

# BANCA D'ITALIA

## **II Sole 24 Ore-Bank of Italy survey on inflation and growth expectations**

**June 2006**

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## SUMMARY OF RESULTS

**THE SAMPLE (Table 1):** 449 companies with at least 50 employees, chosen at random from the Kompass database, were asked to complete the survey. The interviews were conducted by Questlab S.r.l. between 5 and 30 June, 2006, with the questionnaire being submitted to well-informed company managers either by internet (to 95.5 per cent of respondents) or by fax. The response rate was 44.9 per cent (Table A2).

**CONSUMER PRICE INFLATION IN ITALY (Table 2 and Figures 1 and 2):** Inflation is expected to stand at 2.5 per cent over the next 12 months, a slight decline vis-à-vis the results from the previous quarter (2.4 per cent). The expected inflation rate for the following 12 months was 0.1 percentage point lower than the actual rate for the most recent month for which a comparison can be made (March 2006).

### GENERAL ECONOMIC SITUATION (Tables 3-5):

According to 59.7 per cent of companies, the general economic situation in Italy is unchanged compared with three months earlier. There was an increase vis-à-vis March in the proportion of companies which saw an improvement (25.4 per cent compared with 24 per cent), and a fall in the share which considered the situation to have worsened (14.8 per cent compared with 15.6 per cent). The share of positive opinions was above average among companies with at least 1000 employees (33 per cent) while negative views were more widespread among services companies (15.7 per cent).

Some 27.9 per cent of companies put the likelihood of an improvement in the general economic situation in the next three months at zero, while 25.1 per cent believe that the likelihood is greater than a quarter (compared with 28.4 and 23.4 per cent respectively in March). As in the past, the most optimistic signs come from the North-West and from large companies. There is a strong correlation between the views regarding the development of the economy in the previous three months and those regarding the likelihood of an improvement in the following three months.

**BUSINESS ENVIRONMENT (Tables 6-9):** Although 67 per cent of companies believe that their business environment

will remain unchanged in the next three months, the share of those who expect a positive development (21.3 per cent) is greater than the share of those who expect the situation to worsen (11.7 per cent). The differential between the two options has decreased by comparison with the last survey (9.6 percentage points compared with 14.2 in March). There is again a strong correlation between the opinions expressed and the views regarding economic developments in the previous three months. As in the past, companies expect that increases in raw materials prices and labour costs will have a slightly negative impact on their business in the next quarter. The impact of demand, both domestic and foreign, and price effects will be positive.

Expectations with regard to the business situation in the following three years remain positive, as in March: 57.3 per cent of companies expect an improvement (compared with 60.6 per cent in June), while 17.2 per cent expect conditions to worsen (compared with 16.8 per cent). Positive responses were more common in the North-West (63 per cent), in the South and Islands (60.2 per cent) and for services companies (60.3 per cent), while negative responses were relatively more common in the North-East (22.9 per cent) and in the Centre (20 per cent).

**INVESTMENT ENVIRONMENT (Table 10):** 69.5 per cent of companies judge that the investment environment has remained unchanged vis-à-vis March (compared with 70.8 per cent in the last survey). Positive views outweigh negative views (15.7 per cent compared with 14.8 per cent), while in March the balance was even. The strongest signs of improvement come from large companies; the largest share of pessimistic views is found in the North-East (20.7 per cent).

**EMPLOYMENT RATE (Table 11):** With regard to total employment, three-month forecasts of an increase outweigh those of a reduction (27.4 per cent compared with 18.6 per cent). This was also the case in the previous survey, and the differential seems to be more or less unchanged (8.8 percentage points against 8.5 in March). Companies in the services sector are more inclined to expect an increase in the number of employed persons (34.6 per cent foresee an increase, while 17.3 per cent

expect a decrease), as are large companies (33.3 per cent compared with 25.6 per cent), while the signs are weaker in the North-West (22.4 per cent compared with 20.6 per cent). Expectations of an improvement seem to be more widespread, for the first time, also in the case of permanent employment (with 20.5 per cent of companies expecting a rise, compared with 17.2 per cent who expect a fall). As in the past, fixed-term employment is foreseen to increase, in particular by large companies, in the services sector, in the North-East and in the South.

**CHANGES IN COMPANIES' SALES PRICES (Tables 12 and 13, Figure 3):** On average, companies reported an increase in their sales prices of 1.4 per cent in the past 12 months, 0.6 percentage points more than they had expected in June 2005. For the next year, they expect a rise of 2.1 percentage points, larger than the responses given in March (1.7). Companies in the Centre and in the South seem to be experiencing a more sustained rise. The increases are due principally to tensions in the market for

raw materials and changes in the euro exchange rate. Changes in demand and in labour costs are seen to have little or no impact.

There is a general expectation among companies that their prices will increase by less than the general index in the course of the next 12 months. Looking back, companies usually report lower price increases than the general index. The differential with regard to the forecasts for June 2007 is 0.4 percentage points, a fall vis-à-vis the previous quarter (0.7). In the last month for which data are available (March 2006), the difference between the actual inflation rate in the previous 12 months and the price increases reported over the same time period was 1.5 percentage points (compared with 1 percentage point in March).

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Table 1

**Composition of sample and universe**  
(units, percentages)

	Sample size (a)	Company universe (*) (b)	Sample coverage rate (a/b)*100
<b>Number of employees</b>			
50-199 .....	174	16,311	1.1
200-999 .....	180	3,270	5.5
Over 999 .....	95	470	20.2
<b>Sector</b>			
Industry .....	250	12,095	2.1
Services .....	199	7,956	2.5
<b>Geographical area</b>			
North-West .....	180	8,306	2.2
North-East .....	144	5,651	2.5
Centre.....	80	3,406	2.3
South and Islands.....	45	2,688	1.7
<b>Total</b> .....	<b>449</b>	<b>20,051</b>	<b>2.2</b>

(\*) ISTAT (2002).

Table 2

**Expectations of consumer price inflation in Italy for the next 12 months**  
(percentages)

	Consumer price inflation rate
<b>Number of employees</b>	
50-199 .....	2.5
200-999 .....	2.4
Over 999 .....	2.4
<b>Sector</b>	
Industry .....	2.6
Services .....	2.5
<b>Geographical area</b>	
North-West .....	2.5
North-East .....	2.5
Centre.....	2.5
South and Islands.....	2.6
<b>Total</b> .....	<b>2.5</b>
<i>Standard error</i> .....	<i>0.02</i>

Figure 1

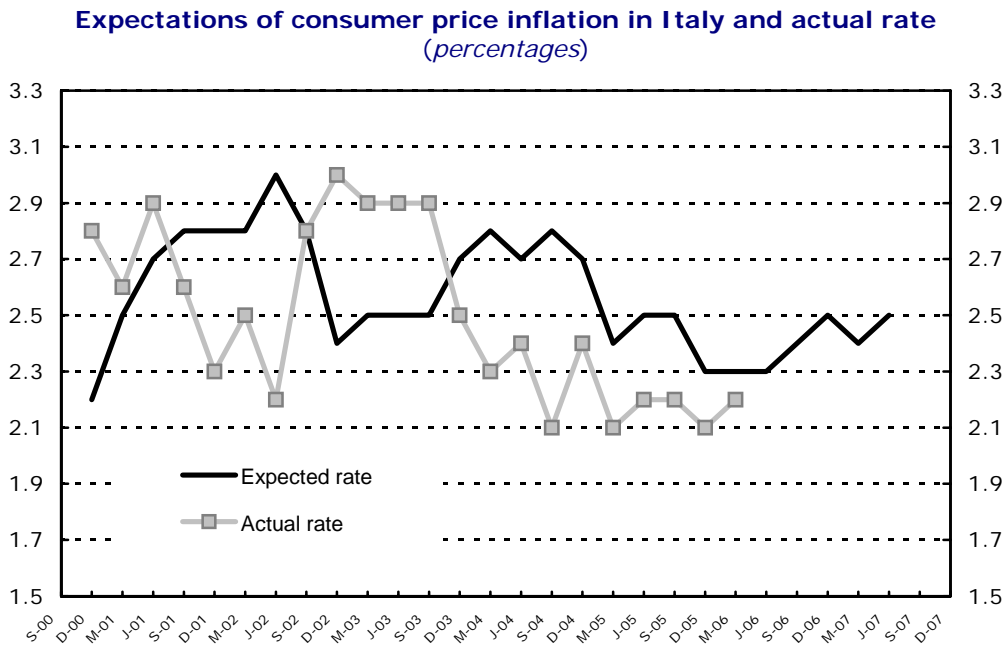


Figure 2

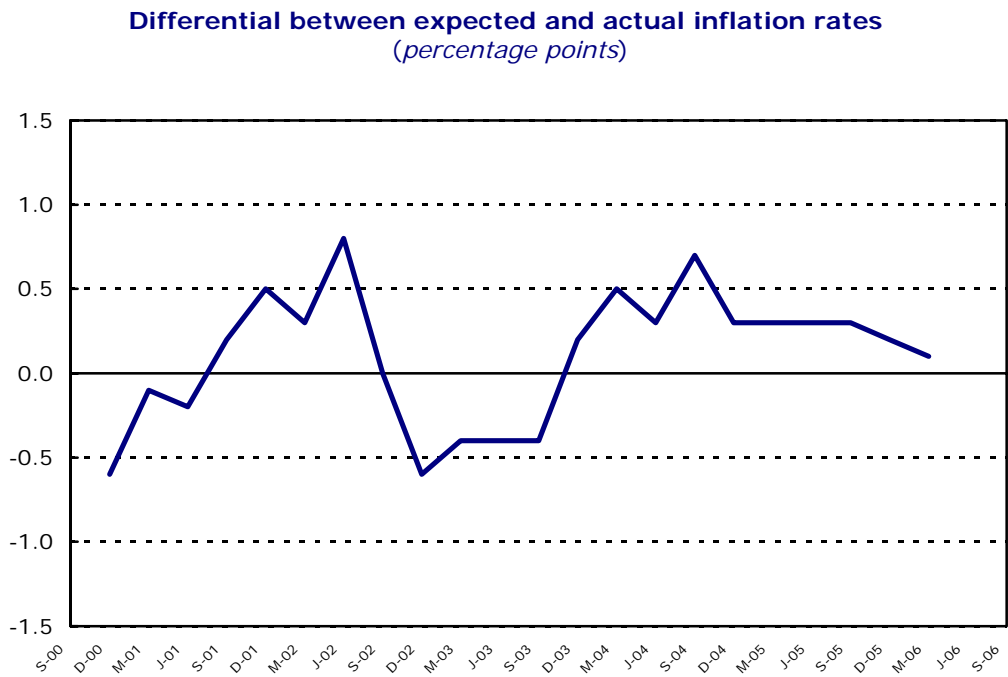


Table 3

**View of the general economic situation**  
(percentages)

	Better than previous quarter	Unchanged from previous quarter	Worse than previous quarter	Total
<b>Number of employees</b>				
50-199 .....	24.7	59.6	15.7	100.0
200-999.....	28.3	61.1	10.6	100.0
Over 999.....	33.0	54.5	12.4	100.0
<b>Sector</b>				
Industry.....	23.4	63.1	13.5	100.0
Services.....	26.8	57.4	15.7	100.0
<b>Geographical area</b>				
North-West.....	27.3	59.4	13.3	100.0
North-East.....	27.7	53.6	18.7	100.0
Centre .....	25.9	58.7	15.4	100.0
South and Islands .....	14.0	75.5	10.5	100.0
<b>Total .....</b>	<b>25.4</b>	<b>59.7</b>	<b>14.8</b>	<b>100.0</b>
<i>Memorandum items:</i>				
March 2006 .....	24.0	60.4	15.6	100.0
December 2005 .....	22.5	61.4	16.1	100.0
September 2005 .....	11.5	56.1	32.4	100.0

Table 4

**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
<b>Number of employees</b>						
50-199 .....	29.4	47.4	15.3	6.2	1.7	100.0
200-999 .....	21.7	46.6	18.3	7.9	5.5	100.0
Over 999 .....	12.5	34.0	31.7	18.9	2.9	100.0
<b>Sector</b>						
Industry .....	27.7	55.1	12.8	4.4	0.0	100.0
Services.....	28.0	41.5	18.3	8.3	3.9	100.0
<b>Geographical area</b>						
North-West .....	25.5	42.3	18.7	10.0	3.5	100.0
North-East .....	26.6	48.2	19.7	2.8	2.7	100.0
Centre .....	30.1	55.1	8.6	5.6	0.6	100.0
South and Islands.....	35.4	48.6	9.5	6.5	0.0	100.0
<b>Total.....</b>	<b>27.9</b>	<b>47.0</b>	<b>16.1</b>	<b>6.7</b>	<b>2.3</b>	<b>100.0</b>
<i>Memorandum items:</i>						
March 2006.....	28.4	48.2	12.1	10.1	1.2	100.0
December 2005.....	33.3	44.8	9.2	11.4	1.2	100.0
September 2005.....	41.6	44.9	7.6	5.0	0.9	100.0

Table 5

**Likelihood of an improvement in the general economic situation  
in the next three months, conditional on view of the current situation**  
(percentages)

	Zero	1-25%	26-50%	51-75%	76-100%	Total
<b>View of the current general economic situation</b>						
Better than in 3/2006 .....	1.0	51.4	27.5	13.6	6.5	100.0
Unchanged from 3/2006 .....	33.4	49.6	12.6	4.3	0.1	100.0
Worse than in 3/2006.....	51.7	28.7	10.8	4.6	4.2	100.0
<b>Total .....</b>	<b>27.9</b>	<b>47.0</b>	<b>16.1</b>	<b>6.7</b>	<b>2.3</b>	<b>100.0</b>

Table 6

**Three-month forecast of the business environment**  
(percentages)

	Improvement	No change	Worsening	Total
<b>Number of employees</b>				
50-199 .....	21.1	67.3	11.6	100.0
200-999.....	21.4	66.2	12.4	100.0
Over 999.....	28.8	63.5	7.8	100.0
<b>Sector</b>				
Industry.....	21.9	66.0	12.1	100.0
Services.....	20.9	67.8	11.4	100.0
<b>Geographical area</b>				
North-West.....	20.9	66.4	12.7	100.0
North-East.....	21.8	68.7	9.5	100.0
Centre .....	20.3	72.0	7.6	100.0
South and Islands .....	22.5	58.7	18.7	100.0
<b>Total .....</b>	<b>21.3</b>	<b>67.0</b>	<b>11.7</b>	<b>100.0</b>
<i>Memorandum items:</i>				
March 2006 .....	23.7	66.9	9.5	100.0
December 2005 .....	18.5	69.5	12.0	100.0
September 2005 .....	15.5	68.4	16.1	100.0

Table 7

**Three-month forecast of the business environment,  
conditional on view of the general economic situation**  
(percentages)

	Improvement	No change	Worsening	Total
<b>View of the current general economic situation</b>				
Better than in 3/2006 .....	46.9	42.3	10.8	100.0
Unchanged from 3/2006 .....	14.3	77.7	8.0	100.0
Worse than in 3/2006.....	7.1	65.2	27.7	100.0
<b>Total .....</b>	<b>21.3</b>	<b>67.0</b>	<b>11.7</b>	<b>100.0</b>



Table 8

**Factors which will affect the business environment**  
(average scores)<sup>(\*)</sup>

	Change in domestic demand	Change in foreign demand	Change in own prices	Change in raw materials prices	Change in labour costs
<b>Number of employees</b>					
50-199 .....	0.8	0.7	0.3	-0.9	-0.6
200-999 .....	0.7	0.6	0.3	-1.0	-0.6
Over 999 .....	0.5	0.6	0.4	-0.6	-0.7
<b>Sector</b>					
Industry .....	0.6	1.0	0.2	-1.4	-0.7
Services .....	0.9	0.5	0.4	-0.6	-0.5
<b>Geographical area</b>					
North-West .....	1.0	0.7	0.3	-0.9	-0.5
North-East .....	0.8	0.7	0.4	-1.0	-0.7
Centre .....	0.5	0.8	0.4	-0.9	-0.8
South and Islands .....	0.4	0.7	0.2	-0.7	-0.5
<b>Total</b> .....	<b>0.8</b>	<b>0.7</b>	<b>0.3</b>	<b>-0.9</b>	<b>-0.6</b>
<i>Standard error</i> .....	<i>0.08</i>	<i>0.07</i>	<i>0.09</i>	<i>0.10</i>	<i>0.08</i>

(\*) Companies' views with regard to the direction and degree of the expected impact of each factor on their business conditions in the next three months (high/average/low increase or decrease) were measured on a scale of -3 to 3. A neutral position is indicated by 0.

Table 9

**Three-year forecast of the business environment**  
(percentages)

	Improvement	No change	Worsening	Total
<b>Number of employees</b>				
50-199 .....	56.2	26.6	17.2	100.0
200-999 .....	62.8	19.4	17.8	100.0
Over 999 .....	59.6	26.1	14.2	100.0
<b>Sector</b>				
Industry .....	53.0	30.6	16.4	100.0
Services .....	60.3	22.0	17.8	100.0
<b>Geographical area</b>				
North-West .....	63.0	24.0	13.0	100.0
North-East .....	51.8	25.3	22.9	100.0
Centre .....	51.1	28.9	20.0	100.0
South and Islands .....	60.2	25.9	13.9	100.0
<b>Total</b> .....	<b>57.3</b>	<b>25.5</b>	<b>17.2</b>	<b>100.0</b>
<i>Memorandum items :</i>				
March 2006 .....	60.6	22.6	16.8	100.0
December 2005 .....	59.9	25.7	14.4	100.0
September 2005 .....	53.2	26.4	20.4	100.0

Table 10

**View of investment environment**  
(percentages)

	Better than previous quarter	Unchanged from previous quarter	Worse than previous quarter	Total
<b>Number of employees</b>				
50-199 .....	15.9	69.1	15.1	100.0
200-999 .....	14.5	71.6	13.9	100.0
Over 999 .....	20.3	69.6	10.1	100.0
<b>Sector</b>				
Industry .....	14.0	72.4	13.7	100.0
Services .....	16.9	67.5	15.6	100.0
<b>Geographical area</b>				
North-West .....	17.6	69.3	13.1	100.0
North-East .....	11.4	68.0	20.7	100.0
Centre .....	18.5	66.3	15.2	100.0
South and Islands .....	15.8	77.9	6.3	100.0
<b>Total</b> .....	<b>15.7</b>	<b>69.5</b>	<b>14.8</b>	<b>100.0</b>
<i>Memorandum items:</i>				
March 2006 .....	14.7	70.8	14.6	100.0
December 2005 .....	11.5	72.6	16.0	100.0
September 2005 .....	11.4	70.6	18.0	100.0

Table 11

**Three-month forecast of employment**  
(percentages)

	Total employment			Permanent employment			Fixed-term employment		
	Declining	Unchanged	Rising	Declining	Unchanged	Rising	Declining	Unchanged	Rising
<b>Number of employees</b>									
50-199 .....	14.9	61.9	23.2	14.3	73.2	12.5	10.7	71.4	17.9
200-999 .....	18.6	52.9	28.5	15.7	61.0	23.3	13.4	64.5	22.1
Over 999 .....	25.6	41.1	33.3	25.6	44.4	30.0	15.6	51.1	33.3
<b>Sector</b>									
Industry .....	19.6	58.4	22.0	18.8	67.8	13.5	12.7	69.0	18.4
Services .....	17.3	48.1	34.6	15.1	55.1	29.7	13.0	58.4	28.6
<b>Geographical area</b>									
North-West .....	20.6	57.1	22.4	20.6	61.8	17.6	11.2	70.0	18.8
North-East .....	14.3	52.1	33.6	16.4	57.1	26.4	12.1	60.0	27.9
Centre .....	25.0	47.5	27.5	17.5	60.0	22.5	17.5	61.3	21.3
South and Islands ..	12.5	60.0	27.5	5.0	87.5	7.5	12.5	62.5	25.0
<b>Total</b> .....	<b>18.6</b>	<b>54.0</b>	<b>27.4</b>	<b>17.2</b>	<b>62.3</b>	<b>20.5</b>	<b>12.8</b>	<b>64.4</b>	<b>22.8</b>
<i>Memorandum items:</i>									
March 2006 .....	21.3	48.9	29.8	20.7	61.7	17.6	15.2	56.7	28.0
December 2005 .....	26.0	48.4	25.6	24.5	57.8	17.7	18.6	57.1	24.3
September 2005 ..	27.7	53.6	18.7	26.3	60.3	13.4	20.2	59.9	20.0

Table 12

**Change in companies' sales prices**  
(percentages) <sup>(\*)</sup>

	Rate of change in sales prices...			
	...compared with 12 months earlier		...in the next 12 months	
	Mean	Mean (robust) (**)	Mean	Mean (robust) (**)
<b>Number of employees</b>				
50-199 .....	1.4	1.6	2.4	2.0
200-999.....	1.4	1.6	1.8	1.7
Over 999.....	1.4	1.4	2.1	2.1
<b>Sector</b>				
Industry.....	2.2	2.0	2.3	1.9
Services.....	1.1	1.3	2.0	2.0
<b>Geographical area</b>				
North-West.....	2.0	1.8	1.9	1.7
North-East.....	1.3	1.4	1.7	1.8
Centre .....	1.1	1.2	2.7	2.5
South and Islands .....	0.4	1.4	2.6	2.1
<b>Total</b> .....	<b>1.4</b>	<b>1.5</b>	<b>2.1</b>	<b>2.0</b>
<i>Standard error</i> .....	<i>0.22</i>	<i>0.16</i>	<i>0.20</i>	<i>0.18</i>
<i>Memorandum items:</i>	Rate of change in sales prices			
March 2006 .....	0.7	0.7	1.7	1.7
December 2005 .....	1.1	1.2	1.7	1.7
September 2005 .....	1.0	1.3	1.4	1.5

(\*) Companies' responses are weighted by the number of employees in order to account for the impact of size. (\*\*) Values outside the range between the 5th and the 95th percentile have been set at the threshold values of those percentiles.

Figure 3

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

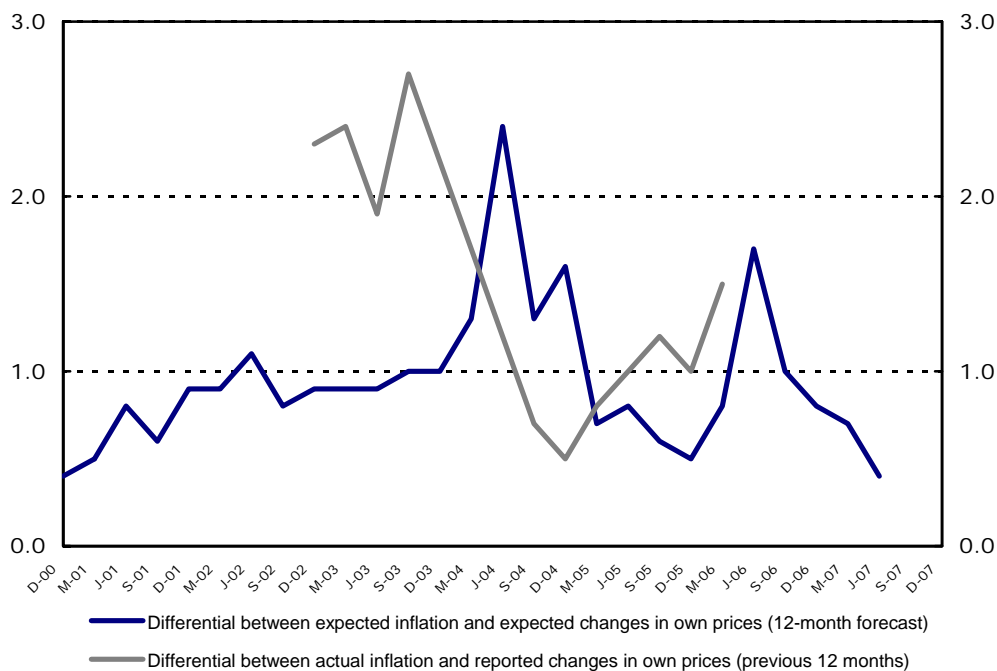


Table 13

**Factors affecting companies' sales prices**  
(average scores) (\*)

	Change in demand	Change in raw materials prices	Change in labour costs	Change in the exchange rate of the euro
<b>Number of employees</b>				
50-199 .....	0.2	0.9	0.1	0.7
200-999 .....	0.1	0.9	0.0	0.6
Over 999 .....	0.2	0.4	-0.2	0.3
<b>Sector</b>				
Industry .....	0.2	1.0	0.0	0.6
Services .....	0.2	0.6	0.0	0.5
<b>Geographical area</b>				
North-West .....	0.2	0.7	0.0	0.5
North-East .....	0.2	0.9	-0.1	0.6
Centre .....	0.2	0.6	-0.1	0.5
South and Islands .....	0.1	0.7	0.2	0.4
<b>Total .....</b>	<b>0.2</b>	<b>0.7</b>	<b>0.0</b>	<b>0.5</b>
<i>Standard error .....</i>	<i>0.06</i>	<i>0.08</i>	<i>0.05</i>	<i>0.07</i>

(\*) Companies' views with regard to the direction and degree of the impact of each factor on future sales prices (high/average/low increase or decrease) were measured on a scale of -3 to 3. A neutral position is indicated by 0. Companies' responses are weighted by the number of employees in order to account for the impact of size.

## METHODOLOGICAL NOTE

**QUESTIONNAIRE.** The questionnaire (contained in the Appendix) asks for a forecast of consumer price inflation in Italy over the following 12 months. In order to make it easier to respond, the questionnaire provides the most up-to-date official inflation figures available at the time the survey is conducted. Respondents are asked to provide a forecast of the expected value<sup>1</sup>. In order to make it easier to evaluate the respondents' inflation expectations, the questionnaire also asks for the expected rate of change in the prices of primary goods and services produced or sold by the companies participating in the survey. The survey also focuses on the views and expectations of companies regarding the general economic situation in Italy and their own specific business conditions. As well as providing assessments of the direction of changes observed and foreseen, the respondents also indicate the factors which shape these assessments.

**SAMPLE DESIGN.** The sample is stratified by number of employees (50-199, 200-999, 1000 and above), sector (industry, services) and geographical area (North-West, North-East, Centre, South and Islands) in order to increase the accuracy of the assessments. The need to ensure a minimum sample size for each category of company considered relevant means that, in some cases, the number of companies selected is not representative of the relative share of that category. This is in particular true of large companies. The aggregates are thus 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 development of the variables attributed to the companies, the weighting also takes account of the size in terms of the number of employees of the participating companies, in order to provide more accurate indications of expected macroeconomic developments.

**DATA QUALITY.** The collected data are subject to an initial quality check so that any incorrect data (resulting from typing mistakes, for example) can be intercepted and the existence of outliers and missing data (*item non-response*) can be assessed. Robust estimators of the mean have been used in order to verify the impact of outliers on the assessments; specifically, values outside the range between the 5th and the 95th percentile have been set at the threshold values of those percentiles. The results are largely in line with those obtained from the total sample (Table A1).

**IMPUTING MISSING DATA.** 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 outliers, where appropriate.

**SAMPLING ERRORS.** It should be kept in mind that, owing to the variability of the sample, the values are to be interpreted with caution. The standard errors in the total sample, which are computed taking account of the level of sampling, are reported in last row of the tables<sup>2</sup>. For smaller subgroups (for example, for categories of employees), for which the statistics are based on a smaller sample size, the values are more variable<sup>3</sup>.

**RESPONSE RATE.** The response rate is calculated as the ratio between the number of companies which completed the questionnaire and the number of those contacted.

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<sup>1</sup> Information on the level of uncertainty of the assessments of expectations can be obtained by calculating the variability by means of the standard errors.

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<sup>2</sup> The variability of the assessments can be calculated by constructing *confidence intervals*; the limits of these intervals – assuming a certain level of probability, usually fixed at 95 per cent – are obtained by adding to and subtracting from the value 1.96 times the standard error.

<sup>3</sup> The standard error can be approximated for the assessments of the subgroups considered as follows:  $ES_g = ES * \sqrt{n} / \sqrt{n_g}$ , where  $ES$  is the standard error for the assessment of the total sample of size  $n$  and  $ES_g$  is the standard error for the assessment of the  $g^{\text{th}}$  subgroup of size  $n_g$ .

Table A1

**Estimators of the variables obtained and missing responses**  
(percentages)

	Mean	Mean (robust)	Median	Missing responses (percentages)
Consumer price inflation in Italy .....	2.5	2.5	2.5	0.0
Change in own prices in the previous 12 months ...	1.4	1.5	1.2	6.2
Change in own prices in the next 12 months .....	2.1	2.0	1.9	6.5

Table A2

**Response rates and data collection via Internet**  
(units; percentages)

	Companies contacted	Response rate (*)	Data collected via Internet (**)
<b>Number of employees</b>			
50-199 .....	526	33.1	92.5
200-999 .....	348	51.7	97.2
Over 999 .....	127	74.8	97.9
<b>Sector</b>			
Industry .....	551	45.4	96.0
Services .....	450	44.2	95.0
<b>Geographical area</b>			
North-West .....	396	45.5	96.7
North-East .....	313	46.0	96.5
Centre .....	180	44.4	93.8
South and Islands .....	112	40.2	91.1
<b>Total</b> .....	<b>1,001</b>	<b>44.9</b>	<b>95.5</b>

(\*) Percentage of companies contacted which participated in the survey. (\*\*) Percentage of participating companies which completed the questionnaire via Internet ([www.questlab.it](http://www.questlab.it)).

## APPENDIX: THE QUESTIONNAIRE

IL SOLE 24 ORE – BANK OF ITALY SURVEY ON INFLATION AND GROWTH EXPECTATIONS – JUNE 2006

Company \_\_\_\_\_  
 Address \_\_\_\_\_  
 Name and position of respondent \_\_\_\_\_  
 Telephone \_\_\_\_\_ Fax \_\_\_\_\_ E-Mail \_\_\_\_\_

⇒ **Instructions:** Where you are asked to state percentage changes, please indicate the sign in the first box on the left (+ for increases; – for decreases).

Please indicate the NUMBER OF EMPLOYEES (most recent data available) |\_\_|\_\_|\_\_|\_\_|\_\_|\_\_|

## SECTION A – GENERAL ECONOMIC SITUATION IN ITALY

**A1.** In April consumer price inflation, measured by the annual change in the HARMONIZED INDEX OF CONSUMER PRICES, stood at 2.3% in Italy and at 2.4% in the euro area. What will the consumer price inflation rate in ITALY be 12 months from now? |\_\_| |\_\_|\_\_|\_\_|\_\_|\_\_|%

**A2.** Compared with 3 months ago, do you think that the general economic situation in Italy is:  Better  Unchanged  Worse

**A3.** What is the likelihood of an improvement in the general economic situation in Italy in the next 3 months:

Zero  Between 1% and 25%  Between 26% and 50%  Between 51% and 75%  Between 76% and 99%  100%

## SECTION B – YOUR COMPANY'S BUSINESS ENVIRONMENT

**B1.** In the next 3 months, do you think that your company's business environment will be:

Better  Unchanged  Worse

**B2.** And in the next 3 years:

Better  Unchanged  Worse

Please indicate if and to what degree the following FACTORS will affect your company's business in the next 3 months. Please indicate whether the impact will be negative, none or positive. Degree: 1=low, 2=average, 3=high.

Factors which will affect the company's business in the next 3 months	Impact on company's business			Degree (if negative/positive)		
	Negative	None	Positive	Low	Average	High
<b>B3.</b> The impact of developments in DOMESTIC DEMAND on your business will be...	1 __	2 __	3 __	1 __	2 __	3 __
<b>B4.</b> The impact of developments in FOREIGN DEMAND on your business will be...	1 __	2 __	3 __	1 __	2 __	3 __
<b>B5.</b> The impact of developments in YOUR PRICES on your business will be...	1 __	2 __	3 __	1 __	2 __	3 __
<b>B6.</b> The impact of developments in RAW MATERIALS PRICES on your business will be...	1 __	2 __	3 __	1 __	2 __	3 __
<b>B7.</b> The impact of developments in LABOUR COSTS on your business will be...	1 __	2 __	3 __	1 __	2 __	3 __

**B8.** Compared with 3 months ago, do you think that the investment environment is:  Better  Unchanged  Worse

**B9.** In the last 12 months, what has been the average change in prices charged by your company? |\_\_|\_\_|\_\_|\_\_|\_\_|%

**B10.** Over the next 12 months, what do you expect to be the average change in prices charged by your company? |\_\_|\_\_|\_\_|\_\_|\_\_|%

Please indicate in which direction and to what degree the FACTORS below will affect your sales prices over the next 12 months. Please indicate whether the impact will be downward, neutral or upward. Degree: 1=low, 2=average, 3=high.

Factors which will affect the company's prices in the next 12 months	Impact on the prices charged by the company			Degree (if upward/downward)		
	Downward	Neutral	Upward	Low	Average	High
<b>B11.</b> The impact of developments in OVERALL DEMAND on your prices will be...	1 __	2 __	3 __	1 __	2 __	3 __
<b>B12.</b> The impact of developments in RAW MATERIALS PRICES on your prices will be...	1 __	2 __	3 __	1 __	2 __	3 __
<b>B13.</b> The impact of developments in LABOUR COSTS on your prices will be...	1 __	2 __	3 __	1 __	2 __	3 __
<b>B14.</b> The impact of developments in THE EXCHANGE RATE OF THE EURO ON your prices will be...	1 __	2 __	3 __	1 __	2 __	3 __

Please indicate the direction in which the employment situation in your company will change over the next 3 months:

	Lower	Un- changed	Higher
<b>B15.</b> Number of TOTAL employees	1 __	2 __	3 __
<b>B16.</b> Number of employees WITH PERMANENT CONTRACTS	1 __	2 __	3 __
<b>B17.</b> Number of employees WITH FIXED-TERM CONTRACTS	1 __	2 __	3 __