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Sample Surveys

Survey on Inflation and Growth Expectations
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GENERAL INFORMATION

- I - Unless indicated otherwise, figures have been computed by the Bank of Italy.
- II - Symbols and Conventions:
 - the phenomenon in question does not occur;
 - the phenomenon occurs but its value is not known;
 - :: the data are not statistically significant;
 - .. the value is known but is nil or less than half the final digit shown.

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Methodological Notes (irregular)

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Requests for clarifications concerning data contained in this publication can be sent by e-mail to statistiche@bancaditalia.it

CONTENTS

	page
1. Introduction	5
2. Main results	5
Appendix A: Methodological note	11
Appendix B: Statistical tables	17
Appendix C: The questionnaire.....	29

This publication contains the main findings of the Bank of Italy-Il Sole 24 Ore survey on inflation and growth expectations. The data were collected in September 2007 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.

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

SURVEY ON INFLATION AND GROWTH EXPECTATIONS⁽¹⁾

1. Introduction

The interviews for the September 2007 version of the Bank of Italy/Il Sole 24 Ore quarterly survey on inflation and growth expectations were carried out between 3 September 2007 and 1 October 2007. 454 companies with at least 50 employees participated in the survey, 250 of which operate in the industrial sector and 204 in the services sector.

The companies were asked to provide forecasts on both macroeconomic topics, such as the inflation rate and the general situation of the industrial system in Italy, and issues related to their own activities. In some cases, the forward-looking opinions are accompanied by backward-looking assessments and, where possible, explanations are provided of the factors behind the reported or expected developments.

The main results of the survey are summarized below. The appendices contain the methodological note, the detailed statistical tables and the questionnaire used.

2. Main results

Expectations of consumer inflation in Italy

Inflation is expected to be 2.1 per cent over the next 12 months, with no changes vis-à-vis the results from the previous quarter (Table 1 and Figure 1). In September 2007, the rate of consumer price inflation was 1.7 per cent, 0.8 percentage points lower than expected in September 2006 (Figure 2).

Assessment of the general economic situation

The companies' assessments have worsened in relation to the previous quarter: 39.3 per cent of companies think that the general economic situation in Italy has worsened compared with three months earlier, 53.2 per cent think it is unchanged, and 7.5 per cent think it has improved. The balance between positive and negative assessments has now changed sign and is wider than in the last two quarters (Table 2).

Companies with at least 200 employees and those in the Centre viewed the general economic situation less severely, while negative views were more widespread in the North-East (46 per cent) and the South (45.4 per cent).

Optimism about the future was concentrated in companies with at least 1000 employees where 12 per cent put the likelihood of an improvement in the general economic situation in the next three months at "more than 50%", which is only slightly below the figure for all the companies interviewed in the previous two quarters. For the remaining companies, however, the percentage believing the likelihood of an improvement to be at least one in four does not exceed 20 per cent (28.5 per cent in the previous quarter for all companies). The likelihood of an improvement in the next three months is zero for 41 per cent of companies; this percentage was 22.5 per cent in the previous quarter. There is more pessimism in the North-West (49.8 per cent) and among companies with less than 200 employees (43.5 per cent). 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 (Table 4).

Business environment

Although 64.5 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 is less than the share of those who expect the situation to worsen (13.5 per cent compared with 22 per cent; Table 5). The differential between the two options has changed sign since the last survey (17.6 percentage points compared with 11 percentage points in June). There is again a strong correlation between the opinions expressed and the views regarding economic developments in the previous three months (Table 6).

As in the past, companies view the effects of domestic and foreign demand as positive, even if slightly less so than in the previous quarter, while they think that the effects of increases in raw materials prices and labour costs will have a slightly negative impact on their business in the next quarter (Table 7).

Expectations with regard to the business situation in the next three years remain positive: 42.5 per cent of companies expect an improvement (compared with 46.2 per cent in June), while 22 per cent expect conditions to worsen (compared with 22.8 per cent; Table 8). Positive responses for the next three years have increased in the industrial sector, in the Centre and in the South and Islands, but have decreased in the North and in the services sector. The balances for all groups continue to be wide and positive.

Investment environment

Some 57.9 per cent of companies judge that the investment environment has remained unchanged in the last three months (compared with 70.9 per cent in the last survey). The balance between optimistic and pessimistic views is clearly negative and much more so than in the previous quarter at an aggregate level (-27.8 percentage points compared with -3.4; Table 9) and for all groups in the survey.

Employment rate

With regard to total employment, three-month forecasts of an increase outweigh those of a reduction (24 per cent compared with 16.6 per cent). While the balance between the two directions is still positive, it is 4.3 percentage points lower than last June. In particular, fixed-term employment is expected to remain basically unchanged (13.2 per cent expect an increase, 13.9 per cent a decrease while in the previous quarter the balance was positive by 8 percentage points). As in June, the services sector has a greater expectation of an increase in employment, rather than a decrease (28.6 per cent compared with 14.3 per cent) and in the North-East (27.3 per cent compared with 14.7 per cent), even if in this geographical area the balance has approximately halved since the last survey (+12.6 percentage points compared with +26.1). The same balance, although positive, is clearly falling also as regards companies with less than 1000 employees. By contrast, and in line with the last survey, employment is expected to fall slightly in the industrial sector (17.6 per cent compared with 19.6 per cent) and in companies in the Centre (10.6 compared with 12.1 per cent), above all for the fixed-term component (5.7 per cent compared with 17.3 per cent in the Centre). However, fixed-term employment is rising in companies with at least 1000 employees (27.9 per cent compared with 15.7 per cent) and in companies in the North-West (15.3 per cent compared with 7.7 per cent); for these latter companies, the positive balance seems to have halved since last June.

Changes in companies' sales prices

On average, companies reported an increase in their sales prices of 1.8 per cent in the past 12 months, 0.3 percentage points less than they expected in September 2006. For the next year, they expect a rise of 2 percentage points (Table 11). As in the past, companies in the South and

those with less than 200 employees seem to be experiencing a steadier rise, for the latter group in relation to the forecasts, while those in the services sector have reported a more contained increase, both backward- and forward-looking. Prices have also increased less in the North-East. Companies report that tensions in pricing can be explained mainly by changes in raw materials prices and, to a lesser extent, changes in the exchange rate of the euro (Table 12).

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. This trend seems less marked in recent surveys: the differential vis-à-vis forecasts for September 2008 is 0.1 percentage points (Figure 3). The difference between the annual inflation rate reported in September 2007 and the price increases reported by companies over the same time period is very small, -0.1 percentage points compared with -1.0 percentage points in June.

Figure 1

Expectations of consumer price inflation in Italy and actual rate
(percentages)

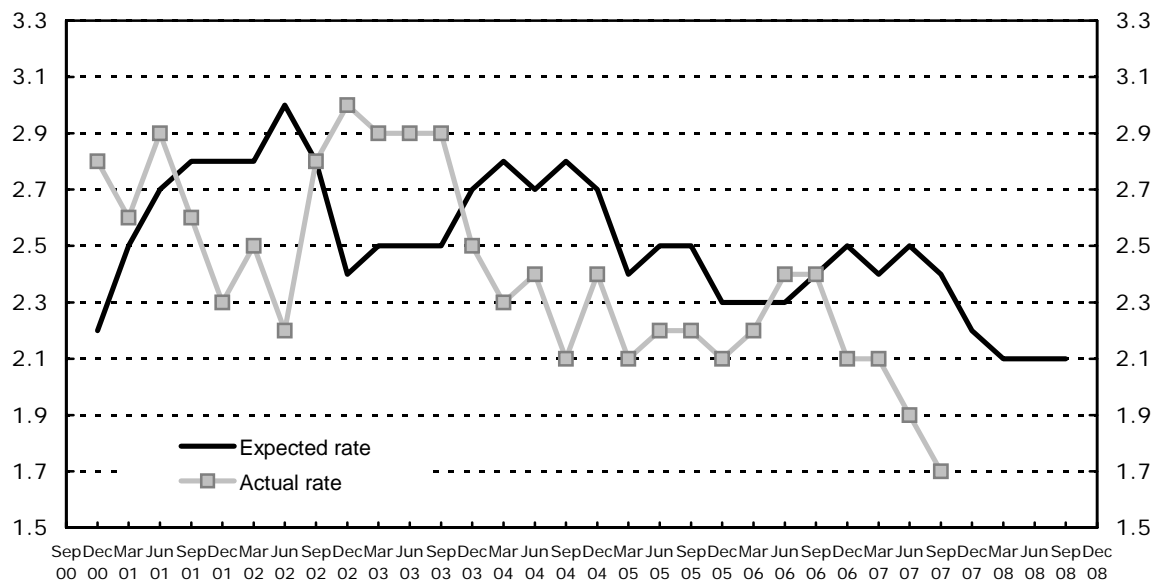


Figure 2

Differential between expected and actual inflation rates
(percentage points)

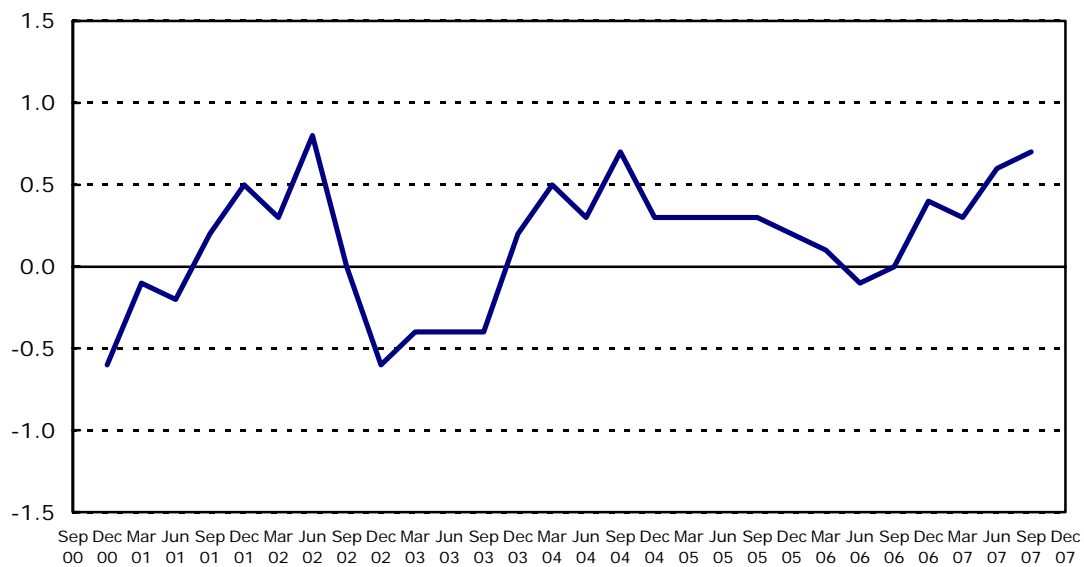
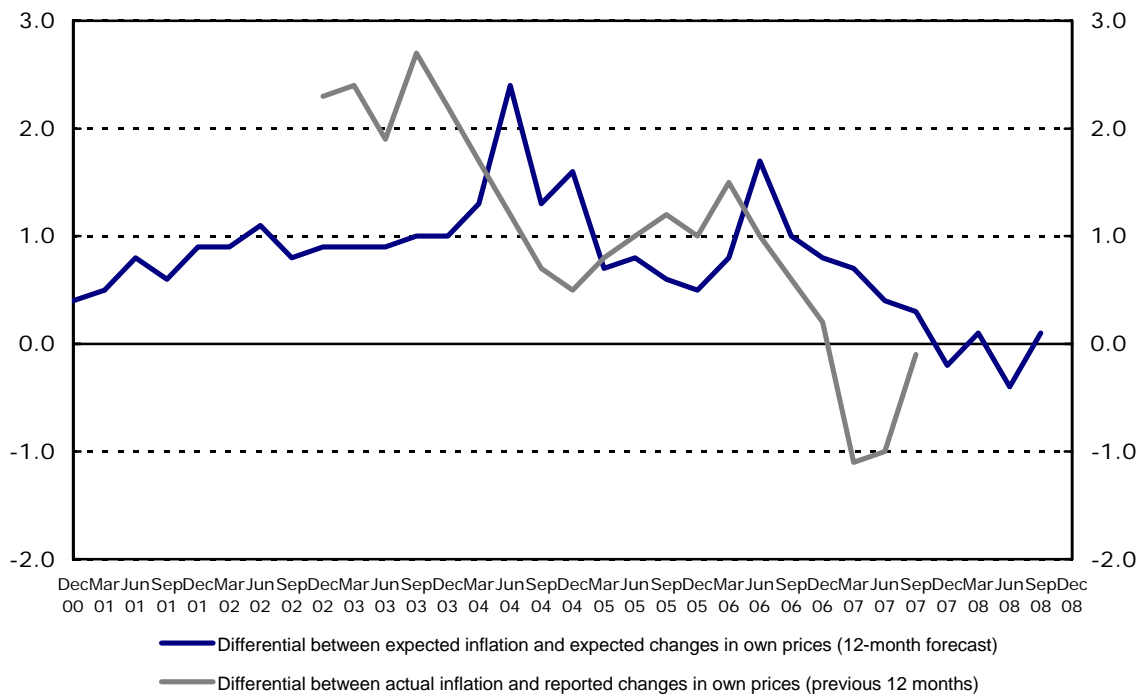


Figure 3

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

(percentage points)



Appendix A:
Methodological note

METHODOLOGICAL NOTE

A1. The sample

Since 1999, the Bank of Italy and the daily newspaper Il Sole 24 Ore have conducted a quarterly survey on inflation and growth expectations. The surveys are conducted in March, June, September and December. The main findings are summarized in an article published in Il Sole 24 Ore in the second half of the month following the reference month. At the same time, the detailed statistical tables and a short economic commentary are published on the Bank of Italy's website.

The sample usually consists of around 500 companies with at least 50 employees which operate in the main sectors of the economy, except for agriculture and construction. The most recent survey covered 454 companies, 250 from the industrial sector and 204 from the services sector.

The sample is stratified by number of employees (50-199, 200-999, 1000 and over), sector (industry, services) and geographical area (North-West, North-East, Centre, South and Islands) in order to increase the accuracy of the 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.

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

Table 1a - Composition of sample and universe
(units, percentages)

	Sample size (a)	Company universe ^(*) (b)	Sample coverage rate (a / b) * 100
Number of employees			
50-199	173	16,773	1.0
200-999	170	3,353	5.1
Over 999	111	478	23.2
Sector			
Industry	250	11,954	2.1
Services.....	204	8,650	2.4
Geographical area			
North-West	181	8,329	2.2
North-East.....	144	5,860	2.5
Centre	79	3,542	2.2
South and Islands	50	2,873	1.7
Total	454	20,604	2.2

(*) ISTAT (2004).

A2. Data collection and estimation

The survey data are collected by a specialist company which distributes the questionnaire to company managers who are well-informed about the topics covered by the survey. The questionnaire is usually compiled online via a purpose-designed interface made available to the respondents. A small number of the companies submit their answers via fax (Table 2a).

Table 2a - Response rates and data collection via Internet
(units, percentages)

	Companies contacted	Response rate (*)	Data collected via Internet (**)
Number of employees			
50-199.....	538	33.6	96.0
200-999.....	329	52.6	95.9
Over 999.....	124	84.7	96.4
Sector			
Industry.....	546	46.2	95.6
Services.....	445	46.5	96.6
Geographical area			
North-West.....	389	46.5	95.0
North-East.....	316	45.9	97.9
Centre.....	177	45.2	96.2
South and Islands.....	109	48.6	94.0
Total.....	991	46.3	96.0

(*) Percentage of companies contacted which participated in the survey. (**) Percentage of participating companies which completed the questionnaire via internet.

The collected data are subject to an initial quality check so that any 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. 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.

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 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.

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 percentile have been set at the threshold values of those percentiles. The results are generally in line with those obtained from the total sample (Table 3a).

Table 4a contains, for documentation purposes, the standard errors in relation to the main variables for the total sample.

Table 3a – Estimation of the main variables surveyed and missing responses
(percentages)

	Mean	Mean (robust)	Median	Missing responses (percentages)
Consumer price inflation in Italy	2.1	2.1	2.0	0.0
Change in own prices in the previous 12 months	1.8	1.8	1.4	7.5
Change in own prices in the next 12 months	2.0	2.2	1.6	8.4

Table 4a – Standard errors

Consumer price inflation in Italy	0.03
Change in own prices in the previous 12 months	0.68
Change in own prices in the previous 12 months (robust)	0.48
Change in own prices in the next 12 months	0.64
Change in own prices in the next 12 months (robust)	0.48
<u>Factors which will affect business conditions:</u>	
Domestic demand	0.08
Foreign demand	0.06
Own prices	0.08
Raw materials prices	0.08
Labour costs	0.08
<u>Factors which will affect companies' prices:</u>	
Demand	0.06
Raw materials prices	0.08
Labour costs	0.05
Exchange rate of the euro	0.07

Appendix B:
Statistical tables

Table 1 - Expectations of consumer price inflation in Italy for the next 12 months
(percentages)

	Consumer price inflation rate
Number of employees	
50-199	2.1
200-999	2.1
Over 999	2.0
Sector	
Industry	2.1
Services	2.1
Geographical area	
North-West	2.1
North-East	2.0
Centre	2.0
South and Islands	2.2
Total	2.1

Table 2 – View of the general economic situation
(percentages)

	Worse than previous quarter	Unchanged from previous quarter	Better than previous quarter	Total
Number of employees				
50-199	41.8	50.8	7.4	100.0
200-999	27.5	65.0	7.5	100.0
Over 999	30.7	57.5	11.8	100.0
Sector				
Industry	34.6	56.2	9.2	100.0
Services	42.6	51.1	6.3	100.0
Geographical area				
North-West	46.0	45.3	8.7	100.0
North-East	35.5	54.8	9.7	100.0
Centre	25.0	72.1	2.9	100.0
South and Islands	45.4	49.2	5.3	100.0
Total	39.3	53.2	7.5	100.0
<i>Memorandum items:</i>				
June 2007	14.0	60.3	25.7	100.0
March 2007	10.1	48.3	41.7	100.0
December 2006	17.5	58.3	24.2	100.0

Table 3 - 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
Number of employees						
50-199.....	43.5	44.7	8.0	3.1	0.6	100.0
200-999.....	31.7	49.2	14.3	4.8	0.0	100.0
Over 999.....	23.3	43.7	21.1	9.2	2.7	100.0
Sector						
Industry.....	42.7	47.3	6.9	2.0	1.1	100.0
Services.....	40.1	44.1	11.1	4.7	0.1	100.0
Geographical area						
North-West.....	49.8	34.4	12.5	3.1	0.1	100.0
North-East.....	33.1	51.8	8.5	6.6	0.0	100.0
Centre.....	35.6	51.1	8.5	2.1	2.7	100.0
South and Islands.....	40.2	56.9	2.9	0.0	0.0	100.0
Total.....	41.2	45.4	9.3	3.5	0.5	100.0
<i>Memorandum items:</i>						
June 2007.....	22.5	48.9	15.3	11.2	2.0	100.0
March 2007.....	15.5	50.6	18.0	13.2	2.7	100.0
December 2006.....	28.0	48.7	13.8	8.9	0.5	100.0

Table 4 - Likelihood of an improvement in the general economic situation in the next three months, by view of the current situation

(percentages)

	Zero	1-25	26-50	51-75	76-100	Total
View of the current general economic situation						
Worse than in 6/2007.....	60.5	31.8	6.4	0.1	1.2	100.0
Unchanged from 6/2007.....	33.0	53.0	9.9	4.1	0.0	100.0
Better than in 6/2007.....	2.0	58.3	21.4	17.5	0.7	100.0
Total.....	41.3	45.2	9.4	3.6	0.5	100.0

Table 5 - Three-month forecast of the business environment
(percentages)

	Worsening	No change	Improvement	Total
Number of employees				
50-199	22.9	63.3	13.9	100.0
200-999	17.1	70.7	12.2	100.0
Over 999	25.5	66.1	8.4	100.0
Sector				
Industry	17.8	65.0	17.2	100.0
Services.....	25.1	64.2	10.7	100.0
Geographical area				
North-West	26.6	61.0	12.4	100.0
North-East.....	25.4	66.5	8.1	100.0
Centre	12.1	67.2	20.7	100.0
South and Islands	13.8	67.1	19.0	100.0
Total	22.0	64.5	13.5	100.0
<i>Memorandum items:</i>				
June 2007	11.0	71.4	17.6	100.0
March 2007	9.8	66.2	23.9	100.0
December 2006	12.6	70.5	16.8	100.0

**Table 6 - Three-month forecast of the business environment,
by view of the general economic situation**
(percentages)

	Worsening	No change	Improvement	Total
View of the current general economic situation				
Worse than 6/2007	43.0	51.1	5.8	100.0
Unchanged from 6/2007.....	9.6	78.5	11.9	100.0
Better than 6/2007	1.7	41.8	56.5	100.0
Total	22.2	64.9	13.0	100.0

Table 7 - Factors which will affect the business environment

(average scores)^(*)

	Change in domestic demand	Change in foreign demand	Change in own prices	Change in raw materials prices	Change in labour costs
Number of employees					
50-199.....	0.4	0.6	0.1	-1.0	-0.6
200-999.....	0.4	0.7	0.0	-0.8	-0.7
Over 999.....	0.2	0.5	0.1	-0.7	-0.5
Sector					
Industry.....	0.3	0.9	-0.1	-1.2	-0.7
Services.....	0.4	0.3	0.2	-0.8	-0.6
Geographical area					
North-West.....	0.3	0.6	0.1	-0.7	-0.5
North-East.....	0.4	0.5	0.1	-1.3	-0.8
Centre.....	0.6	0.6	0.1	-1.1	-0.8
South and Islands.....	0.2	0.7	0.1	-1.0	-0.6
Total.....	0.4	0.6	0.1	-1.0	-0.6

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

(percentages)

	Worsening	No change	Improvement	Total
Number of employees				
50-199	21.9	35.2	42.9	100.0
200-999	22.8	37.3	39.9	100.0
Over 999	20.6	28.9	50.6	100.0
Sector				
Industry	23.8	25.8	50.4	100.0
Services.....	20.7	42.7	36.6	100.0
Geographical area				
North-West	25.2	36.7	38.1	100.0
North-East.....	23.2	45.4	31.4	100.0
Centre	21.5	19.3	59.2	100.0
South and Islands	10.8	31.4	57.8	100.0
Total	22.0	35.4	42.5	100.0
<i>Memorandum items:</i>				
June 2007	22.8	31.0	46.2	100.0
March 2007	18.6	28.0	53.4	100.0
December 2006	17.2	32.7	50.1	100.0

Table 9 – View of investment environment
(percentages)

	Worse than previous quarter	Unchanged from previous quarter	Better than previous quarter	Total
Number of employees				
50-199	36.3	56.4	7.3	100.0
200-999	29.2	64.6	6.2	100.0
Over 999	23.3	67.0	9.6	100.0
Sector				
Industry	35.9	57.2	7.0	100.0
Services	34.3	58.5	7.3	100.0
Geographical area				
North-West.....	36.6	56.6	6.9	100.0
North-East.....	39.8	50.4	9.8	100.0
Centre.....	24.0	70.0	6.0	100.0
South and Islands	33.2	63.0	3.8	100.0
Total	34.9	57.9	7.1	100.0
<i>Memorandum items:</i>				
June 2007	16.3	70.9	12.9	100.0
March 2007	15.8	63.5	20.7	100.0
December 2006	24.1	59.2	16.6	100.0

Table 10 - Three-month forecast of employment
(percentages)

	Total employment			Permanent employment			Fixed-term employment		
	Declining	Unchanged	Rising	Declining	Unchanged	Rising	Declining	Unchanged	Rising
Number of employees									
50-199	15.8	61.1	23.2	10.5	72.7	16.8	13.7	74.9	11.3
200-999	19.3	54.4	26.2	15.9	67.2	16.9	14.8	64.4	20.8
Over 999	28.2	37.9	33.9	28.0	41.2	30.9	15.7	56.3	27.9
Sector									
Industry	19.6	62.9	17.6	12.9	74.0	13.1	19.8	67.6	12.6
Services.....	14.3	57.1	28.6	10.8	69.1	20.1	9.5	76.8	13.7
Geographical area									
North-West	16.8	58.2	25.0	16.5	68.1	15.4	7.7	76.9	15.3
North-East.....	14.7	57.9	27.3	10.8	65.2	24.0	13.1	73.9	12.9
Centre	12.1	77.3	10.6	6.7	82.1	11.2	17.3	77.1	5.7
South and Islands..	25.7	44.1	30.2	6.8	78.9	14.2	28.8	53.8	17.4
Total	16.6	59.6	23.9	11.7	71.2	17.1	13.9	72.9	13.2
<i>Memorandum items:</i>									
June 2007	18.4	51.7	30.0	14.2	63.7	22.1	14.5	63.0	22.5
March 2007.....	18.4	46.5	35.1	16.6	57.6	25.9	13.2	59.6	27.2
December 2006	19.0	49.7	31.4	15.6	60.9	23.6	14.4	62.7	22.9

Table 11 – Change in companies’ sales prices
(percentages)^(*)

	Rate of change in sales prices...			
	... compared with 12 months earlier		... in the next 12 months	
	Mean	Mean (robust) (**)	Mean	Mean (robust) (**)
Number of employees				
50-199.....	1.7	1.7	2.6	2.5
200-999.....	2.0	1.8	1.7	2.0
Over 999.....	1.8	1.8	1.9	2.1
Sector				
Industry.....	2.2	2.1	2.4	2.4
Services.....	1.7	1.6	1.9	2.1
Geographical area				
North-West.....	1.8	1.6	1.8	1.8
North-East.....	1.6	1.7	2.0	2.1
Centre.....	1.8	1.9	2.2	2.6
South and Islands.....	3.0	2.2	2.7	2.7
Total	1.8	1.8	2.0	2.2
<i>Memorandum items:</i>	Rate of change in sales prices			
June 2007.....	2.9	2.5	2.5	1.9
March 2007.....	3.2	3.1	2.0	1.7
December 2006.....	2.3	2.1	2.4	2.1

(*) 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.

Table 12 – 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
Number of employees				
50-199	0.3	1.0	0.0	0.7
200-999	0.2	0.7	0.0	0.7
Over 999.....	-0.1	0.3	0.1	0.3
Sector				
Industry	0.2	1.1	0.1	0.6
Services.....	0.1	0.4	0.1	0.5
Geographical area				
North-West.....	0.3	0.6	-0.1	0.5
North-East.....	0.0	0.8	0.1	0.6
Centre.....	0.0	0.3	0.2	0.4
South and Islands	0.3	0.8	0.0	0.6
Total.....	0.1	0.6	0.1	0.5

(*) 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.

Appendix C:
The questionnaire

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 July consumer price inflation, measured by the annual change in the HARMONIZED INDEX OF CONSUMER PRICES, stood at 1.7 in Italy and at 1.8 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:

Nil 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
B3. The impact of developments in DOMESTIC DEMAND on your business will be...	1 _	2 _	3 _	1 _	2 _	3 _
B4. The impact of developments in FOREIGN DEMAND on your business will be...	1 _	2 _	3 _	1 _	2 _	3 _
B5. The impact of developments in YOUR PRICES on your business will be...	1 _	2 _	3 _	1 _	2 _	3 _
B6. The impact of developments in RAW MATERIALS PRICES on your business will be...	1 _	2 _	3 _	1 _	2 _	3 _
B7. 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
B11. The impact of developments in OVERALL DEMAND on your prices will be...	1 _	2 _	3 _	1 _	2 _	3 _
B12. The impact of developments in RAW MATERIALS PRICES on your prices will be...	1 _	2 _	3 _	1 _	2 _	3 _
B13. The impact of developments in LABOUR COSTS on your prices will be...	1 _	2 _	3 _	1 _	2 _	3 _
B14. 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:

	Downward	Un- changed	Upward
B15. TOTAL number of employees	1 _	2 _	3 _
B16. Number of employees WITH PERMANENT CONTRACTS	1 _	2 _	3 _
B17. Number of employees WITH FIXED-TERM CONTRACTS	1 _	2 _	3 _