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Survey of Inflation and Growth Expectations

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*This publication contains the main findings of the survey on inflation and growth expectations conducted by the Bank of Italy in collaboration with the newspaper Il Sole 24 Ore. The data were collected in March 2009 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 Giuseppe Ilardi, Raffaele Tartaglia Polcini and Giordano Zevi. Stefania Coscarella is the editorial assistant for the Italian version.*

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

## SURVEY ON INFLATION AND GROWTH EXPECTATIONS

### 1. Introduction

The interviews for the March 2009 edition of *Il Sole 24 Ore – Banca d'Italia* quarterly survey on inflation and growth expectations were carried out between 3 and 23 March 2009. A total of 449 companies with at least 50 employees participated, 265 of which operate in the industrial sector and 184 in the services sector. The response rate was 44.9 per cent (Table 1a); the degree of uncertainty of the estimates was limited and in line with previous surveys (Table 4a).

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 underlying the reported or expected developments.

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

### 2. Main Findings

#### **Expectations of consumer price inflation in Italy and change in companies' selling prices**

Inflation is expected to be 1.4 per cent over the next 12 months, falling rapidly from the 2.8 per cent recorded last December (Table 1). This concurs with the decline recorded in official data and is again higher than the estimates of professional forecasters (Figure 2).

In March 2009 consumer price inflation rate was 1 per cent,<sup>1</sup> that is 2.3 percentage points less than expected a year earlier (Figure 3).

Businesses report they have raised their selling prices by 1 per cent in the 12 months to March, 0.8 percentage points less than recorded in last December's survey. The slowdown appears sharper in the case of industrial companies, which report an 0.7 per cent rise in prices (compared with 2.5 per cent in the previous survey), than for service companies (1.2 per cent, against 1.5 per cent in December). On average, the increase in selling prices in the two sectors is less than the 1.7 per cent projected in March 2008 (Figure 1 and Table 14). For the next twelve months, a rise of 0.6 per cent is projected, which is in line with expectations reported in the December survey. Competitors' pricing has been the main factor driving down prices; changes in raw materials prices have affected only industrial companies (Table 15).

In previous surveys, expected increases in selling prices have proved to be lower than the effective increase in the general price index in the following twelve months. Reported changes in selling prices in the previous twelve months are generally also lower than the increase in the general price index (Figure 4).

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

The companies' assessments of the economic situation have not changed from the negative opinions expressed in the December survey: 88 per cent of those interviewed think that the economic situation in Italy is worse than three months ago (87 per cent in December), against 12 per cent that think there has been no change (Table 2), while almost none see an improvement. However, the proportion of companies that rule out any improvement in the general outlook over the next three months has dropped from 70.8 per cent to 67.6 per cent since December, while those reporting more than a 25 per cent likelihood of improvement has risen to 7 per cent from 5.5 per

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<sup>1</sup> Provisional figure.

cent in December (Table 3). As in December, expectations are less pessimistic among companies in the Centre and to a very small degree also among those with over 1,000 employees.

### **Business climate**

After the sharp deterioration recorded in the December survey, companies' expectations with regard to the business situation show signs of improvement. The share of those expecting the situation to worsen in the next three months is still over 60 per cent, but down a little from the 66.3 per cent of the previous survey (Table 5). The balance of forecasts of an improvement and a deterioration is negative by more than 55 percentage points, although significantly better than in the previous survey (-64 points; it was about -30 points in the first three quarters of 2008).

Companies' assessments of their economic prospects for the next quarter are affected principally by developments in demand and in credit conditions (Table 7); the trend in labour costs has become a further factor.

Expectations with regard to the business situation in the medium term are still positive and show a slight improvement on the previous quarter, particularly in industry. Companies in the service sector are more prudent (Table 8).

### **Investment climate**

The majority of companies (56 per cent) judge that the investment climate has worsened in the last three months; however, this compares well with the December survey, when the proportion was about two-thirds. Some 32 per cent consider the climate unchanged and 12 per cent think it has improved, compared with 26 and 9 per cent respectively in the previous survey. Opinions show a clearer improvement in industry than in services, while the balance between optimistic and pessimistic forecasts is markedly negative in Southern Italy at -68 percentage points (Table 9).

### **Credit conditions**

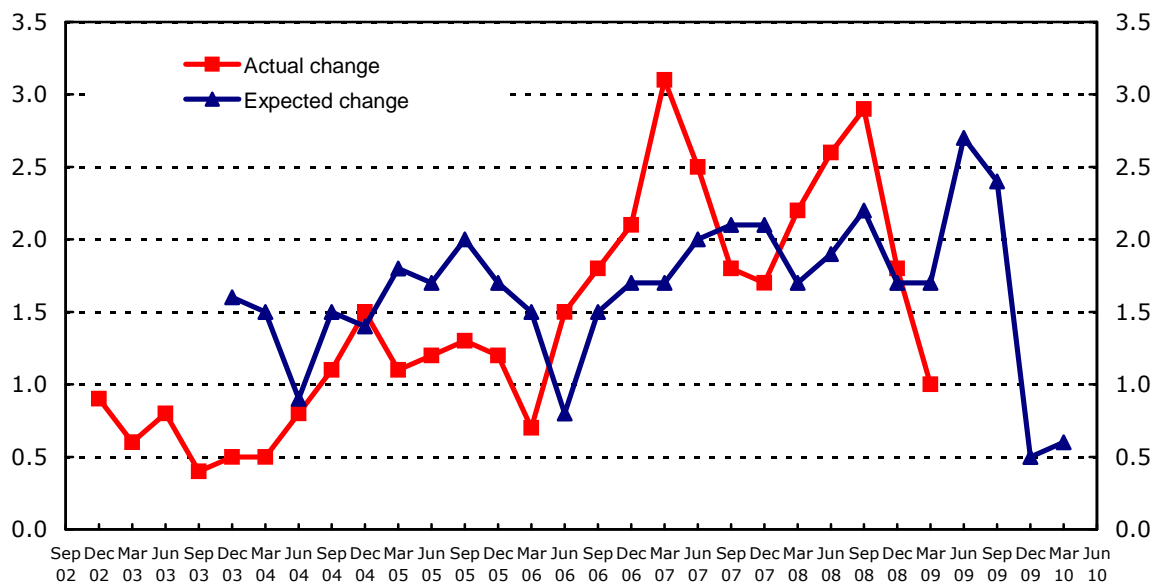
Compared with the December survey, the share of companies reporting a worsening of credit conditions has dropped from 41 to 37 per cent, and there has been a small increase (to just under 60 per cent) in those that consider the situation unchanged (Table 10). Responses are evenly distributed according to sector, location and company size. The vast majority of the companies that have approached the banking sector for new or additional credit report a worsening of credit conditions, although less so than in the previous survey (Table 11).

### **Employment rate**

Expectations regarding employment remain negative: the share of companies expecting to reduce their total workforce (about a third of those interviewed) greatly outweighs the share forecasting an increase (7 per cent). Nonetheless, the gap has narrowed from 34 to 26 percentage points since December, mainly in industry, where it has gone from -40 to -27 per cent (Table 12). Expectations worsen as company size increases and they are particularly pessimistic in the South and Islands. Companies plan to adjust their intake of labour by freezing hirings and labour turnover, reducing shifts and work hours (partly through recourse to the Wage Supplementation Fund) and not renewing fixed-term contracts (Table 13). Very few intend to resort to lay-offs or early retirement incentives.

**Figure 1**

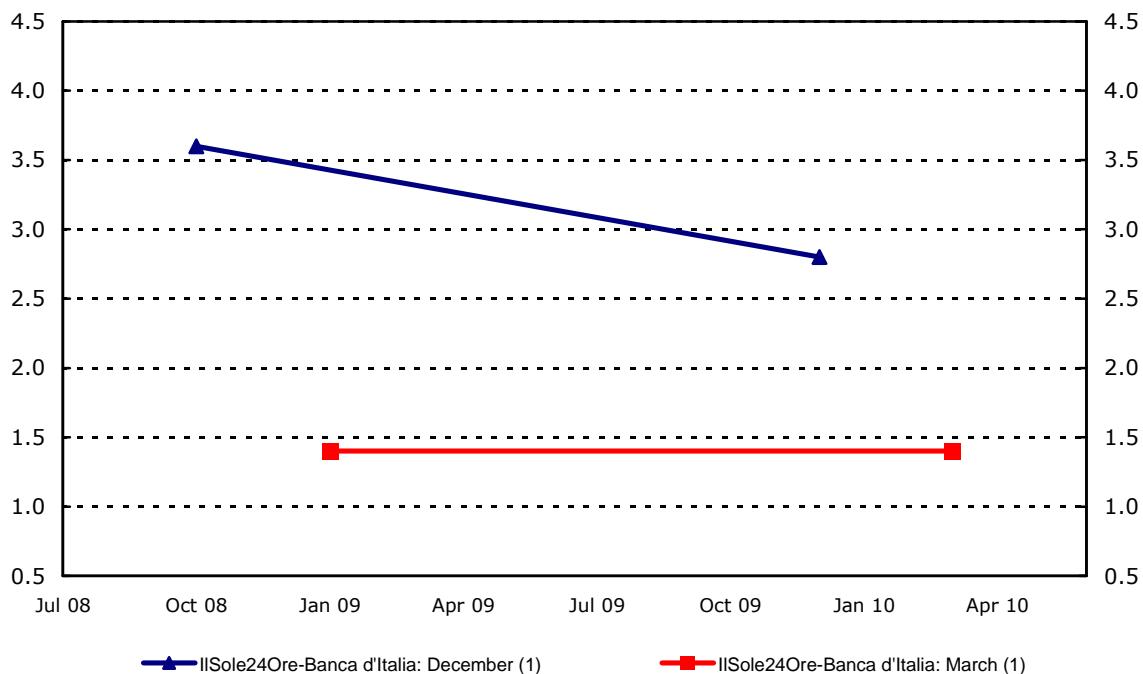
**Expected and actual changes in selling prices**  
(percentage changes)<sup>(\*)</sup>



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

**Figure 2**

**Expectations of consumer price inflation in Italy**  
(percentage changes)



(1) The first point in each curve is the final figure available at the time of the survey, which is given to the interviewees in the questionnaire as a point of reference for expressing their expectations; the second point is the average of the interviewees' forecasts for the next twelve months.

Figure 3

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

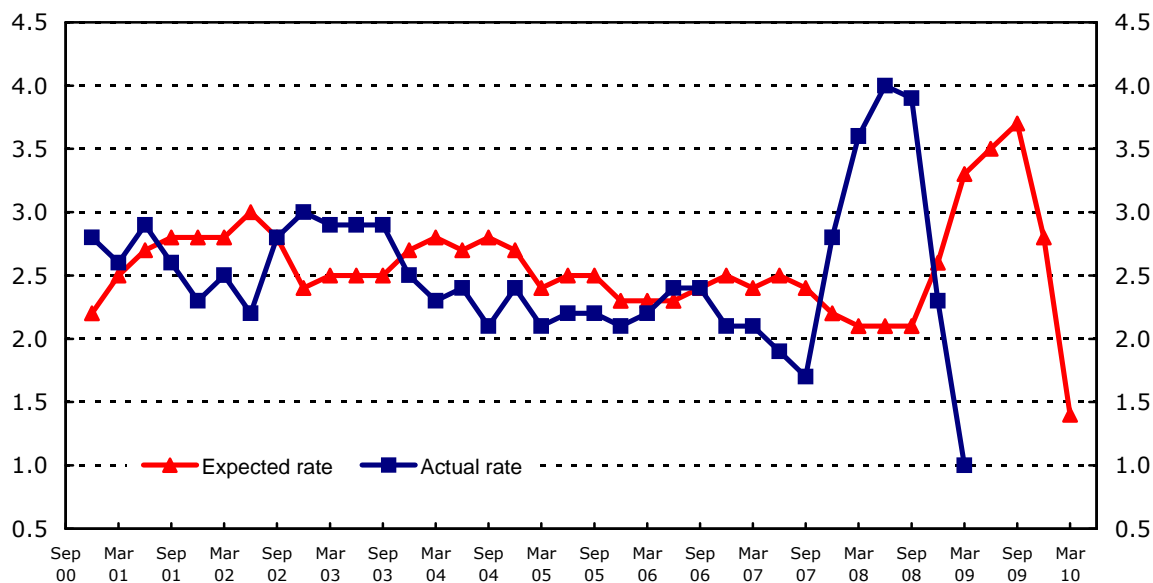
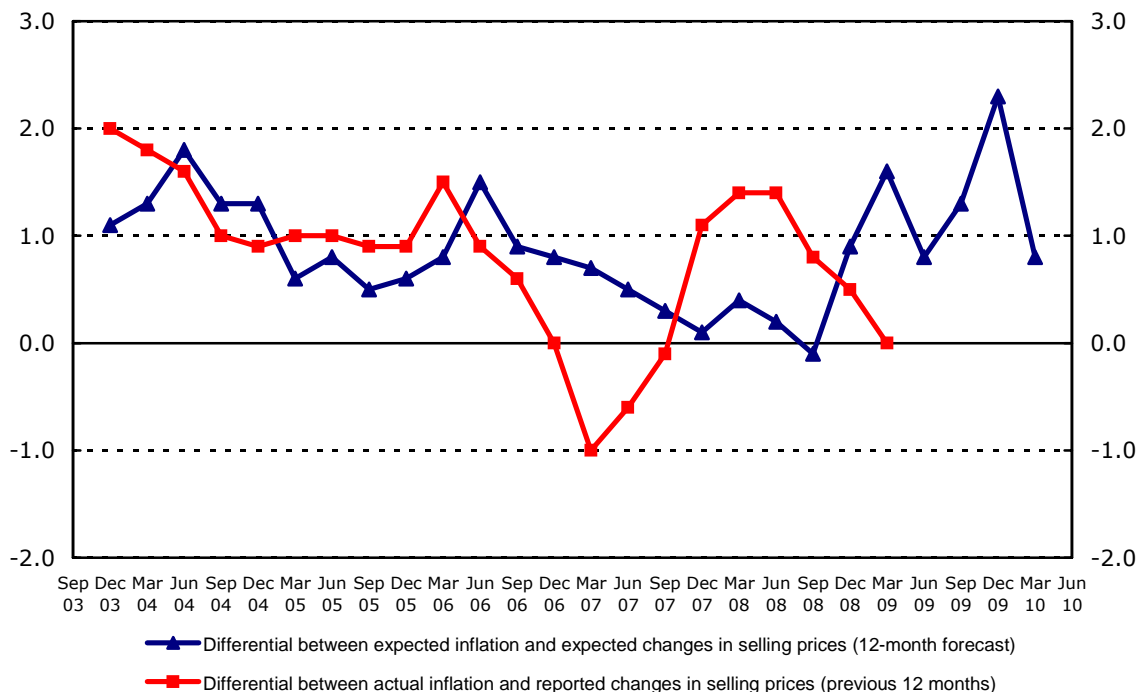


Figure 4

Differential between expected and actual inflation rates  
(percentage points)<sup>(\*)</sup>



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



**Appendix A:**  
**Methodological Notes**



## METHODOLOGICAL NOTES

### 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 survey is conducted in March, June, September and December.

The sample usually consists of around 500 companies with at least 50 employees operating in the main sectors of the economy, with the exception of agriculture and construction.

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. Since a minimum sample size is required for each category of company considered relevant, the number selected is not always representative of the relative share of that category. This is particularly 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 <sup>(*)</sup> (b)	Sample coverage rate (a / b) * 100
<b>Number of employees</b>			
50-199 .....	189	17,312	1.1
200-999 .....	162	3,467	4.7
Over 999 .....	98	479	20.5
<b>Sector</b>			
Industry .....	265	11,858	2.2
Services.....	184	9,400	2.0
<b>Geographical area</b>			
North-West .....	171	8,460	2.0
North-East.....	159	6,017	2.6
Centre .....	73	3,689	2.0
South and Islands.....	46	3,092	1.5
<b>Total .....</b>	<b>449</b>	<b>21,258</b>	<b>2.1</b>

(\*) Istat (2006).

## 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. The respondents usually compile the questionnaire online using a purpose-designed interface. 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 (**)
<b>Number of employees</b>			
50-199.....	568	33.3	95.8
200-999.....	310	52.3	93.2
Over 999.....	123	79.7	96.9
<b>Sector</b>			
Industry.....	561	47.2	94.0
Services.....	440	41.8	96.7
<b>Geographical area</b>			
North-West.....	395	43.3	95.9
North-East.....	312	51.0	93.7
Centre.....	173	42.2	95.9
South and Islands.....	121	38.0	95.7
<b>Total.....</b>	<b>1,001</b>	<b>44.9</b>	<b>95.1</b>

(\*) 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 mistakes (such as typing mistakes) can be intercepted and the existence of outliers and missing data (*item non-response*) can be assessed. Using the correlation between the indicators obtained, the missing data are imputed by means of stochastic regression models, the parameters for which are set after neutralizing the outliers where appropriate.

The aggregates are evaluated using a weighting coefficient for each sample unit which, at the level of the stratification variables, takes into account the ratio between the number of respondent companies and the number of companies in the reference universe. In the evaluation of the evolution of the variables attributed to the companies, the weighting also takes account of the size of the participating companies in terms of number of employees in order to provide more accurate indications of expected macroeconomic developments.

In order to verify the impact of outliers on the mean values for the main variables, the standard estimators are accompanied by robust estimators; specifically, values outside the range between the 5th and the 95th percentiles are set at the threshold values of those percentiles. The results are generally in line with those obtained from the total sample (Table 3a).

Table 4a contains indicators of the standard errors of the main variables for the total sample.

**Table 3a**

**Estimates of the main variables surveyed and non-response**  
(percentages)

	Mean	Mean (robust)	Median	Missing responses (percentages)
Consumer price inflation in Italy .....	1.4	1.5	1.5	0.0
Change in own prices in the last 12 months.....	0.8	1.0	1.2	7.8
Change in own prices in the next 12 months.....	0.6	0.6	0.5	7.3

**Table 4a**

**Standard errors**

Consumer price inflation in Italy .....	0.08
Change in selling prices in the last 12 months .....	0.27
Change in selling prices in the last 12 months (robust).....	0.17
Change in selling prices in the next 12 months.....	0.17
Change in selling prices in the next 12 months (robust) .....	0.10
<b><u>Factors which will affect the business climate</u></b>	
Demand.....	0.11
Selling prices.....	0.08
Raw materials prices .....	0.08
Labour costs.....	0.07
Availability and cost of credit.....	0.10
<b><u>Adjustment of labour input</u></b>	
Freeze on hirings and labour turnover.....	0.07
Reduction of work hours and shifts (including Wage Supplementation Fund) .....	0.07
Non-renewal of fixed-term contracts .....	0.07
Early retirement incentives .....	0.04
Individual and collective lay-offs.....	0.04
<b><u>Factors which will affect companies' prices</u></b>	
Demand.....	0.07
Raw materials prices .....	0.06
Labour costs.....	0.06
Competitors' pricing policies.....	0.08



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Table 1

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

	Rate of consumer price inflation
<b>Number of employees</b>	
50-199 .....	1.4
200-999 .....	1.4
Over 999 .....	1.5
<b>Sector</b>	
Industry .....	1.4
Services.....	1.4
<b>Geographical area</b>	
North-West .....	1.5
North-East.....	1.2
Centre .....	1.5
South and Islands.....	1.3
<b>Total</b> .....	<b>1.4</b>
<i>Memorandum items:</i>	
December 2008.....	2.8
September 2008 .....	3.7
June 2008.....	3.5
March 2008.....	3.3

Table 2

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

	Worse than previous quarter	Unchanged from previous quarter	Better than previous quarter	Total
<b>Number of employees</b>				
50-199 .....	88.8	11.2	0.0	100.0
200-999 .....	84.1	13.9	1.9	100.0
Over 999 .....	85.4	14.6	0.0	100.0
<b>Sector</b>				
Industry .....	86.7	13.0	0.3	100.0
Services .....	89.5	10.2	0.3	100.0
<b>Geographical area</b>				
North-West.....	87.0	12.7	0.3	100.0
North-East.....	86.2	13.5	0.3	100.0
Centre.....	89.0	11.0	0.0	100.0
South and Islands .....	92.6	6.4	1.0	100.0
<b>Total .....</b>	<b>87.9</b>	<b>11.7</b>	<b>0.3</b>	<b>100.0</b>
<i>Memorandum items:</i>				
December 2008 .....	87.4	12.0	0.5	100.0
September 2008 .....	56.1	40.4	3.5	100.0
June 2008 .....	49.9	44.3	5.8	100.0
March 2008 .....	72.6	26.1	1.3	100.0

Table 3

**Likelihood of an improvement in the general economic situation in the next three months**

*(percentages)*

	None	1-25%	26-50%	51-75%	76-100%	Total
<b>Number of employees</b>						
50-199.....	69.3	24.0	4.0	2.2	0.4	100.0
200-999.....	61.4	31.3	4.0	2.9	0.5	100.0
Over 999.....	50.0	37.1	9.9	2.4	0.7	100.0
<b>Sector</b>						
Industry.....	64.8	29.7	3.2	2.3	0.0	100.0
Services.....	71.0	20.3	5.3	2.3	1.0	100.0
<b>Geographical area</b>						
North-West.....	61.2	27.1	7.3	4.4	0.0	100.0
North-East.....	74.2	19.8	2.6	1.8	1.6	100.0
Centre.....	58.7	38.4	2.9	0.0	0.0	100.0
South and Islands.....	82.3	17.4	0.2	0.2	0.0	100.0
<b>Total.....</b>	<b>67.6</b>	<b>25.5</b>	<b>4.2</b>	<b>2.3</b>	<b>0.5</b>	<b>100.0</b>
<i>Memorandum items:</i>						
December 2008.....	70.8	23.8	4.5	1.0	0.0	100.0
September 2008.....	52.5	37.4	7.2	2.1	0.8	100.0
June 2008.....	47.2	38.3	9.6	4.1	0.8	100.0
March 2008.....	56.7	30.7	7.1	5.5	0.0	100.0

Table 4

**Likelihood of an improvement in the general economic situation in the next three months, by opinion of the current situation**

*(percentages)*

	None	1-25%	26-50%	51-75%	76-100%	Total
<b>View of the current general economic situation</b>						
Worse than in 12/2008.....	72.1	23.0	3.5	0.9	0.4	100.0
Unchanged from 12/2008.....	33.4	44.8	9.1	11.8	0.9	100.0
Better than in 12/2008.....	...	...	...	...	...	100.0
<b>Total.....</b>	<b>67.6</b>	<b>25.5</b>	<b>4.2</b>	<b>2.3</b>	<b>0.5</b>	<b>100.0</b>

Table 5

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

	Deterioration	No change	Improvement	Total
<b>Number of employees</b>				
50-199.....	60.5	35.6	3.9	100.0
200-999.....	59.3	38.1	2.6	100.0
Over 999.....	58.8	37.4	3.8	100.0
<b>Sector</b>				
Industry.....	57.5	38.3	4.2	100.0
Services.....	63.7	33.2	3.1	100.0
<b>Geographical area</b>				
North-West.....	60.1	33.2	6.7	100.0
North-East.....	62.1	36.4	1.5	100.0
Centre.....	56.3	43.7	0.0	100.0
South and Islands.....	61.8	34.0	4.3	100.0
<b>Total.....</b>	<b>60.2</b>	<b>36.0</b>	<b>3.7</b>	<b>100.0</b>
<i>Memorandum items:</i>				
December 2008.....	66.3	32.2	1.5	100.0
September 2008.....	38.0	55.8	6.2	100.0
June 2008.....	29.2	65.2	5.6	100.0
March 2008.....	36.6	53.3	10.1	100.0

Table 6

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

	Deterioration	No change	Improvement	Total
<b>Opinion of the current general economic situation</b>				
Worse than in 12/2008.....	66.6	31.1	2.3	100.0
Unchanged from 12/2008.....	13.4	73.1	13.5	100.0
Better than in 12/2008.....	...	...	...	100.0
<b>Total.....</b>	<b>60.2</b>	<b>36.0</b>	<b>3.7</b>	<b>100.0</b>

Table 7

## Factors which will affect the business climate

(average scores)<sup>(\*)</sup>

	Change in demand <sup>(**)</sup>	Change in selling prices	Change in raw materials prices	Change in labour costs	Change in credit conditions
<b>Number of employees</b>					
50-199.....	-0.9	-0.2	0.0	-0.8	-0.6
200-999.....	-1.1	-0.2	0.1	-0.7	-0.7
Over 999.....	-1.3	-0.1	0.4	-0.3	-0.7
<b>Sector</b>					
Industry.....	-0.9	-0.2	0.2	-0.7	-0.6
Services.....	-0.9	-0.1	-0.2	-0.8	-0.6
<b>Geographical area</b>					
North-West.....	-0.8	-0.2	0.1	-0.7	-0.6
North-East.....	-1.3	-0.2	0.2	-0.8	-0.6
Centre.....	-0.5	-0.1	-0.1	-0.8	-0.7
South and Islands.....	-0.8	0.0	-0.4	-0.7	-0.4
<b>Total.....</b>	<b>-0.9</b>	<b>-0.2</b>	<b>0.0</b>	<b>-0.7</b>	<b>-0.6</b>
<i>Memorandum items:</i>					
December 2008.....	-1.1	-0.3	-0.1	-0.8	-0.8
September 2008.....	-0.2	-0.2	-1.2	-1.0	-1.0
June 2008.....	-0.1	-0.1	-1.2	-0.9	-0.9
March 2008.....	0.0	-0.3	-1.1	-0.6	-0.6

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

Table 8

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

	Deterioration	No change	Improvement	Total
<b>Number of employees</b>				
50-199.....	21.9	20.7	57.4	100.0
200-999.....	17.7	18.4	63.9	100.0
Over 999.....	15.4	22.5	62.1	100.0
<b>Sector</b>				
Industry.....	13.6	18.4	68.0	100.0
Services.....	30.6	22.7	46.7	100.0
<b>Geographical area</b>				
North-West.....	19.2	22.6	58.2	100.0
North-East.....	16.3	24.2	59.5	100.0
Centre.....	24.2	12.4	63.5	100.0
South and Islands.....	32.6	15.8	51.7	100.0
<b>Total.....</b>	<b>21.1</b>	<b>20.3</b>	<b>58.5</b>	<b>100.0</b>
<i>Memorandum items:</i>				
December 2008.....	24.3	27.1	48.7	100.0
September 2008.....	20.4	31.0	48.6	100.0
June 2008.....	23.4	28.8	47.7	100.0
March 2008.....	26.8	34.7	38.4	100.0

Table 9

**Opinion of the investment climate**  
(percentages)

	Worse than previous quarter	Unchanged from previous quarter	Better than previous quarter	Total
<b>Number of employees</b>				
50-199 .....	56.3	31.0	12.7	100.0
200-999 .....	55.7	35.3	9.0	100.0
Over 999 .....	62.7	29.4	7.9	100.0
<b>Sector</b>				
Industry .....	54.9	31.5	13.6	100.0
Services .....	58.2	31.8	10.0	100.0
<b>Geographical area</b>				
North-West.....	54.4	32.7	12.9	100.0
North-East.....	52.7	33.6	13.7	100.0
Centre.....	52.6	34.8	12.6	100.0
South and Islands .....	73.2	21.3	5.5	100.0
<b>Total .....</b>	<b>56.4</b>	<b>31.6</b>	<b>12.0</b>	<b>100.0</b>
<i>Memorandum items:</i>				
December 2008 .....	65.6	25.8	8.6	100.0
September 2008 .....	38.4	57.9	3.7	100.0
June 2008 .....	37.5	53.8	8.7	100.0
March 2008 .....	47.5	48.1	4.4	100.0

Table 10

**Opinion of credit conditions for business**  
(percentages)

	Worse than previous quarter	Unchanged from previous quarter	Better than previous quarter	Total
<b>Number of employees</b>				
50-199 .....	37.9	58.2	3.9	100.0
200-999 .....	34.0	64.1	1.9	100.0
Over 999 .....	33.3	61.5	5.3	100.0
<b>Sector</b>				
Industry .....	35.7	60.5	3.8	100.0
Services .....	39.0	57.7	3.3	100.0
<b>Geographical area</b>				
North-West.....	37.0	61.2	1.8	100.0
North-East.....	37.0	57.0	6.0	100.0
Centre.....	36.7	59.5	3.7	100.0
South and Islands .....	38.5	58.0	3.5	100.0
<b>Total .....</b>	<b>37.2</b>	<b>59.2</b>	<b>3.6</b>	<b>100.0</b>
<i>Memorandum item:</i>				
December 2008 .....	40.6	56.6	2.8	100.0
September 2008 .....	26.7	71.8	1.5	100.0
June 2008 .....	22.7	74.3	3.0	100.0
March 2008 .....	19.1	77.4	3.5	100.0

Table 11

**Opinion of credit conditions for business by request for new credit lines  
or extension of existing lines**  
(percentages)

	Worse than previous quarter	Unchanged from previous quarter	Better than previous quarter	Total
<b>Request for new credit lines or extension of existing lines</b>				
Yes .....	60.6	31.7	7.7	100.0
No .....	27.4	70.9	1.7	100.0
<b>Total .....</b>	<b>37.2</b>	<b>59.2</b>	<b>3.6</b>	<b>100.0</b>



Table 12

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

	Declining	Unchanged	Rising	Total
<b>Number of employees</b>				
50-199.....	30.1	63.3	6.6	100.0
200-999.....	43.7	49.7	6.7	100.0
Over 999.....	42.6	45.1	12.3	100.0
<b>Sector</b>				
Industry.....	32.7	62.1	5.2	100.0
Services.....	32.4	58.9	8.7	100.0
<b>Geographical area</b>				
North-West.....	32.5	59.9	7.6	100.0
North-East.....	29.7	59.9	10.4	100.0
Centre.....	34.3	62.6	3.0	100.0
South and Islands.....	36.3	62.1	1.5	100.0
<b>Total.....</b>	<b>32.6</b>	<b>60.7</b>	<b>6.8</b>	<b>100.0</b>
<i>Memorandum items:</i>				
December 2008.....	39.3	55.3	5.4	100.0
September 2008.....	25.4	62.0	12.7	100.0
June 2008.....	20.1	65.5	14.4	100.0
March 2008.....	14.8	63.5	21.7	100.0

Table 13

**Adjustment of labour input in the next three months**  
(average scores)<sup>(\*)</sup>

	Freeze on hiring and labour turnover	Reduction of hours & shifts (inc. WEF)	Non-renewal of fixed-term contracts	Early retirement incentives	Individual and collective lay-offs
<b>Number of employees</b>					
50-199.....	1.1	0.8	0.8	0.2	0.2
200-999.....	1.3	1.0	1.1	0.6	0.2
Over 999.....	1.1	0.6	1.0	1.0	0.1
<b>Sector</b>					
Industry.....	1.3	1.1	0.8	0.2	0.2
Services.....	1.0	0.5	0.9	0.3	0.2
<b>Geographical area</b>					
North-West.....	1.2	0.9	0.8	0.3	0.2
North-East.....	1.1	0.9	0.9	0.2	0.1
Centre.....	1.1	0.8	0.7	0.2	0.1
South and Islands.....	1.0	0.7	0.8	0.3	0.2
<b>Total.....</b>	<b>1.1</b>	<b>0.8</b>	<b>0.8</b>	<b>0.2</b>	<b>0.2</b>

(\*) Companies' opinions of the degree of use of each method (none/low/average/high) are measured on a scale from 0 to 3. A neutral position is indicated by 0.

Table 14

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

	Rate of change in selling prices...	
	... compared with 12 months earlier	... compared with the next 12 months
	Mean (robust) (**)	Mean (robust) (**)
<b>Number of employees</b>		
50-199.....	1.1	0.6
200-999.....	0.8	0.2
Over 999.....	1.0	0.7
<b>Sector</b>		
Industry.....	0.7	0.5
Services.....	1.2	0.6
<b>Geographical area</b>		
North-West.....	0.6	0.7
North-East.....	1.3	0.5
Centre.....	1.1	0.5
South and Islands.....	1.0	0.5
<b>Total</b> .....	<b>1.0</b>	<b>0.6</b>
<i>Memorandum items:</i>	Rate of change in selling prices	
December 2008.....	1.8	0.5
September 2008.....	2.9	2.4
June 2008.....	2.6	2.7
March 2008.....	2.2	1.7

(\*) 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 15

**Factors that will affect companies' selling prices**  
(average scores) <sup>(\*)</sup>

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

(\*) Companies' opinions regarding the direction and degree of the impact of each factor on future selling prices (high/average/low decrease or increase) 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:**  
**Questionnaire**



**IL SOLE 24 ORE–BANCA D'ITALIA SURVEY ON INFLATION AND GROWTH EXPECTATIONS – MARCH 2009**

**Company name** \_\_\_\_\_

**Instructions:** For percentage changes, please indicate the sign in the first box on the left (+ for increases; – for decreases).

Please state the NUMBER OF EMPLOYEES (latest available figure) \_\_\_\_\_

**SECTION A – GENERAL ECONOMIC SITUATION IN ITALY**

**A1.** In January consumer price inflation, measured by the annual change in the HARMONIZED INDEX OF CONSUMER PRICES, was 1.4 per cent in Italy and 1.1 per cent in the euro area. What do you think it will be in ITALY 12 months from now? \_\_\_\_\_%

**A2.** Compared with 3 months ago, do you think that the economic situation in Italy is  better  unchanged  worse?

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

None  From 1% to 25%  From 26% to 50%  From 51% and 75%  From 76% to 99%  100%

**SECTION B – BUSINESS CLIMATE FOR YOUR COMPANY**

How you think the business climate for your company will be

**B1.** in the next 3 months?  Better  Unchanged  Worse      **B2.** in the next 3 years?  Better  Unchanged  Worse

Please state whether and to what degree the following FACTORS will affect your company's business in the next 3 months.

Factors affecting <b>business</b> in the next 3 months	Effect on business			Degree (if negative or positive)		
	Negative	None	Positive	Low	Average	High
<b>B3.</b> The impact of changes in DEMAND on business will be...	1 _	2 _	3 _	1 _	2 _	3 _
<b>B4.</b> The impact of changes in YOUR PRICES on business will be ...	1 _	2 _	3 _	1 _	2 _	3 _
<b>B5.</b> The impact of changes in RAW MATERIALS PRICES on business will be ...	1 _	2 _	3 _	1 _	2 _	3 _
<b>B6.</b> The impact of changes in LABOUR COSTS on business will be ...	1 _	2 _	3 _	1 _	2 _	3 _
<b>B7.</b> The impact of developments in the AVAILABILITY AND COST OF CREDIT on business will be ...	1 _	2 _	3 _	1 _	2 _	3 _

**B8.** Compared with 3 months ago, the investment climate is  better  unchanged  worse

**B9.** Compared with 3 months ago, credit conditions for your company are now  better  unchanged  worse

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

**B11.** If your answer to B9 is 'Worse' and to B10 'Yes', was the credit you requested not granted  – granted but at worse conditions than usual (less credit than requested and/or higher cost)  – refused by you because the conditions were worse than usual?

**SECTION C – CHANGES IN YOUR COMPANY'S SELLING PRICES**

**C1.** In the last 12 month, what has been the average change in the prices charged by your company? \_\_\_\_\_%

**C2.** In the next 12 months, what do you expect will 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 selling prices in the next 12 months.

Factors affecting <b>prices</b> in the next 12 months	Effect on company's prices			Degree (if downward or upward)		
	Downward	Neutral	Upward	Low	Average	High
<b>C3.</b> The impact of developments in OVERALL DEMAND on your prices will be ...	1 _	2 _	3 _	1 _	2 _	3 _
<b>C4.</b> The impact of changes in RAW MATERIALS PRICES on your prices will be ...	1 _	2 _	3 _	1 _	2 _	3 _
<b>C5.</b> The impact of changes in LABOUR COSTS on your prices will be ...	1 _	2 _	3 _	1 _	2 _	3 _
<b>C6.</b> The impact of developments in the PRICING POLICIES OF MAIN COMPETITORS on your prices will be ...	1 _	2 _	3 _	1 _	2 _	3 _

**SECTION D – WORKFORCE**

**D1.** TOTAL number of employees over the next three months

Decrease      No change      Increase  
1|\_|      2|\_|      3|\_|

Do you expect to adjust labour input by any of the following means in the next 3 months?

	Method		Degree (if used)		
	No	Yes	Low	Average	High
<b>D2.</b> FREEZING on hiring and labour turnover	1 _	2 _	1 _	2 _	3 _
<b>D3.</b> REDUCTION in work hours & shifts (inc. Wage Equalization)	1 _	2 _	1 _	2 _	3 _
<b>D4.</b> NON-RENEWAL of fixed-term contracts	1 _	2 _	1 _	2 _	3 _
<b>D5.</b> INCENTIVES to take early retirement	1 _	2 _	1 _	2 _	3 _
<b>D6.</b> LAY-OFFS, whether individual or collective	1 _	2 _	1 _	2 _	3 _





## 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.
- Figures in parentheses in roman type () are provisional, those in parentheses in italics () are estimated.
- 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.

## SUPPLEMENTS TO THE STATISTICAL BULLETIN

**Money and Banking** (monthly)

**The Financial Market** (monthly)

**The Public Finances, borrowing requirement and debt** (monthly)

**Balance of Payments** (monthly)

**Financial Accounts** (quarterly)

**Payment System** (half yearly)

**Public Finance Statistics in the European Union** (annual)

**Local Government Debt** (annual)

**Household Wealth in Italy** (annual)

**Sample Surveys** (irregular)

**Methodological Notes** (irregular)

*All the supplements are available on the Bank of Italy's site ([www.bancaditalia.it](http://www.bancaditalia.it)).*

*Requests for clarifications concerning data contained in this publication can be sent by e-mail to [statistiche@bancaditalia.it](mailto:statistiche@bancaditalia.it)*

