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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.
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 - ... 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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- III - The tables are identified both by a number and by an alphanumeric code that defines the content of the table in the database in the electronic archive in which information to be released to the public is held. A similar code identifies the different aggregates shown in each table.
- IV - The methodological notes in the last part of the Supplement are identified by electronic codes that refer to the tables and, within each table, to the individual aggregates. Notes that refer to a single observation are also identified by the date of that observation.

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CONTENTS

	page
1. Introduction	5
2. Main findings.....	5
Appendix A: Methodological note.....	9
Appendix B: Statistical tables	15
Appendix C: The questionnaire.....	27

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 2008 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 Raffaele Tartaglia-Polcini.

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

SURVEY ON INFLATION AND GROWTH EXPECTATIONS

1. Introduction

The interviews for the June 2008 edition of the Bank of Italy – Il Sole 24 Ore quarterly survey on inflation and growth expectations were carried out between 3 and 30 June 2008. A total of 477 companies with at least 50 employees participated in the survey, 285 of which operate in the industrial sector and 192 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 on 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.

Since March 2008, the questionnaire has also included a set of questions on companies' assessments of developments in credit conditions.

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

2. Main findings

Expectations of consumer price inflation in Italy

Inflation is expected to be 3.5 per cent over the next 12 months, an increase vis-à-vis the 3.3 per cent recorded last March (Table 1 and Figure 1). In June 2008, the rate of consumer price inflation was 4 per cent, 1.9 percentage points higher than companies expected in June 2007 (Figure 2).

Assessment of the general economic situation

The companies' assessments of recent trends are still mainly negative: half of the companies interviewed think that the general economic situation in Italy is worse than three months ago (Table 2). However, this share is lower by almost 23 percentage points compared with the previous survey, with a corresponding increase in those which think the situation is unchanged (44.3 per cent) or that it has improved (5.8 per cent, which is 4.5 percentage points higher than in the last survey). The overall balance is negative but the gap between positive and negative assessments, although still wide, is smaller than in the previous quarter, with a reduction from about 71 to 44 percentage points.

Irrespective of category, 85.5 per cent of companies think the likelihood of an improvement in the economic situation in the next three months is less than 25 per cent and 95.1 per cent put it at less than 50 per cent (Table 3). Among companies in the Centre, 8.8 per cent think the likelihood of an improvement is greater than 50 per cent. Compared with the previous survey, the share of companies giving a less than 25 per cent likelihood of an improvement has fallen by about 2 percentage points with a corresponding increase in those thinking the probability of an improvement is higher.

Business climate

Some 65.2 per cent of companies think that the business climate will remain unchanged in the next three months, a higher percentage than in the last survey, causing a decrease in the shares of those which think the climate will improve or worsen (Table 5). The share of those which expect an improvement is still considerably smaller than the share of those expecting the situation to worsen (5.6 against 29.2 per cent). The gap has narrowed since the last survey (-23.6 against -26.5 percentage points).

Above all, expected increases in raw materials prices and, to a lesser extent, changes in labour costs and credit conditions are adversely affecting companies' economic prospects (Table 7).

Expectations with regard to the business situation in the next three years are more positive than in the previous quarter: 47.7 per cent of companies expect an improvement and 23.4 per cent expect conditions to worsen (Table 8). The overall balance is positive although the gap between positive and negative responses has widened from 11.6 to 24.3 percentage points since March 2008: it is greatest among companies in the North West (32.2 per cent) and smallest among large companies (1.1 per cent).

Investment climate

Some 37.5 per cent of companies judge that the investment climate has worsened in the last three months, 53.8 per cent consider it unchanged and the remaining 8.7 per cent think it has improved (Table 9). The overall picture has improved in relation to the previous survey when the figures were 47.5 per cent, 48.1 per cent and 4.4 per cent respectively.

Credit conditions

For three quarters of companies, credit conditions have not changed since March 2008 (Table 10). Access to credit has become more difficult than in the previous quarter according to 22.7 per cent of companies (compared to 19.1 per cent in the last survey); only 3 per cent think that credit conditions have improved (compared to 3.5 per cent in March). The gap between positive and negative responses from companies is lowest in the industrial sector (-12.2 percentage points).

The responses from companies which have approached the banking sector for credit are more polarized (Table 11). The share of companies reporting improved credit conditions is higher among companies which have actually applied for credit (6 per cent) than among other companies (1.9 per cent).

When assessing these results it should however be noted that a reliable evaluation of market trends will only be possible when responses can be compared over time. To date, a comparison can only be made between two surveys since the section on credit conditions was introduced for the first time in March 2008.

Employment rate

With regard to total employment, three-month forecasts of a reduction outweigh those of an increase (20.1 per cent and 14.4 per cent respectively; Table 12). The balance of forecasts of an increase and a reduction has changed sign since March 2008 (-6.7 against 6.9 percentage points).

Changes in companies' sales prices

On average, companies reported a 2.6 per cent increase in their sales prices in the past 12 months, 0.7 percentage points more than they predicted in June 2007 (Table 13). For the next year, they expect a rise of 2.7 percentage points, which is higher than in the last survey when the corresponding figure was 1.7 per cent. Companies report that tensions in pricing will be caused mainly by changes in labour costs and raw materials prices (Table 14), the latter having greater impact than in the last survey.

In general, companies usually expect their prices to increase by less than the general index in the course of the next 12 months. The differential vis-à-vis forecasts for June 2009 is 0.8 percentage points (Figure 3). The difference between the annual rate of inflation observed in June 2008 and the price increases reported by companies for the same time period is 1.4 percentage points (unchanged since March 2008).

Figure 1

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

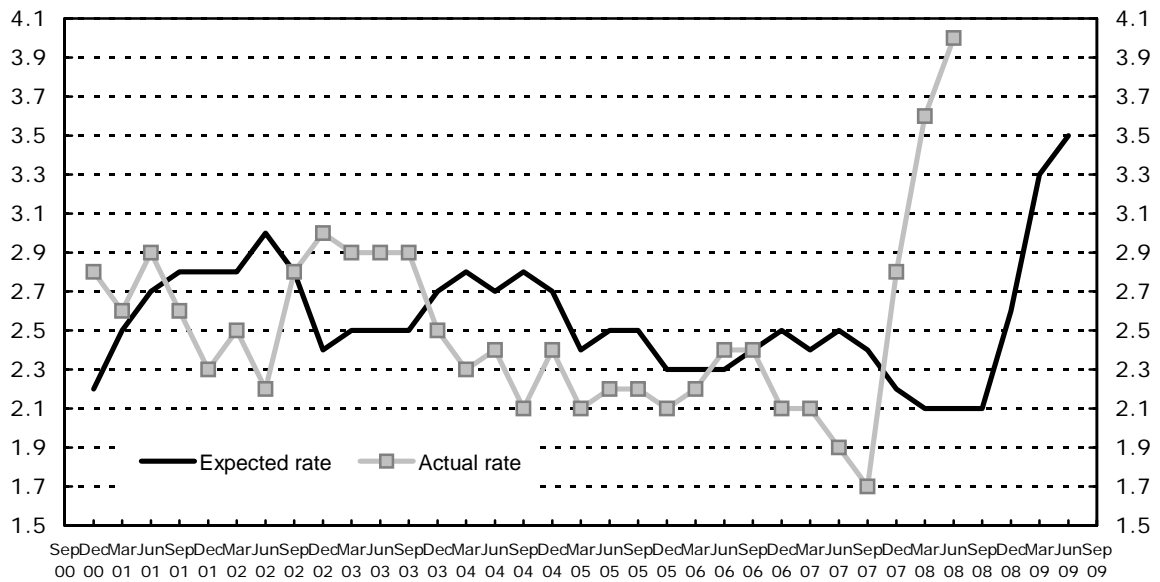


Figure 2

Differential between expected and actual inflation rates
(percentage points)

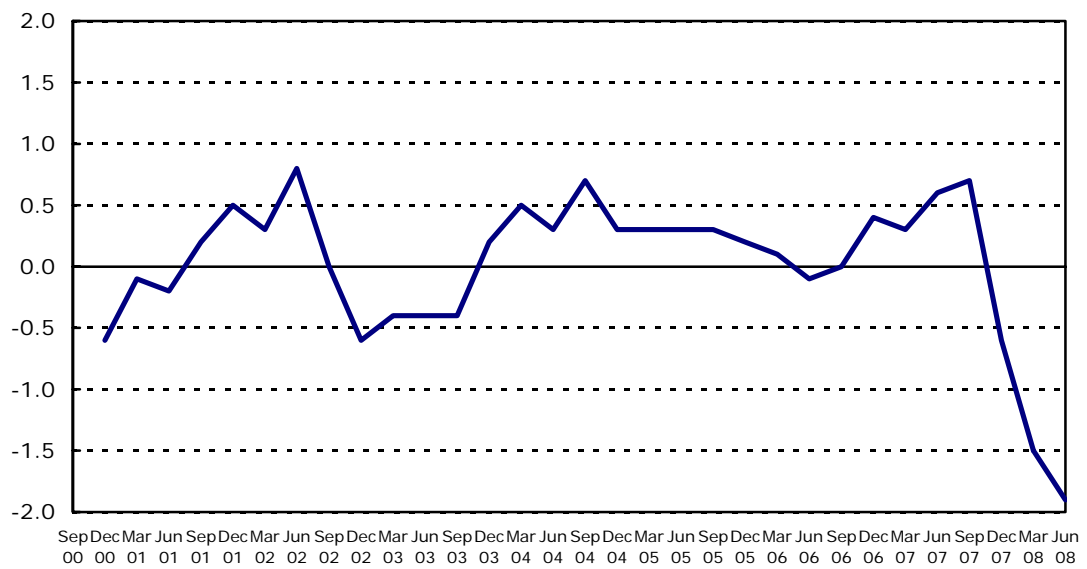
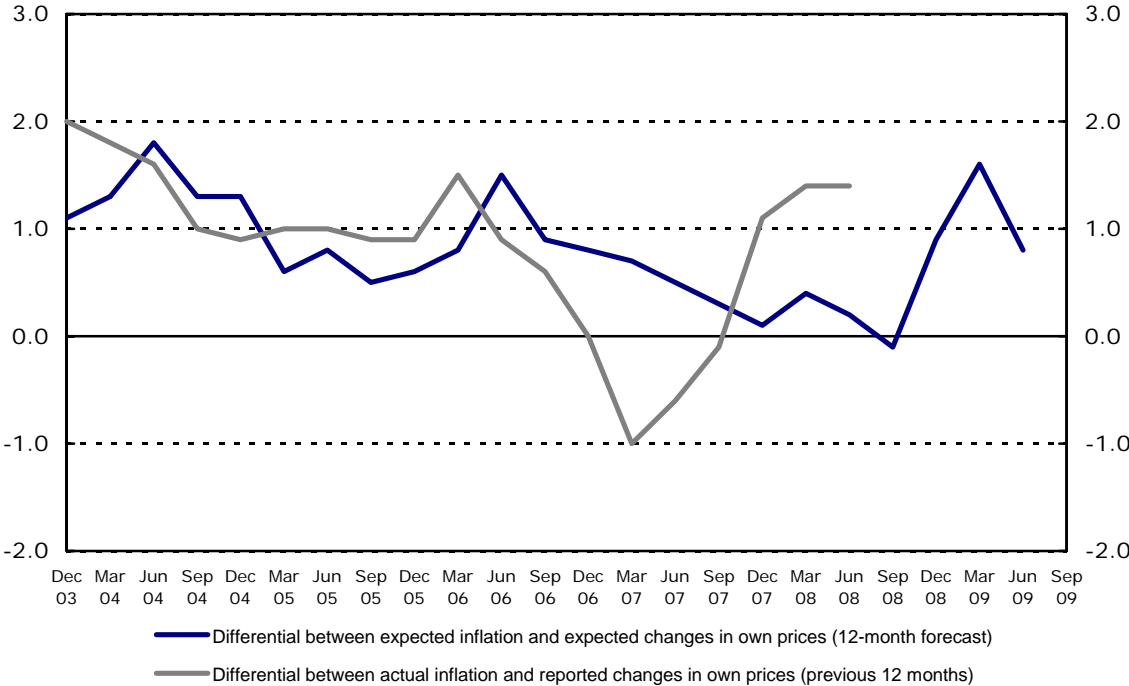


Figure 3

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



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

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 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 477 companies, 285 from the industrial sector and 192 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. In particular, this is 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	200	16,983	1.2
200-999	166	3,370	4.9
Over 999	111	485	22.9
Sector			
Industry	285	11,796	2.4
Services.....	192	9,042	2.1
Geographical area			
North-West	186	8,358	2.2
North-East.....	155	5,871	2.6
Centre	89	3,618	2.5
South and Islands.....	47	2,991	1.6
Total	477	20,838	2.3

(*) Istat (2005).

A2. Data collection and estimates

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 by 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.....	566	35.3	94.5
200-999.....	314	52.9	97.6
Over 999.....	119	93.3	97.3
Sector			
Industry.....	550	51.8	95.1
Services.....	449	42.8	97.9
Geographical area			
North-West.....	392	47.4	95.7
North-East.....	318	48.7	98.1
Centre.....	179	49.7	95.5
South and Islands.....	110	42.7	93.6
Total.....	999	47.7	96.2

(*) 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 of the participating companies in terms of the 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 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 – Estimates of the main variables surveyed and missing responses
(percentages)

	Mean	Mean (robust)	Median	Missing responses (percentages)
Consumer price inflation in Italy	3.5	3.5	3.5	0.0
Change in own prices in the last 12 months	3.0	2.6	2.0	6.7
Change in own prices in the next 12 months.....	2.5	2.7	2.4	7.5

Table 4a – Standard errors

Consumer price inflation in Italy.....	0.03
Change in own prices in the last 12 months	0.68
Change in own prices in the last 12 months (robust).....	0.37
Change in own prices in the next 12 months.....	0.38
Change in own prices in the next 12 months (robust)	0.30
<i><u>Factors which will affect the business climate</u></i>	
Demand.....	0.10
Own prices	0.08
Raw materials prices	0.09
Labour costs	0.08
Availability and cost of credit	0.08
<i><u>Factors which will affect companies' prices</u></i>	
Demand.....	0.06
Raw materials prices	0.08
Labour costs	0.07
Pricing policies of main competitors.....	0.07

Appendix B :
Statistical tables

**Table 1 - Expectations of consumer price inflation in Italy
for the next 12 months**

(percentages)

	Consumer prices inflation rate
Number of employees	
50-199	3.5
200-999	3.5
Over 999	3.4
Sector	
Industry	3.6
Services.....	3.5
Geographical area	
North-West	3.5
North-East.....	3.6
Centre	3.5
South and Islands	3.5
Total	3.5
<i>Memorandum items:</i>	
March 2008.....	3.3
December 2007.....	2.6
September 2007	2.1
June 2007.....	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	50.2	44.1	5.6	100.0
200-999	47.2	46.5	6.2	100.0
Over 999	56.8	36.2	7.0	100.0
Sector				
Industry	42.8	51.9	5.3	100.0
Services.....	55.4	38.4	6.2	100.0
Geographical area				
North-West.....	47.8	43.6	8.6	100.0
North-East.....	55.9	40.7	3.4	100.0
Centre.....	54.5	40.1	5.4	100.0
South and Islands	38.9	58.2	2.8	100.0
Total	49.9	44.3	5.8	100.0
<i>Memorandum items:</i>				
March 2008.....	72.6	26.1	1.3	100.0
December 2007.....	52.7	42.3	5.1	100.0
September 2007.....	39.3	53.2	7.5	100.0
June 2007.....	14.0	60.3	25.7	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.....	49.3	36.3	9.2	4.5	0.8	100.0
200-999.....	38.2	48.5	10.1	2.0	1.1	100.0
Over 999.....	41.4	35.0	18.1	4.5	1.1	100.0
Sector						
Industry.....	44.6	41.5	8.9	5.0	0.0	100.0
Services.....	49.3	35.8	10.1	3.4	1.5	100.0
Geographical area						
North-West.....	47.3	38.0	8.4	6.2	0.1	100.0
North-East.....	47.7	37.4	12.7	2.2	0.0	100.0
Centre.....	47.1	31.0	13.1	5.3	3.5	100.0
South and Islands.....	46.6	49.5	2.4	0.2	1.3	100.0
Total.....	47.2	38.3	9.6	4.1	0.8	100.0
<i>Memorandum items:</i>						
March 2008.....	56.7	30.7	7.1	5.5	0.0	100.0
December 2007.....	44.4	44.0	6.0	5.6	0.1	100.0
September 2007.....	41.2	45.4	9.3	3.5	0.5	100.0
June 2007.....	22.5	48.9	15.3	11.2	2.0	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 3/2008.....	56.8	31.6	8.6	3.0	0.0	100.0
Unchanged from 3/2008.....	42.4	45.5	7.3	4.8	0.0	100.0
Better than in 3/2008.....	2.8	38.8	36.0	8.0	14.4	100.0
Total.....	47.2	38.3	9.6	4.1	0.8	100.0

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

	Worsening	No change	Improvement	Total
Number of employees				
50-199.....	28.4	66.2	5.4	100.0
200-999.....	30.6	62.6	6.8	100.0
Over 999.....	43.6	50.4	6.0	100.0
Sector				
Industry.....	28.3	63.1	8.5	100.0
Services.....	29.9	66.8	3.4	100.0
Geographical area				
North-West.....	31.5	64.5	4.0	100.0
North-East.....	29.6	65.4	5.1	100.0
Centre.....	18.2	77.6	4.2	100.0
South and Islands.....	35.7	51.7	12.7	100.0
Total.....	29.2	65.2	5.6	100.0
<i>Memorandum items:</i>				
March 2008.....	36.6	53.3	10.1	100.0
December 2007.....	29.7	61.8	8.5	100.0
September 2007.....	22.0	64.5	13.5	100.0
June 2007.....	11.0	71.4	17.6	100.0

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

	Worsening	No change	Improvement	Total
View of the current general economic situation				
Worse than 3/2008.....	42.7	54.2	3.1	100.0
Unchanged from 3/2008.....	17.9	76.7	5.4	100.0
Better than 3/2008.....	0.9	70.7	28.4	100.0
Total.....	29.2	65.2	5.6	100.0

Table 7 - Factors which will affect the business climate

(average scores) ^(*)

	Change in demand ^(**)	Change in own prices	Change in raw materials prices	Change in labour costs	Change in credit conditions ^(***)
Number of employees					
50-199.....	0.0	-0.1	-1.2	-0.9	-0.9
200-999.....	-0.1	0.0	-1.3	-0.9	-0.9
Over 999.....	-0.6	-0.2	-0.9	-1.0	-1.1
Sector					
Industry.....	0.0	-0.3	-1.6	-0.9	-0.8
Services.....	-0.1	0.0	-0.9	-0.9	-0.9
Geographical area					
North-West.....	0.1	0.0	-0.9	-0.8	-0.7
North-East.....	-0.3	-0.2	-1.5	-0.9	-0.9
Centre.....	0.1	-0.2	-1.3	-1.4	-0.9
South and Islands.....	-0.2	-0.3	-1.5	-0.8	-1.2
Total.....	-0.1	-0.1	-1.2	-0.9	-0.9
<i>Memorandum items:</i>					
March 2008.....	0.0	-0.3	-1.1	-0.6	-0.6
December 2007.....	0.1	-0.1	-1.2	-0.8
September 2007.....	0.4	0.1	-1.0	-0.6
June 2007.....	0.6	0.1	-0.7	-0.6

(*) Companies' views with regard to the direction and degree of the expected impact of each factor on their own 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.

(**) Until December 2007, this variable referred only to domestic demand.

(***) This variable has been included in the survey since March 2008.

Table 8 - Three-year forecast of the business climate
(percentages)

	Worsening	No change	Improvement	Total
Number of employees				
50-199.....	23.6	29.0	47.3	100.0
200-999.....	20.0	28.8	51.2	100.0
Over 999.....	37.4	24.1	38.5	100.0
Sector				
Industry.....	22.2	31.2	46.6	100.0
Services.....	24.4	27.1	48.5	100.0
Geographical area				
North-West.....	17.9	32.0	50.1	100.0
North-East.....	23.4	27.3	49.4	100.0
Centre.....	33.5	25.0	41.6	100.0
South and Islands.....	26.3	28.1	45.6	100.0
Total.....	23.4	28.8	47.7	100.0
<i>Memorandum items:</i>				
March 2008.....	26.8	34.7	38.4	100.0
December 2007.....	22.0	35.4	42.5	100.0
September 2007.....	22.8	31.0	46.2	100.0
June 2007.....	18.6	28.0	53.4	100.0

Table 9 – View of investment climate
(percentages)

	Worse than previous quarter	Unchanged from previous quarter	Better than previous quarter	Total
Number of employees				
50-199	38.1	52.7	9.2	100.0
200-999	32.9	60.7	6.4	100.0
Over 999	47.9	46.1	6.0	100.0
Sector				
Industry	31.8	61.0	7.2	100.0
Services	42.0	48.2	9.8	100.0
Geographical area				
North-West.....	39.9	47.6	12.5	100.0
North-East.....	38.3	57.8	3.8	100.0
Centre.....	26.8	69.2	3.9	100.0
South and Islands	42.2	44.5	13.3	100.0
Total	37.5	53.8	8.7	100.0
<i>Memorandum items:</i>				
March 2008.....	47.5	48.1	4.4	100.0
December 2007.....	37.4	56.5	6.1	100.0
September 2007	34.9	57.9	7.1	100.0
June 2007.....	16.3	70.9	12.9	100.0

Table 10 – View on credit conditions for businesses
(percentages)

	Worse than previous quarter	Unchanged from previous quarter	Better than previous quarter	Total
Number of employees				
50-199	23.2	73.6	3.2	100.0
200-999	18.2	79.6	2.2	100.0
Over 999	36.4	62.7	0.9	100.0
Sector				
Industry	17.6	76.9	5.5	100.0
Services	26.7	72.3	1.0	100.0
Geographical area				
North-West.....	18.0	78.4	3.7	100.0
North-East.....	28.7	67.7	3.6	100.0
Centre.....	23.9	75.3	0.8	100.0
South and Islands	22.8	74.7	2.4	100.0
Total	22.7	74.3	3.0	100.0
<i>Memorandum item:</i>				
March 2008.....	19.1	77.4	3.5	100.0

Table 11 – View on credit conditions for businesses by request for new credit lines or extension of existing credit lines
(percentages)

	Worse than previous quarter	Unchanged from previous quarter	Better than previous quarter	Total
Request for new credit lines or extension of existing credit lines				
Yes	51.8	42.1	6.0	100.0
No	12.6	85.5	1.9	100.0
Total	22.7	74.3	3.0	100.0

Table 12 - Three-month forecast of employment
(percentages)

	Declining	Unchanged	Rising	Total
Number of employees				
50-199.....	20.5	65.7	13.8	100.0
200-999.....	18.1	64.0	17.9	100.0
Over 999	18.8	68.8	12.4	100.0
Sector				
Industry.....	23.9	62.5	13.6	100.0
Services.....	17.1	67.9	15.1	100.0
Geographical area				
North-West	24.3	63.3	12.4	100.0
North-East.....	19.4	67.9	12.7	100.0
Centre	19.1	66.3	14.6	100.0
South and Islands.....	10.9	66.2	22.9	100.0
Total	20.1	65.5	14.4	100.0
<i>Memorandum items:</i>				
March 2008.....	14.8	63.5	21.7	100.0
December 2007.....	16.4	59.9	23.7	100.0
September 2007	16.6	59.6	23.9	100.0
June 2007.....	18.4	51.7	30.0	100.0

Table 13 – Change in companies’ sales prices
(percentages)^(*)

	Rate of change in sales prices...	
	... compared with 12 months earlier	... in the next 12 months
	Mean (robust) (**)	Mean (robust) (**)
Number of employees		
50-199.....	2.5	3.1
200-999.....	2.2	2.7
Over 999.....	2.8	2.5
Sector		
Industry.....	3.3	2.5
Services.....	2.3	2.8
Geographical area		
North-West.....	2.2	2.5
North-East.....	2.7	3.2
Centre.....	2.9	2.6
South and Islands.....	2.2	2.8
Total.....	2.6	2.7
<i>Memorandum items:</i>	Rate of change in sales prices	
March 2008.....	2.2	1.7
December 2007.....	1.7	1.7
September 2007.....	1.8	2.2
June 2007.....	2.5	1.9

(*) Companies’ responses are weighted by the number of employees to account for the impact of size.

(**) Values outside the range between the 5th and the 95th percentiles have been set at the threshold values of those percentiles.

Table 14 – Factors affecting companies’ sales prices
(average scores) ^(*)

	Change in demand	Change in raw materials prices	Change in labour costs	Pricing policies of main competitors (**)
Number of employees				
50-199	0.1	1.2	0.8	-0.2
200-999	0.0	1.1	0.8	-0.2
Over 999.....	0.2	1.2	0.4	-0.1
Sector				
Industry	0.0	1.1	0.6	-0.3
Services.....	0.2	1.2	0.6	-0.1
Geographical area				
North-West.....	-0.2	1.0	0.2	-0.4
North-East.....	-0.1	1.4	0.8	-0.2
Centre.....	0.6	1.3	0.9	0.2
South and Islands	-0.1	0.9	0.6	-0.4
Total.....	0.1	1.1	0.6	-0.1
<i>Memorandum items:</i>				
March 2008	0.1	0.7	0.6
December 2007	0.1	0.7	0.6
September 2007.....	0.1	0.6	0.5
June 2007	0.0	0.6	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 to account for the impact of size.

(**) This variable has been included in the survey since June 2008.

Appendix C :
The questionnaire

IL SOLE 24 ORE – BANK OF ITALY SURVEY ON INFLATION AND GROWTH EXPECTATIONS - JUNE 2008

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 the consumer price inflation rate, measured by the annual change in the HARMONIZED INDEX OF CONSUMER PRICES, stood at 3.6 in Italy and at 3.3 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 CLIMATE

Do you think that your company’s business climate will be:

B1. In the next 3 months: 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 DEMAND on your business will be...	1 __	2 __	3 __	1 __	2 __	3 __
B4. The impact of developments in YOUR PRICES on your business will be...	1 __	2 __	3 __	1 __	2 __	3 __
B5. The impact of developments in RAW MATERIALS PRICES on your business will be...	1 __	2 __	3 __	1 __	2 __	3 __
B6. The impact of developments in LABOUR COSTS on your business will be...	1 __	2 __	3 __	1 __	2 __	3 __
B7. The impact of developments in AVAILABILITY AND COST OF CREDIT on your business will be...	1 __	2 __	3 __	1 __	2 __	3 __

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

B9. Compared with 3 months ago, the credit conditions for your company are now: Better Unchanged Worse

B10. Is your view the result of a request for a new credit line (or for an extension of an existing credit line)? Yes No

B11. If your reply to B9 is “Worse” and to B10 “Yes”, the credit requested:

was not granted - was granted but at worse conditions than usual (less credit than that requested and/or at a higher cost) - was refused by you because the conditions were worse than usual

SECTION C – CHANGES IN YOUR COMPANY’S SALES PRICES

C1. In the last 12 months, what has been the average change in prices charged by your company? _____%

C2. 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 (downward/upward)		
	Downward	Neutral	Upward	Low	Average	High
C3. The impact of developments in OVERALL DEMAND on your prices will be...	1 __	2 __	3 __	1 __	2 __	3 __
C4. The impact of developments in RAW MATERIALS PRICES on your prices will be...	1 __	2 __	3 __	1 __	2 __	3 __
C5. The impact of developments in LABOUR COSTS on your prices will be...	1 __	2 __	3 __	1 __	2 __	3 __
C6. The impact of developments in PRICING POLICIES OF MAIN COMPETITORS on your prices will be...	1 __	2 __	3 __	1 __	2 __	3 __

SECTION D – EMPLOYMENT

D1. The TOTAL number of employees over the next three months will: _____

