |                      |             |                    |              |                      |
| <b>Number of employees</b>                                   |                      |             |                    |              |                      |
| 50-199 .....   | 8.4                  | 80.5        | 11.1               | 100.0        | 2.7                  |
| 200-999 .....  | 4.2                  | 77.9        | 17.9               | 100.0        | 13.7                 |
| Over 999 .....   | 4.8                  | 80.8        | 14.4               | 100.0        | 9.6                  |
| <b>Sector</b>  |                      |             |                    |              |                      |
| Industry.....  | 9.0                  | 78.4        | 12.6               | 100.0        | 3.6                  |
| Services .....   | 6.1                  | 81.8        | 12.0               | 100.0        | 5.9                  |
| <b>Geographical area</b>                                     |                      |             |                    |              |                      |
| North West .....   | 3.8                  | 83.6        | 12.6               | 100.0        | 8.8                  |
| North East .....   | 9.1                  | 80.0        | 10.9               | 100.0        | 1.8                  |
| Centre.....  | 9.8                  | 74.3        | 15.9               | 100.0        | 6.1                  |
| South and Islands .....                                      | 12.4                 | 77.8        | 9.7                | 100.0        | -2.7                 |
| <b>Total Industry and services .....</b>                     | <b>7.6</b>           | <b>80.1</b> | <b>12.3</b>        | <b>100.0</b> | <b>4.7</b>           |
| <i>Memorandum items:</i>                                     |                      |             |                    |              |                      |
| December 2014 .....  | 12.5                 | 77.4        | 10.1               | 100.0        | -2.4                 |
| September 2014 .....   | 12.0                 | 79.1        | 8.9                | 100.0        | -3.1                 |
| June 2014 .....  | 11.8                 | 80.5        | 7.7                | 100.0        | -4.1                 |
| March 2014 .....   | 17.8                 | 77.6        | 4.6                | 100.0        | -13.2                |
| <b>Construction</b>  |                      |             |                    |              |                      |
| <b>Fraction of revenue derived from residential building</b> |                      |             |                    |              |                      |
| Da zero a un terzo.....                                      | 16.9                 | 67.6        | 15.5               | 100.0        | -1.4                 |
| Oltre un terzo.....  | 17.3                 | 78.8        | 3.8                | 100.0        | -13.5                |
| <b>Geographical area</b>                                     |                      |             |                    |              |                      |
| North.....   | 14.3                 | 71.8        | 13.9               | 100.0        | -0.4                 |
| Centre and South-Islands.....                                | 20.7                 | 69.0        | 10.3               | 100.0        | -10.4                |
| <b>Total construction.....</b>                               | <b>17.0</b>          | <b>70.6</b> | <b>12.3</b>        | <b>100.0</b> | <b>-4.7</b>          |
| <i>Memorandum items:</i>                                     |                      |             |                    |              |                      |
| December 2014 .....  | 25.8                 | 69.4        | 4.8                | 100.0        | -21.0                |
| September 2014 .....   | 24.2                 | 70.9        | 4.9                | 100.0        | -19.3                |
| June 2014 .....  | 26.5                 | 69.2        | 4.3                | 100.0        | -22.2                |
| March 2014 .....   | 31.4                 | 67.7        | 0.9                | 100.0        | -30.5                |



Table 20

## Overall liquidity position in the next three months

(percentages)

|  | Insufficient | Sufficient  | More than sufficient | Total        |
|--|--------------|-------------|----------------------|--------------|
| <b>Industry excluding construction and Services</b>          |              |             |                      |              |
| <b>Number of employees</b>                                   |              |             |                      |              |
| 50-199 addetti.....  | 17.0         | 63.4        | 19.6                 | 100.0        |
| 200-999 addetti .....  | 10.1         | 60.9        | 29.0                 | 100.0        |
| Oltre 999 addetti .....                                      | 5.1          | 57.4        | 37.6                 | 100.0        |
| <b>Sector</b>  |              |             |                      |              |
| Industry.....  | 17.7         | 60.3        | 22.0                 | 100.0        |
| Services .....   | 13.3         | 65.5        | 21.2                 | 100.0        |
| <b>Geographical area</b>                                     |              |             |                      |              |
| North West .....   | 9.0          | 61.8        | 29.1                 | 100.0        |
| North East .....   | 18.8         | 58.7        | 22.5                 | 100.0        |
| Centre.....  | 17.3         | 66.1        | 16.7                 | 100.0        |
| South and Islands .....                                      | 24.6         | 69.4        | 6.0                  | 100.0        |
| <b>Total Industry and services .....</b>                     | <b>15.5</b>  | <b>62.8</b> | <b>21.6</b>          | <b>100.0</b> |
| <i>Memorandum items:</i>                                     |              |             |                      |              |
| December 2014 .....  | 19.9         | 61.6        | 18.5                 | 100.0        |
| September 2014 .....   | 19.1         | 63.5        | 17.4                 | 100.0        |
| June 2014 .....  | 17.8         | 62.5        | 19.7                 | 100.0        |
| March 2014 .....   | 19.5         | 61.8        | 18.7                 | 100.0        |
| <b>Construction</b>  |              |             |                      |              |
| <b>Fraction of revenue derived from residential building</b> |              |             |                      |              |
| Less than one third.....                                     | 33.1         | 59.0        | 7.9                  | 100.0        |
| More than one third.....                                     | 44.6         | 46.1        | 9.3                  | 100.0        |
| <b>Geographical area</b>                                     |              |             |                      |              |
| North.....   | 31.9         | 55.2        | 13                   | 100.0        |
| Centre and South-Islands.....                                | 42.0         | 56.1        | 1.9                  | 100.0        |
| <b>Total construction .....</b>                              | <b>36.2</b>  | <b>55.6</b> | <b>8.3</b>           | <b>100.0</b> |
| <i>Memorandum items:</i>                                     |              |             |                      |              |
| December 2014 .....  | 41.5         | 53.8        | 4.8                  | 100.0        |
| September 2014 .....   | 40.8         | 52.8        | 6.4                  | 100.0        |
| June 2014 .....  | 41.8         | 54.5        | 3.7                  | 100.0        |
| March 2014 .....   | 48.1         | 46.5        | 5.3                  | 100.0        |

Table 21

## Three-month forecast of workforce

(percentages)

|  | Decrease<br>(a) | No change   | Increase<br>(b) | Total        | Balance<br>(b) – (a) |
|--|-----------------|-------------|-----------------|--------------|----------------------|
| <b>Industry excluding construction and Services</b>          |                 |             |                 |              |                      |
| <b>Number of employees</b>                                   |                 |             |                 |              |                      |
| 50-199 .....   | 13.9            | 68.3        | 17.8            | 100.0        | 3.9                  |
| 200-999 .....  | 15.7            | 64.4        | 19.9            | 100.0        | 4.2                  |
| Over 999 .....   | 20.8            | 58          | 21.2            | 100.0        | 0.4                  |
| <b>Sector</b>  |                 |             |                 |              |                      |
| Industry.....  | 13.5            | 69.3        | 17.2            | 100.0        | 3.7                  |
| Services .....   | 15.2            | 65.4        | 19.4            | 100.0        | 4.2                  |
| <b>Geographical area</b>                                     |                 |             |                 |              |                      |
| North West .....   | 14.5            | 64.4        | 21.1            | 100.0        | 6.6                  |
| North East .....   | 14.4            | 67.8        | 17.8            | 100.0        | 3.4                  |
| Centre.....  | 12.8            | 73.5        | 13.7            | 100.0        | 0.9                  |
| South and Islands .....                                      | 15.9            | 67.1        | 17.0            | 100.0        | 1.1                  |
| <b>Total Industry and services .....</b>                     | <b>14.4</b>     | <b>67.4</b> | <b>18.2</b>     | <b>100.0</b> | <b>3.8</b>           |
| <i>Memorandum items:</i>                                     |                 |             |                 |              |                      |
| December 2014 .....  | 19.9            | 68.3        | 11.8            | 100.0        | -8.1                 |
| September 2014 .....   | 20.4            | 67.9        | 11.8            | 100.0        | -8.6                 |
| June 2014 .....  | 16.3            | 69.5        | 14.3            | 100.0        | -2.0                 |
| March 2014 .....   | 18.9            | 67.6        | 13.4            | 100.0        | -5.5                 |
| <b>Construction</b>  |                 |             |                 |              |                      |
| <b>Fraction of revenue derived from residential building</b> |                 |             |                 |              |                      |
| Less than one third.....                                     | 27.1            | 58.8        | 14.1            | 100.0        | -13.0                |
| More than one third.....                                     | 24.3            | 68.3        | 7.4             | 100.0        | -16.9                |
| <b>Geographical area</b>                                     |                 |             |                 | 100.0        |                      |
| North.....   | 28.8            | 57.9        | 13.4            | 100.0        | -15.4                |
| Centre and South-Islands.....                                | 23.1            | 66.1        | 10.8            | 100.0        | -12.3                |
| <b>Total construction.....</b>                               | <b>26.4</b>     | <b>61.3</b> | <b>12.3</b>     | <b>100.0</b> | <b>-14.1</b>         |
| <i>Memorandum items:</i>                                     |                 |             |                 |              |                      |
| December 2014 .....  | 28.5            | 63.4        | 8.2             | 100.0        | -20.3                |
| September 2014 .....   | 29.1            | 60.3        | 10.5            | 100.0        | -18.6                |
| June 2014 .....  | 27.1            | 64.1        | 8.7             | 100.0        | -18.4                |
| March 2014 .....   | 32.0            | 61.4        | 6.7             | 100.0        | -25.3                |

Table 22

**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 second half of 2014 |             |              | The firm expects a solid improvement of its production/work rates in the coming months |             |              |
|--|---|-------------|--------------|--|-------------|--------------|
|  | No  | Yes         | Total        | No   | Yes         | Total        |
| <b>Industry excluding construction and Services</b>          |   |             |              |  |             |              |
| <b>Number of employees</b>                                   |   |             |              |  |             |              |
| 50-199 .....   | 54.2  | 45.8        | 100.0        | 52.2   | 47.8        | 100.0        |
| 200-999 .....  | 48.3  | 51.7        | 100.0        | 60.0   | 40.0        | 100.0        |
| Over 999 .....   | 41.9  | 58.1        | 100.0        | 61.2   | 38.8        | 100.0        |
| <b>Sector</b>  |   |             |              |  |             |              |
| Industry.....  | 53.0  | 47.0        | 100.0        | 53.1   | 46.9        | 100.0        |
| Services .....   | 52.9  | 47.1        | 100.0        | 54.4   | 45.6        | 100.0        |
| <b>Geographical area</b>                                     |   |             |              |  |             |              |
| North West .....   | 48.3  | 51.7        | 100.0        | 54.0   | 46.0        | 100.0        |
| North East .....   | 57.4  | 42.6        | 100.0        | 58.9   | 41.1        | 100.0        |
| Centre.....  | 54.8  | 45.2        | 100.0        | 47.9   | 52.1        | 100.0        |
| South and Islands .....                                      | 54.5  | 45.5        | 100.0        | 50.5   | 49.5        | 100.0        |
| <b>Exports' share of sales</b>                               |   |             |              |  |             |              |
| From zero to 1/3.....  | 54.8  | 45.2        | 100.0        | 56.4   | 43.6        | 100.0        |
| Between 1/3/ and 2/3 .....                                   | 53.5  | 46.5        | 100.0        | 50.2   | 49.8        | 100.0        |
| More than 2/3.....   | 45.0  | 55.0        | 100.0        | 48.5   | 51.5        | 100.0        |
| <b>Total Industry and services .....</b>                     | <b>52.9</b>   | <b>47.1</b> | <b>100.0</b> | <b>53.7</b>  | <b>46.3</b> | <b>100.0</b> |
| <b>Construction</b>  |   |             |              |  |             |              |
| <b>Fraction of revenue derived from residential building</b> |   |             |              |  |             |              |
| Less than one third.....                                     | 63.0  | 37.0        | 100.0        | 50.1   | 49.9        | 100.0        |
| More than one third.....                                     | 67.5  | 32.5        | 100.0        | 55.8   | 44.2        | 100.0        |
| <b>Geographical area</b>                                     |   |             |              |  |             |              |
| North.....   | 61.0  | 39.0        | 100.0        | 54.5   | 45.5        | 100.0        |
| Centre and South-Islands.....                                | 68.5  | 31.5        | 100.0        | 47.7   | 52.3        | 100.0        |
| <b>Total construction.....</b>                               | <b>64.2</b>   | <b>35.8</b> | <b>100.0</b> | <b>51.6</b>  | <b>48.4</b> | <b>100.0</b> |



**Appendix C:**  
**The questionnaire**



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

MARCH 2015

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 September 2015? | ...in March 2016? | ...in March 2017? | ... on average between March 2018 and March 2020 ? |
|---|-----------------------|-------------------|-------------------|--|
| <b>B1a. (about 2/3 of the sample)</b> In January consumer price inflation, measured by the 12-month change in the HARMONIZED INDEX OF CONSUMER PRICES was -0.5 per cent in Italy and -0.6 per cent in the euro area. What do you think it will be in Italy...   | _ _ _ _ _ _ _ %       | _ _ _ _ _ _ _ %   | _ _ _ _ _ _ _ %   | _ _ _ _ _ _ _ %                                    |
| <b>B1b. (about 1/3 of the sample)</b> What do you think consumer price inflation in Italy, measured by the 12-month change in the HARMONIZED INDEX OF CONSUMER PRICES, will be...   | _ _ _ _ _ _ _ %       | _ _ _ _ _ _ _ %   | _ _ _ _ _ _ _ %   | _ _ _ _ _ _ _ %                                    |
| <b>B2.</b> Compared with 3 months ago, do you consider Italy's general economic situation is ...? <input type="checkbox"/> Better <input type="checkbox"/> The same <input type="checkbox"/> Worse  |                       |                   |                   |  |
| <b>B3.</b> What do you think is the probability of an improvement in Italy's general economic situation in the next 3 months?<br><input type="checkbox"/> Zero <input type="checkbox"/> 1-25 per cent <input type="checkbox"/> 26-50 per cent <input type="checkbox"/> 51-75 per cent <input type="checkbox"/> 76-99 per cent <input type="checkbox"/> 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 |   |   |
|---------------------------------|--------|---|---|----------|---|---|-------|---|---|-------|---|---|
| <b>C3.</b> in the next 3 months | _      | _ | _ | _        | _ | _ | _     | _ | _ | 1     | 0 | 0 |
| <b>C4.</b> 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<br>In the next 3 months  | Effect on business |     |          | Intensity (if not nil) |         |      |
|---|--------------------|-----|----------|------------------------|---------|------|
|   | Negative           | Nil | Positive | Low                    | Average | High |
| <b>C5.</b> Changes in demand                                    | 1 _                | 2 _ | 3 _      | 1 _                    | 2 _     | 3 _  |
| <b>C6.</b> Changes in YOUR PRICES                               | 1 _                | 2 _ | 3 _      | 1 _                    | 2 _     | 3 _  |
| <b>C7.</b> AVAILABILITY and the COST OF CREDIT                  | 1 _                | 2 _ | 3 _      | 1 _                    | 2 _     | 3 _  |
| <b>C7.Bis</b> UNCERTAINTY DUE TO ECONOMIC AND POLITICAL FACTORS | 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 <b>FACTORS</b> as they will affect your firm's selling prices <b>in the next 12 months</b> :   |  |                |               |                               |                  |               |
|---|--|----------------|---------------|-------------------------------|------------------|---------------|
| Factors affecting your firm's <b>prices</b><br><b>in the next 12 months</b>   | <b>Effect on firm's selling prices</b> |                |               | <b>Intensity (if not nil)</b> |                  |               |
|   | <i>Downward</i>                        | <i>Neutral</i> | <i>Upward</i> | <i>Low</i>                    | <i>Average</i>   | <i>High</i>   |
| <b>D3.</b> TOTAL DEMAND   | 1 _                                    | 2 _            | 3 _           | 1 _                           | 2 _              | 3 _           |
| <b>D4.</b> RAW MATERIALS PRICES   | 1 _                                    | 2 _            | 3 _           | 1 _                           | 2 _              | 3 _           |
| <b>D5.</b> LABOUR COSTS   | 1 _                                    | 2 _            | 3 _           | 1 _                           | 2 _              | 3 _           |
| <b>D6.</b> PRICING POLICIES of your firm's main competitors   | 1 _                                    | 2 _            | 3 _           | 1 _                           | 2 _              | 3 _           |
| <b>SECTION E – WORKFORCE</b>  |  |                |               |                               |                  |               |
| <b>E1.</b> 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 _           |
| <b>SECTION F – INVESTMENT</b>   |  |                |               |                               |                  |               |
| <b>F1.</b> What do you expect will be the nominal expenditure on (tangible and intangible) fixed investment in 2015 compared with that in 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                           |  |                |               |                               |                  |               |
| <b>F2.</b> 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                                |  |                |               |                               |                  |               |
| <b>F1.bis</b> What do you expect will be the nominal expenditure on (tangible and intangible) fixed investment excluding construction in 2015 compared with that in 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 |  |                |               |                               |                  |               |
| <b>F2.bis</b> And what do you expect will be the nominal expenditure excluding construction in the first half of 2015 compared with that in the second 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.  |  |                |               |                               |                  |               |

## 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 September 2015? | ...in March 2016? | ...in March 2017? | ... on average between March 2018 and March 2020 ? |
|---|-----------------------|-------------------|-------------------|--|
| <b>B1a. (about 2/3 of the sample)</b> In October consumer price inflation, measured by the 12-month change in the HARMONIZED INDEX OF CONSUMER PRICES was- 0.5 per cent in Italy and -0.6 per cent in the euro area. What do you think it will be in Italy...   | __   __ __ , __ %     | __   __ __ , __ % | __   __ __ , __ % | __   __ __ , __ %                                  |
| <b>B1b. (about 1/3 of the sample)</b> What do you think consumer price inflation in Italy, measured by the 12-month change in the HARMONIZED INDEX OF CONSUMER PRICES, will be...   | __   __ __ , __ %     | __   __ __ , __ % | __   __ __ , __ % | __   __ __ , __ %                                  |
| <b>B2.</b> Compared with 3 months ago, do you consider Italy's general economic situation is ...? <input type="checkbox"/> Better <input type="checkbox"/> The same <input type="checkbox"/> Worse  |                       |                   |                   |  |
| <b>B3.</b> What do you think is the probability of an improvement in Italy's general economic situation in the next 3 months?<br><input type="checkbox"/> Zero <input type="checkbox"/> 1-25 per cent <input type="checkbox"/> 26-50 per cent <input type="checkbox"/> 51-75 per cent <input type="checkbox"/> 76-99 per cent <input type="checkbox"/> 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    |          |          |
|---------------------------------|--------|--|--|----------|--|--|-------|--|--|----------|----------|----------|
| <b>C3. in the next 3 months</b> |        |  |  |          |  |  |       |  |  | <b>1</b> | <b>0</b> | <b>0</b> |
| <b>C4. in the next 3 years</b>  |        |  |  |          |  |  |       |  |  | <b>1</b> | <b>0</b> | <b>0</b> |

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<br>In the next 3 months  | Effect on business |      |          | Intensity (if not nil) |         |      |
|---|--------------------|------|----------|------------------------|---------|------|
|   | Negative           | Nil  | Positive | Low                    | Average | High |
| <b>C5.</b> changes in demand                                    | 1 __               | 2 __ | 3 __     | 1 __                   | 2 __    | 3 __ |
| <b>C6.</b> changes in YOUR PRICES                               | 1 __               | 2 __ | 3 __     | 1 __                   | 2 __    | 3 __ |
| <b>C7.</b> AVAILABILITY and the COST OF CREDIT                  | 1 __               | 2 __ | 3 __     | 1 __                   | 2 __    | 3 __ |
| <b>C7.Bis</b> UNCERTAINTY DUE TO ECONOMIC AND POLITICAL FACTORS | 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

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| <b>D1. In the last 12 months</b> , what has been the average change in your firm's prices?  |  |                |               | _   _ _ _ _ _ _ %             |                  |               |
|---|--|----------------|---------------|-------------------------------|------------------|---------------|
| <b>D2. For the next 12 months</b> , what do you expect will be the average change in your firm's prices?  |  |                |               | _   _ _ _ _ _ _ %             |                  |               |
| Please indicate direction and intensity of the following <b>FACTORS</b> as they will affect your firm's selling prices <b>in the next 12 months</b> :   |  |                |               |                               |                  |               |
| Factors affecting your firm's prices<br>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>   |
| <b>D3.</b> TOTAL DEMAND   | 1 _                                    | 2 _            | 3 _           | 1 _                           | 2 _              | 3 _           |
| <b>D4.</b> RAW MATERIALS PRICES   | 1 _                                    | 2 _            | 3 _           | 1 _                           | 2 _              | 3 _           |
| <b>D5.</b> LABOUR COSTS   | 1 _                                    | 2 _            | 3 _           | 1 _                           | 2 _              | 3 _           |
| <b>D6.</b> PRICING POLICIES of your firm's main competitors   | 1 _                                    | 2 _            | 3 _           | 1 _                           | 2 _              | 3 _           |
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|   |  |                |               | 1 _                           | 2 _              | 3 _           |
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| <b>F1bis.</b> What do you expect will be the nominal expenditure on (tangible and intangible) fixed investment excluding construction in 2015 compared with that in 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 |  |                |               |                               |                  |               |
| <b>F2bis.</b> And what do you expect will be the nominal expenditure excluding construction in the first half of 2015 compared with that in the second 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.  |  |                |               |                               |                  |               |