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Sample Surveys

Survey of 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 value is known but is nil or less than half the final digit shown.

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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 June 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 June 2007 version of the Bank of Italy-II Sole 24 Ore quarterly survey on inflation and growth expectations were carried out between 1 and 29 June 2007. 444 companies with at least 50 employees participated in the survey, 240 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 price 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 June 2007, the rate of consumer price inflation was 1.7 per cent, 0.8 percentage points lower than expected in June 2006 (Figure 2).

Assessment of the general economic situation

The companies' assessments showed positive signs: 25.7 per cent of companies think that the general economic situation in Italy has improved compared with three months earlier, 60.3 per cent think it is unchanged, and 14 per cent think it has worsened. Nevertheless, the differential between positive and negative assessments is narrowing: in March 2007 it was 31.6 percentage points while today it is 11.7 percentage points (Table 2).

The share of positive opinions was greater among companies with more than 1000 employees (38.9 per cent) and those in the services sector (28 per cent); while negative opinions are more widespread in the South (19.9 per cent) and among companies with between 50 and 199 employees (17.4 per cent).

There was less optimism about the future than in the previous survey. Some 22.5 per cent of companies put the likelihood of an improvement in the general economic situation in the next three months at zero, while 28.5 per cent think it is more than 25%. In March, the corresponding percentages were 15.5 per cent and 33.9 per cent respectively (Table 3). As in the past, the most positive signs come from large companies. There is a strong correlation between the views regarding economic developments in the previous three months and the likelihood of an improvement in the next three months (Table 4).

¹ Prepared by Claudia Biancotti

Business environment

Although 71.4 per cent of companies believe that their business environment will remain unchanged in the next three months, the share of those who expect an improvement is greater than the share of those who expect the situation to worsen (17.6 per cent compared with 11 per cent; Table 5). The differential between the two options has narrowed since the last survey (6.6 percentage points compared with 14.1 percentage points in March). Once again there is 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 increases in raw materials prices and labour costs will have a slightly negative impact on their business in the next quarter; while the effects of domestic and foreign demand are viewed as slightly positive (Table 7).

Expectations with regard to the business situation in the next three years remain positive: 46.2 per cent of companies expect an improvement (compared with 53.4 per cent in March), while 22.8 per cent expect conditions to worsen (compared with 18.6 per cent in March; Table 8). Positive responses for the next three years are more widespread in the South (55.5 per cent) and among companies with 1000 or more employees (51.3 per cent).

Investment environment

Some 70.9 per cent of companies judge that the investment environment has remained unchanged in the last three months (compared with 63.5 per cent in the last survey). Pessimistic views were more widespread than positive ones (16.3 per cent compared with 12.9 per cent; Table 9), whereas in March pessimistic views were expressed by 15.8 per cent and positive ones by 20.7 per cent). The greatest share of positive assessments were found in the South (19.5 per cent) and among companies with more than 1000 employees (18.4 per cent). As in the previous survey, the strongest signs of a worsening in the investment environment came from companies in the North-East (22.9 per cent expressed a pessimistic view).

Employment rate

With regard to total employment, three-month forecasts of an increase outweigh those of a reduction (30 per cent compared with 18.4 per cent) as was previously observed in 2006 (Table 10). Expectations of an increase in employment were more widespread among companies in the services sector (36.6 per cent compared with 16.7 per cent that expect a reduction) and companies in the North-East (35.1 per cent expect an increase and only 9 per cent a reduction). Some 25.4 per cent of smaller companies also expected an increase in employment compared with 16.7 per cent that expected a reduction. Companies in the South and the Centre are following the opposite trend: 32.4 per cent of companies in the South expect a reduction and only 23 per cent an increase; in the Centre, 21.4 per cent of companies expect a reduction and 16.3 per cent an increase. As in the past, employment is expected to increase, even if we only look at permanent employment (overall 22.1 per cent of companies expect an increase compared with 14.2 per cent that expect a reduction). Fixed-term employment is also expected to rise, as in the past, in particular in the North and in the services sector.

Changes in companies' sales prices

On average, companies reported an increase in their sales prices of 2.9 per cent in the past 12 months, 0.4 percentage points more than they expected in June 2006. For the next year, they expect an increase of 2.5 percentage points (Table 11). Companies in the South and those in the services sector seem to be experiencing a steadier increase in prices, regarding both backward-looking and forward-looking assessments. Prices have increased less in the North-East. Companies

report a slight inflation effect of changes in raw materials prices and 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 over the next 12 months. However, in this survey, the trend has been inverted and the differential vis-à-vis forecasts for June 2008 is -0.4 percentage points (Figure 3). The difference between the annual inflation rate observed in June 2007 and the price increases reported by companies over the same time period is -1.0 percentage points compared with -1.1 percentage points in March.

Figure 1

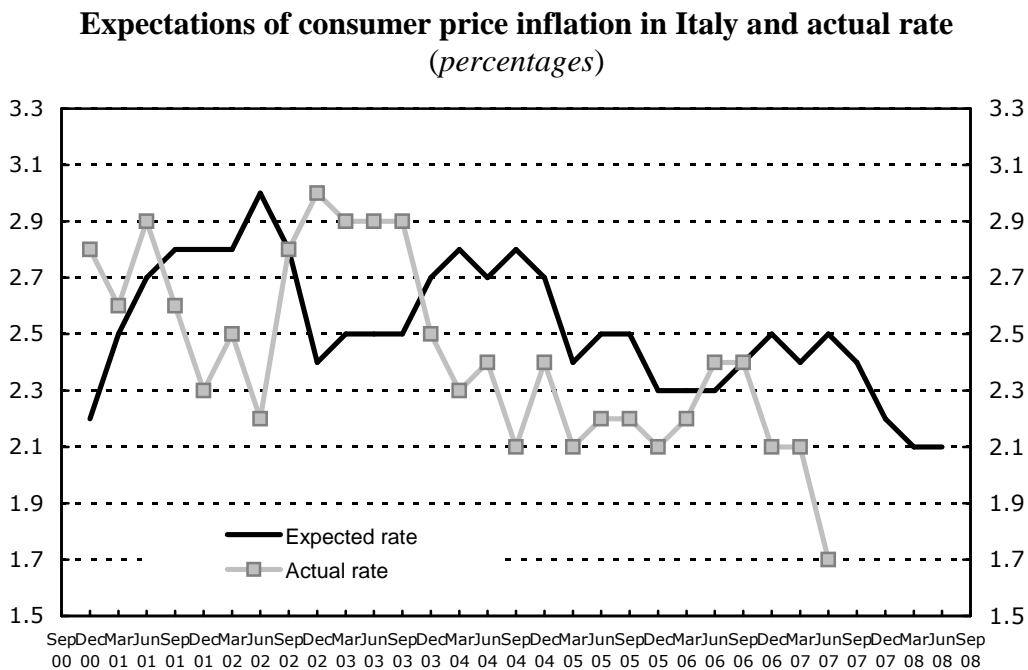


Figure 2

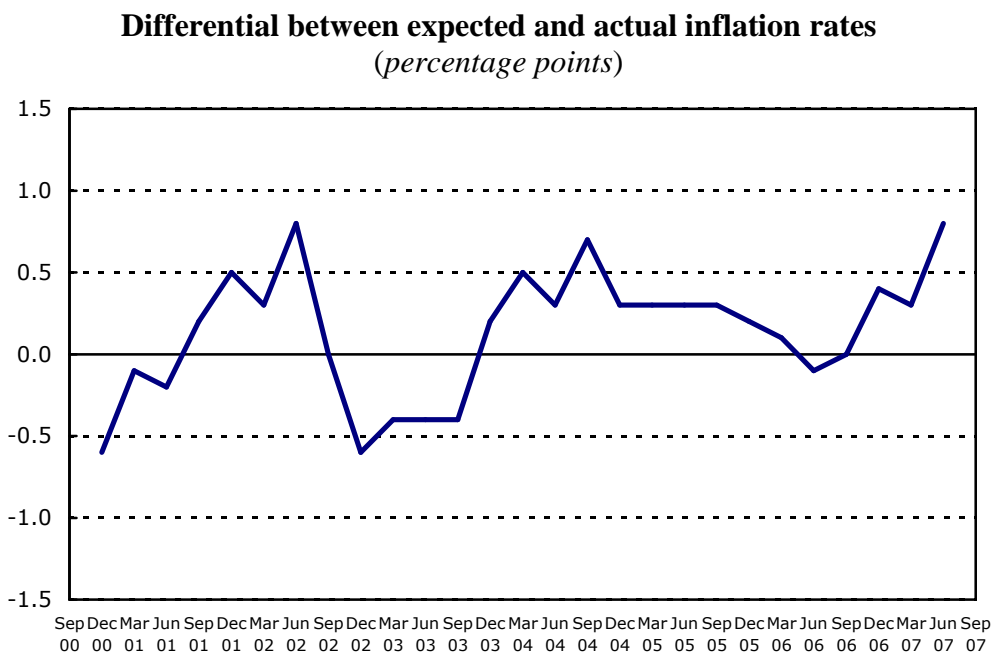
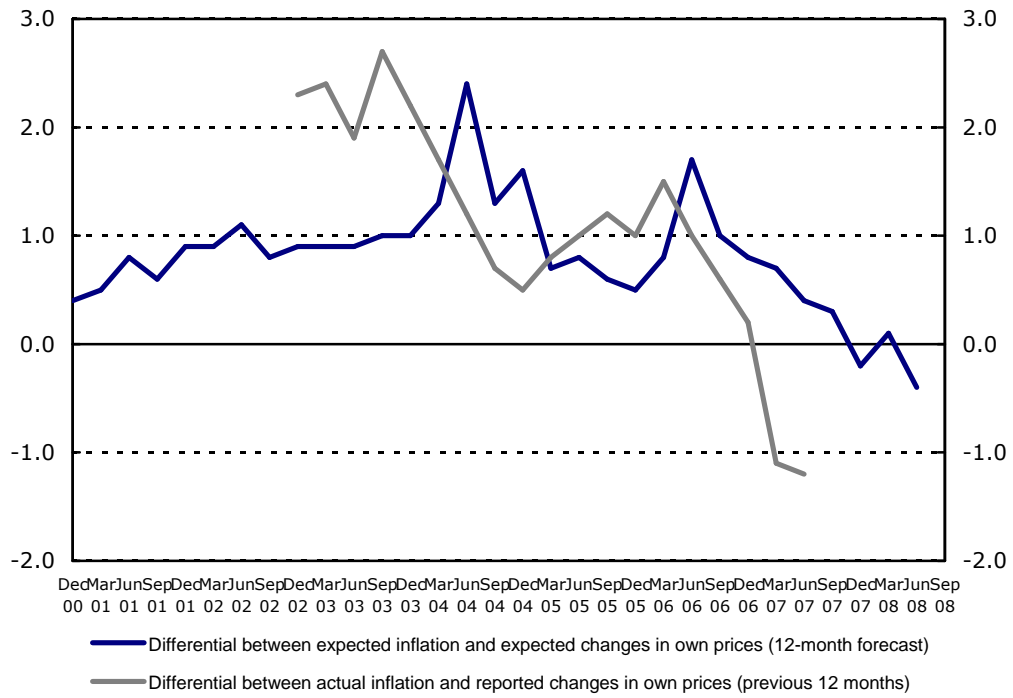


Figure 3

**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 first few days 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 444 companies, 240 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	163	3,353	4.9
Over 999	108	478	22.6
Sector			
Industry	240	11,954	2.0
Services.....	204	8,650	2.4
Geographical area			
North-West	179	8,329	2.1
North-East.....	143	5,860	2.4
Centre	79	3,542	2.2
South and Islands	43	2,873	1.5
Total	444	20,604	2.2

(*) ISTAT (2004).

A2. Data collection and evaluation

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.....	550	31.5	93.6
200-999.....	329	49.5	95.7
Over 999.....	124	87.1	99.1
Sector			
Industry.....	552	43.5	94.6
Services.....	451	45.2	97.1
Geographical area			
North-West.....	392	45.7	94.4
North-East.....	318	45.0	97.2
Centre.....	181	43.6	96.2
South and Islands.....	112	38.4	95.3
Total.....	1,003	44.3	95.7

(*) 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 indicators of the standard errors in relation to the main variables for the total sample.

Table 3a – Evaluation of the main variables obtained 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.....	2.9	2.5	1.5	8.1
Change in own prices in the next 12 months.....	2.5	1.9	1.3	9.2

Table 4a – Standard errors

Consumer price inflation in Italy	0.02
Change in own prices in the previous 12 months.....	0.94
Change in own prices in the previous 12 months (robust)	0.73
Change in own prices in the next 12 months.....	0.95
Change in own prices in the next 12 months (robust)	0.43
<u>Factors which will affect business conditions:</u>	
Domestic demand.....	0.06
Foreign demand	0.05
Own prices	0.07
Raw materials prices	0.06
Labour costs.....	0.06
<u>Factors which will affect companies' prices:</u>	
Demand.....	0.04
Raw materials prices	0.05
Labour costs.....	0.04
Exchange rate of the euro.....	0.05

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.....	17.4	61.2	21.4	100.0
200-999.....	14.4	64.8	20.8	100.0
Over 999.....	8.2	52.8	38.9	100.0
Sector				
Industry.....	14.6	63.2	22.2	100.0
Services.....	13.6	58.4	28.0	100.0
Geographical area				
North-West.....	11.3	62.2	26.6	100.0
North-East.....	15.3	57.3	27.3	100.0
Centre.....	13.9	64.6	21.5	100.0
South and Islands.....	19.9	55.2	24.9	100.0
Total	14.0	60.3	25.7	100.0
<i>Memorandum items:</i>				
March 2007.....	10.1	48.3	41.7	100.0
December 2006.....	17.5	58.3	24.2	100.0
September 2006.....	5.6	56.4	38.0	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.....	29.9	53.4	8.2	8.5	0.0	100.0
200-999.....	19.5	52.1	19.7	8.1	0.6	100.0
Over 999.....	15.1	37.7	20.4	19.7	7.1	100.0
Sector						
Industry.....	23.7	52.9	14.4	8.1	1.0	100.0
Services.....	21.8	46.2	15.9	13.3	2.8	100.0
Geographical area						
North-West.....	23.6	45.9	13.7	13.1	3.6	100.0
North-East.....	15.3	50.6	20.3	11.9	1.9	100.0
Centre.....	24.1	50.7	16.4	8.9	0.0	100.0
South and Islands.....	32.6	52.5	8.0	6.9	0.0	100.0
Total.....	22.5	48.9	15.3	11.2	2.0	100.0
<i>Memorandum items:</i>						
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
September 2006.....	15.8	50.7	20.0	11.6	1.9	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 3/2007.....	3.0	47.2	17.4	24.5	7.9	100.0
Unchanged from 3/2007.....	22.9	53.8	16.3	7.0	0.0	100.0
Better than in 3/2007.....	58.2	31.4	5.4	4.9	0.0	100.0
Total.....	22.5	48.9	15.3	11.2	2.0	100.0

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

	Worsening	No change	Improvement	Total
Number of employees				
50-199.....	12.3	72.0	15.7	100.0
200-999.....	10.7	72.0	17.2	100.0
Over 999.....	9.5	69.8	20.7	100.0
Sector				
Industry.....	12.1	72.8	15.1	100.0
Services.....	10.3	70.5	19.2	100.0
Geographical area				
North-West.....	9.6	73.0	17.4	100.0
North-East.....	10.3	70.8	19.0	100.0
Centre.....	16.0	69.4	14.7	100.0
South and Islands.....	10.8	70.4	18.8	100.0
Total.....	11.0	71.4	17.6	100.0
<i>Memorandum items:</i>				
March 2007.....	9.8	66.2	23.9	100.0
December 2006.....	12.6	70.5	16.8	100.0
September 2006.....	8.3	68.6	23.2	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 in 3/2007.....	41.7	58.3	0.0	100.0
Unchanged from 3/2007.....	6.3	81.7	12.0	100.0
Better than in 3/2007.....	4.6	54.5	40.9	100.0
Total.....	11.0	71.4	17.6	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.....	0.5	0.6	0.1	-0.7	-0.7
200-999.....	0.7	0.8	0.2	-0.7	-0.7
Over 999.....	0.5	0.6	0.0	-0.6	-0.5
Sector					
Industry.....	0.5	1.0	-0.0	-1.1	-0.6
Services.....	0.6	0.4	0.2	-0.4	-0.6
Geographical area					
North-West.....	0.7	0.8	0.1	-0.6	-0.5
North-East.....	0.6	0.5	0.0	-0.7	-0.8
Centre.....	0.4	0.4	0.0	-0.9	-0.6
South and Islands.....	0.6	0.9	0.4	-0.9	-0.6
Total.....	0.6	0.7	0.1	-0.7	-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.....	24.2	34.5	41.3	100.0
200-999.....	19.6	32.7	47.7	100.0
Over 999.....	25.0	23.7	51.3	100.0
Sector				
Industry.....	23.5	28.3	48.2	100.0
Services.....	22.3	33.0	44.8	100.0
Geographical area				
North-West.....	21.0	30.2	48.9	100.0
North-East.....	25.9	35.4	38.7	100.0
Centre.....	21.3	34.6	44.1	100.0
South and Islands.....	23.8	20.7	55.5	100.0
Total.....	22.8	31.0	46.2	100.0
<i>Memorandum items:</i>				
March 2007.....	18.6	28.0	53.4	100.0
December 2006.....	17.2	32.7	50.1	100.0
September 2006.....	15.6	25.9	58.5	100.0

Table 9 – View of the investment environment
(percentages)

	Worse than previous quarter	Unchanged from previous quarter	Better than previous quarter	Total
Number of employees				
50-199	21.5	65.2	13.3	100.0
200-999	15.0	76.4	8.6	100.0
Over 999	9.1	72.5	18.4	100.0
Sector				
Industry	13.5	75.9	10.7	100.0
Services	18.2	67.4	14.4	100.0
Geographical area				
North-West.....	14.1	75.9	10.0	100.0
North-East.....	22.9	61.7	15.3	100.0
Centre.....	16.7	73.1	10.2	100.0
South and Islands	8.0	72.4	19.5	100.0
Total	16.3	70.9	12.9	100.0
<i>Memorandum items:</i>				
March 2007	15.8	63.5	20.7	100.0
December 2006	24.1	59.2	16.6	100.0
September 2006.....	11.0	69.6	19.4	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.....	14.3	60.3	25.4	10.1	68.4	21.5	13.5	70.7	15.8
200-999.....	16.4	50.2	33.4	11.6	67.9	20.4	13.3	60.4	26.3
Over 999	27.2	40.3	32.5	23.9	51.0	25.2	17.7	54.5	27.8
Sector									
Industry	20.9	59.0	20.1	14.9	71.7	13.4	18.2	65.7	16.1
Services.....	16.7	46.7	36.6	13.7	58.3	28.0	12.1	61.1	26.9
Geographical area									
North-West	19.3	46.3	34.4	16.4	61.2	22.4	11.0	62.6	26.4
North-East.....	9.0	55.9	35.1	8.2	59.4	32.4	11.7	66.0	22.2
Centre	21.4	62.2	16.3	18.9	72.3	8.8	15.2	71.1	13.8
South and Islands..	32.4	44.5	23.0	13.9	69.7	16.4	31.5	45.4	23.0
Total	18.4	51.7	30.0	14.2	63.7	22.1	14.5	63.0	22.5
<i>Memorandum items:</i>									
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
September 2006...	18.9	53.4	27.8	16.3	64.2	19.5	16.3	58.8	24.9

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.....	2.0	1.8	2.0	1.9
200-999.....	1.8	1.6	1.6	1.7
Over 999.....	3.0	2.6	2.6	1.9
Sector				
Industry.....	3.0	2.5	1.9	1.7
Services.....	2.9	2.5	2.6	1.9
Geographical area				
North-West.....	2.5	1.9	1.8	1.6
North-East.....	1.7	1.7	1.7	1.7
Centre.....	3.4	2.9	3.0	2.0
South and Islands.....	4.4	3.0	4.0	2.2
Total.....	2.9	2.5	2.5	1.9
<i>Memorandum items:</i>	Rate of change in sales prices			
March 2007.....	3.2	3.1	2.0	1.7
December 2006.....	2.3	2.1	2.4	2.1
September 2006.....	2.0	1.8	2.1	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	0.0	0.8	0.0	0.8
200-999	0.2	0.9	0.1	0.8
Over 999.....	-0.1	0.6	0.0	0.2
Sector				
Industry	-0.1	0.9	-0.2	0.2
Services	0.0	0.6	0.0	0.3
Geographical area				
North-West.....	-0.1	0.5	-0.2	0.5
North-East	0.0	0.9	0.0	0.9
Centre.....	0.0	0.5	0.1	0.0
South and Islands	0.1	1.4	0.1	0.4
Total.....	0.0	0.6	0.0	0.3

(*) 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 April consumer price inflation, measured by the annual change in the HARMONIZED INDEX OF CONSUMER PRICES, stood at 1.8 in Italy and at 1.9 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
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 _