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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 September 2010 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, Sergio Santoro and Raffaele Tartaglia Polcini. Stefania Coscarella is the editorial assistant.

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 *Banca d'Italia – Il Sole 24 Ore* quarterly survey on inflation and growth expectations were carried out between 2 and 20 September 2010. A total of 472 companies with 50 or more employees took part, 270 of which operate in industry and 202 in services (Table 1a). The response rate was 47.8 per cent (Table 2a).

The companies were asked to provide forecasts on both macroeconomic matters, such as the inflation rate and the general situation of the productive economy 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, indications 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

Inflation expectations in Italy and change in companies' selling prices

The expected rate of consumer price inflation for the next twelve months is virtually unchanged from the June survey at 1.8 per cent (Table 1 and Figure 3); this is broadly consistent with the forecasts of professional analysts for the same time horizon. Expected inflation over the next 24 months is steady at 2 per cent. In the twelve months to September, the harmonized index of consumer prices rose by 1.6 per cent,¹ 0.5 percentage points more than expected in the survey twelve months earlier.

Businesses report they increased their selling prices by 0.4 per cent in the last twelve months (Table 2), the same as in the June survey. The actual rise in prices was well below that projected by firms in September 2009 for the twelve months in question (1.1 per cent). The largest increases are reported by firms in industry (0.9 per cent, compared with basically unchanged prices in the service sector) and companies with less than 1,000 workers (0.6 per cent). Geographically, companies in the Centre have raised their prices by more than 1 per cent, while those located in other parts of the country have kept their prices at about the year-earlier level.

For the next twelve months companies expect to adjust their selling prices upwards by an average of 1.2 per cent. As in the previous survey, upward pressure on prices is expected to come from raw materials and, to a lesser extent, labour costs (Table 3); competitors' pricing policies are considered likely to exert downward pressure.

Assessment of the economic situation

Assessments of the current cyclical conditions improved slightly in the third quarter of 2010, in a context still characterized by considerable uncertainty. The percentage of respondents that think the general economic situation is unchanged from the previous quarter, already a wide majority, rose further to 66.1 per cent, from 60.9 per cent in June (Table 4); the balance between the proportion of firms seeing improvement in the general economic situation and those indicating a worsening turned positive (6.4 percentage points) for the first time since the end of 2009. At

¹ Provisional figure released by Istat on 30 September.

disaggregated level, the assessments are more optimistic in industry and in the North-West; they remain pessimistic in the service sector and among firms based in the South and Islands.

Opinions regarding the general economic outlook are also more favourable than in the previous survey, though they are still marked by caution: the share of firms that put the likelihood of an improvement in the economic situation in the next three months at greater than 25 per cent has risen by about 5 percentage points with respect to June, to 20.3 per cent (Table 5); the most optimistic companies are those with 1,000 or more employees.

Demand

Assessments of the evolution of demand in the last three months have stabilized. The share of companies reporting a decrease in demand for their products has fallen from 17.9 per cent in June to 16.6 per cent in September (Table 6), while the percentage reporting no change has edged up from 57 to 57.9 per cent and that indicating expansion from 25.1 to 25.6 per cent. The balance between firms recording an increase and those recording a decrease remains negative in services and, geographically, for firms located in the South and Islands.

Assessments are again more positive among exporting firms, particularly those that get at least one third of their sales revenues from exports, reflecting the greater liveliness of foreign as opposed to domestic demand. The balance between firms seeing an improvement in export demand and those seeing deterioration was again amply positive and slightly higher than in the previous survey (27.4 percentage points, up from 25.3 points; Table 7).

Assessment of firm's business conditions

The balance between firms expecting their business conditions to improve and those expecting a worsening remained negative but slightly less so than in June (by 0.6 as against 2.9 percentage points; Table 8), reflecting less unfavourable expectations on the part of service businesses (-5.4 points as against -10.9 per cent). In any event, more than 70 per cent of firms do not expect their business conditions to change.

Among the factors that will affect business conditions, the positive contribution expected to come from the change in demand is in line with the previous survey (Table 9); worries about labour costs, raw materials prices and, to a lesser extent, the conditions of access to credit are also essentially unchanged.

Firms' expectations of their operating conditions in the next three years are stable: a wide majority expects improvement (63.7 per cent, in line with the previous survey), while 14.8 per cent project a worsening, up from 14.4 per cent in June (Table 10). Expectations of improvement are especially widespread among industrial firms and companies with 1,000 or more employees.

Conditions for investment

Assessments of the conditions for investment, though better than in June, remained cautious in the third quarter of 2010. Nearly 74 per cent of firms report unchanged conditions, compared with 69.9 per cent in June (Table 11). The balance between firms seeing improvement and those judging the conditions for investment to be worse than in the previous quarter turned positive by 2.3 percentage points after being negative for two quarters in a row (-5.3 percentage points in June). The balance continues to be negative only for companies based in the South and Islands.

Stocks of finished products

The percentage of industrial companies that report an increase in their inventories of finished products compared with the previous quarter has fallen from 20.9 per cent in June to 16.9 per cent (Table 12). The majority that says it kept their inventory levels unchanged has increased further, from 54 to 57 per cent.

The share of companies that judge the current level of stocks to be adequate has jumped from 79.6 per cent in June to 85.1 per cent (Table 13).

Conditions of access to credit

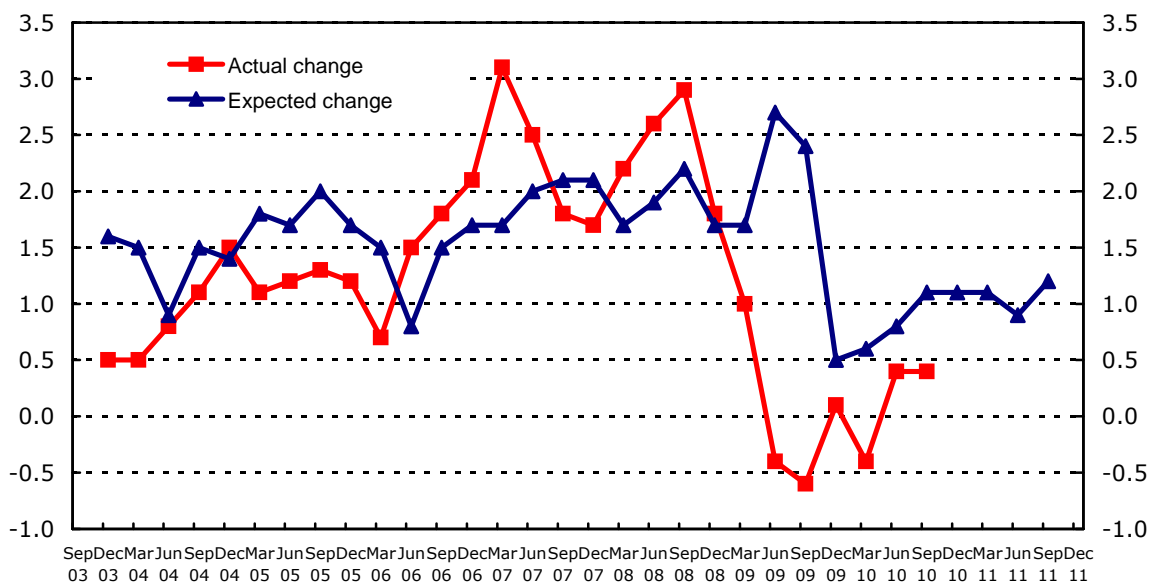
The percentage of firms that sees no change in their conditions of access to credit with respect to the previous quarter has increased further to 84.2 per cent, from 80 per cent in June (Table 14). The balance between firms reporting that credit access conditions were better and those considering them worse is less strongly negative than in June (-9.0 against -10.2 percentage points).

Employment

Short-term expectations for employment remain negative, though less so than in the June survey. For the tenth quarter in a row, firms expecting to reduce their workforce in the next three months outnumber those expecting to expand it. The negative balance has contracted sharply, however, from 11.9 percentage points in June to 3.7 points in September (Table 15).

Figure 1

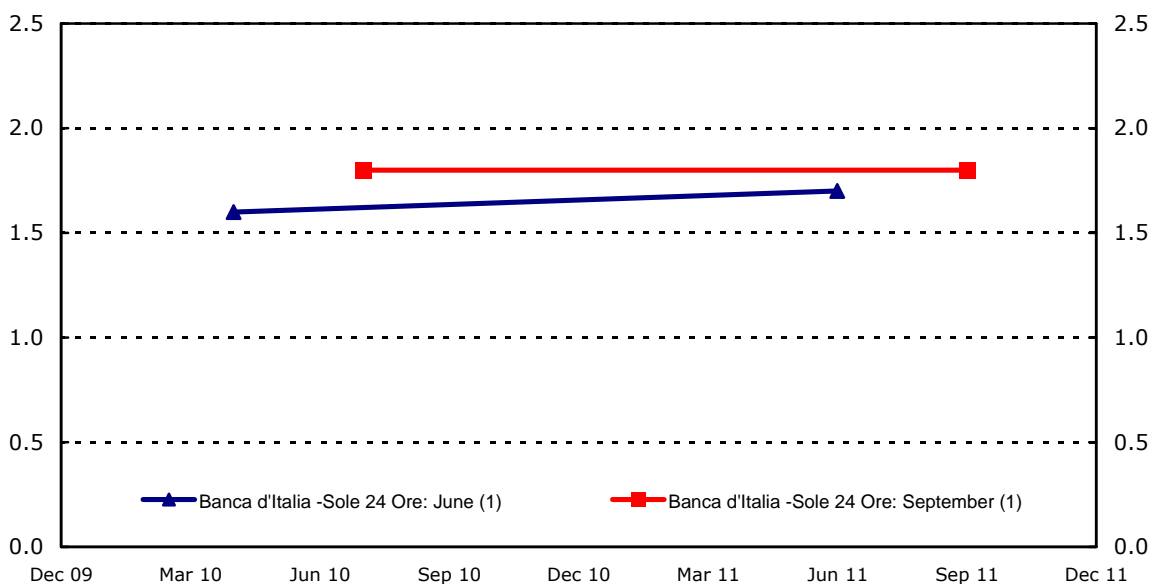
Expected and actual changes in selling prices
(percentages changes)^(*)



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

Figure 2

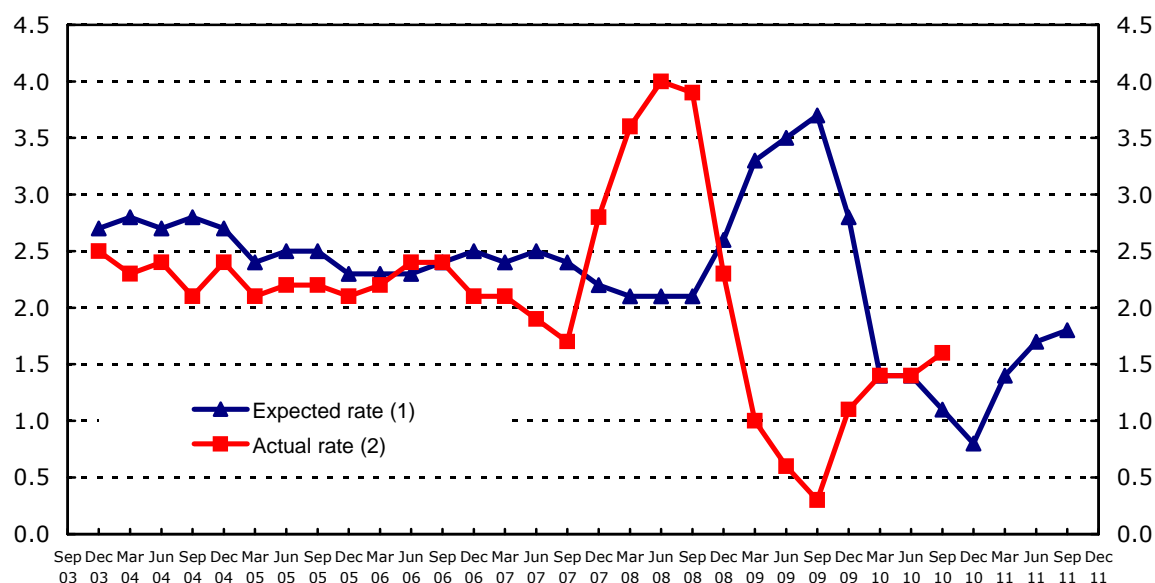
Expectations of consumer price inflation in Italy
(percentage changes on year-earlier period)



(1) The first point in each curve is the definitive 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

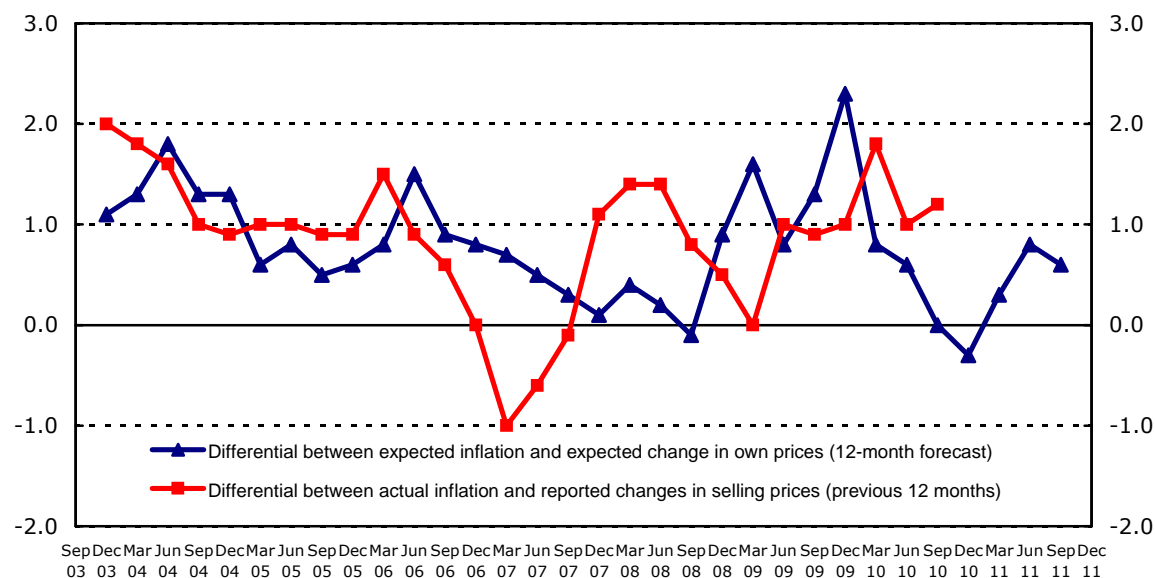
Expectations of consumer price inflation in Italy and actual rate
(percentages)



- (1) Expectations on consumer price inflation reported by companies 12 months before the reference time.
- (2) Harmonized index of consumer prices (HICP) compared with 12 months earlier.

Figure 4

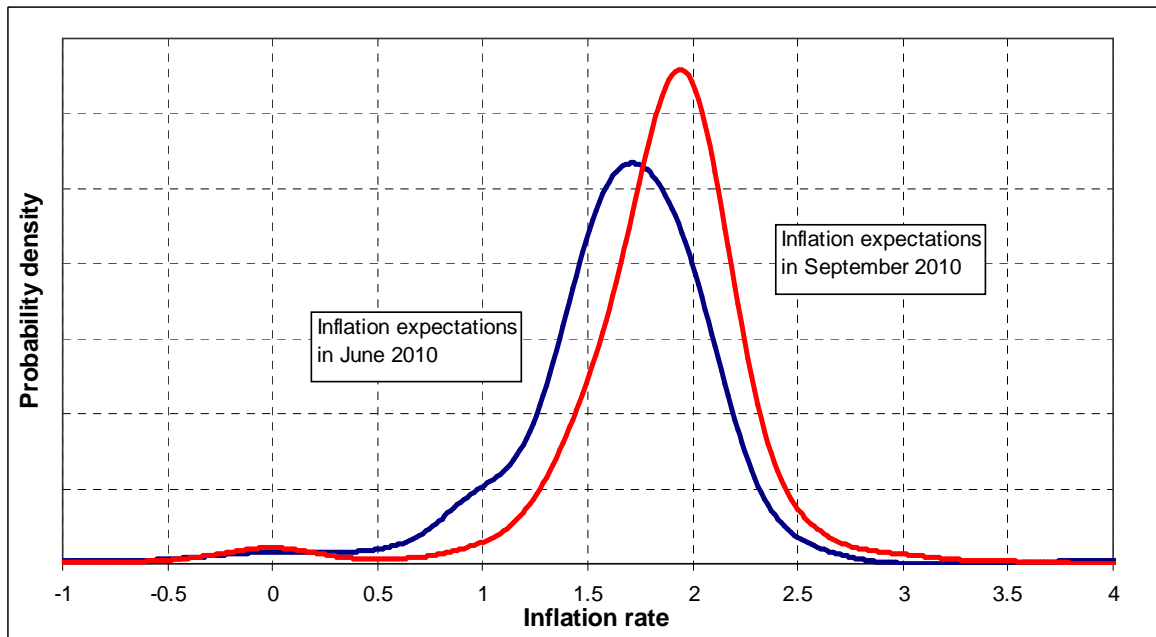
Differential between price changes reported by firms and the inflation rate: forecasts and outcomes
(percentage points)^(*)



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

Figure 5

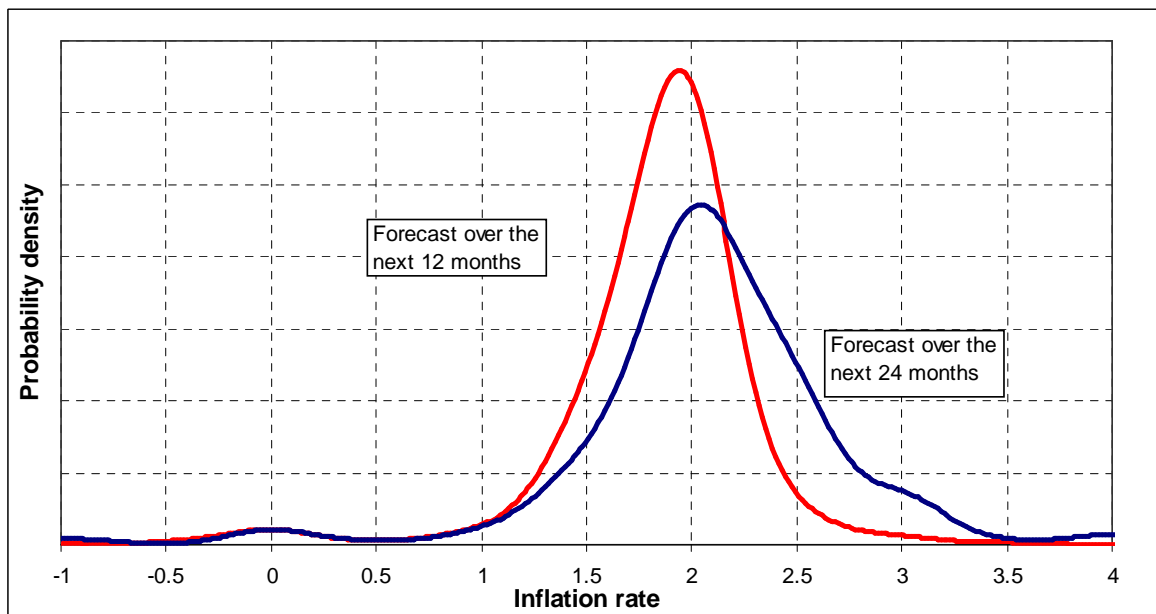
**Expectations of the inflation rate
over the next 12 months**
(kernel density)^(*)



(*) The estimates are obtained using a Gaussian kernel density with a bandwidth equal to 0.2. The red line indicates the forecast made in September. The blue line indicates the forecast made in June.

Figure 6

**Expectations of the inflation rate
over the next 12 and 24 months**
(kernel density)^(*)



(*) The estimates are obtained using a Gaussian kernel density with a bandwidth equal to 0.2. The red line indicates the forecast over the next 12 months. The blue line indicates the forecast over the next 24 months.

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 estimates. 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 ^(*) (b)	Sample coverage rate (a / b) * 100
Number of employees			
50-199.....	208	17,490	1.2
200-999.....	167	3,513	4.8
Over 999.....	97	500	19.4
Sector			
Industry.....	270	11,727	2.3
Services.....	202	9776	2.1
Geographical area			
North-West.....	180	8,484	2.1
North-East.....	155	6,134	2.5
Centre.....	79	3,774	2.1
South and Islands.....	58	3,111	1.9
Total.....	472	21,503	2.2

(*) Istat (2007).

A2. Data collection and estimates

The survey data are collected by a specialist firm which distributes the questionnaire to company managers who are best 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 (**)
Number of employees			
50-199.....	568	36.6	93.8
200-999.....	273	61.2	93.4
Over 999.....	147	66.0	95.9
Sector			
Industry.....	551	49.0	94.1
Services.....	437	46.2	94.1
Geographical area			
North-West.....	395	45.6	96.7
North-East.....	288	53.8	94.2
Centre.....	163	48.5	88.6
South and Islands.....	142	40.8	93.1
Total.....	988	47.8	94.1

(*) 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 errors) 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	Robust mean	Median	Non-response (percentages)
Consumer price inflation in Italy in the next 12 months.....	1.8	1.8	2.0	0.0
Consumer price inflation in Italy in the next 24 months.....	2.0	2.1	2.0	0.0
Change in own prices in the last 12 months.....	1.2	0.4	0.3	5.9
Change in own prices in the next 12 months	1.5	1.2	1.3	7.4

Table 4a

Standard errors
(percentages, scores)

Consumer price inflation in Italy in the next 12 months	0.03
Consumer price inflation in Italy in the next 24 months	0.04
Change in own prices in the last 12 months.....	0.76
Change in own prices in the last 12 months (robust).....	0.26
Change in own prices in the next 12 months.....	0.30
Change in own prices in the next 12 months (robust)	0.15
<u>Factors that will affect the firm's selling prices</u>	
Demand.....	0.05
Raw materials prices	0.06
Labour costs.....	0.06
Main competitors' pricing policies.....	0.06
<u>Factors that will influence the firm's business conditions</u>	
Demand	0.09
Selling prices.....	0.07
Raw materials prices	0.07
Labour costs.....	0.07
Availability and cost of credit.....	0.07

Appendix B:
Statistical Tables

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Table 1

Consumer price inflation expectations in Italy
(per cent)

	Rate of consumer price inflation in next 12 months	Rate of consumer price inflation in next 24 months
Number of employees		
50-199	1.8	2.0
200-999	1.8	2.1
Over 999	1.9	2.1
Sector		
Industry	1.8	2.0
Services.....	1.8	2.1
Geographical area		
North-West	1.8	2.0
North-East.....	1.9	2.1
Centre	1.8	1.9
South and Islands.....	1.9	2.1
Total	1.8	2.0
<i>Memorandum items:</i>		
June 2010.....	1.7	2.0
March 2010.....	1.4	1.8
December 2009.....	0.8	1.3
September 2009	1.1	1.8

Table 2

Change in companies' selling prices
(per cent) ^(*)

	Rate of change in own prices ...	
	... in last 12 months	... in next 12 months
	Mean (robust) (**)	Mean (robust) (**)
Number of employees		
50-199.....	0.6	1.5
200-999.....	0.6	1.5
Over 999.....	0.2	1.1
Sector		
Industry.....	0.9	1.3
Services.....	0.1	1.2
Geographical area		
North-West.....	0.0	1.3
North-East.....	0.3	1.4
Centre.....	1.2	0.9
South and Islands.....	0.1	1.5
Total	0.4	1.2
<i>Memorandum items:</i>		
June 2010.....	0.4	0.9
March 2010.....	-0.4	1.1
December 2009.....	0.1	1.1
September 2009.....	-0.6	1.1

(*) 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 3

Factors that will affect firms' selling 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	0.0	0.7	0.5	-0.5
200-999	0.0	0.7	0.4	-0.7
Over 999	0.1	0.7	0.2	-0.6
Sector				
Industry	0.0	0.7	0.4	-0.5
Services	0.0	0.7	0.3	-0.7
Geographical area				
North-West.....	0.0	0.7	0.3	-0.8
North-East.....	0.0	1.3	0.5	-0.9
Centre.....	0.3	0.3	0.1	-0.2
South and Islands	-0.2	0.6	0.4	-0.7
Total.....	0.0	0.7	0.3	-0.6
<i>Memorandum items:</i>				
June 2010	0.1	0.6	0.3	-0.6
March 2010	-0.1	0.5	0.4	-0.7
December 2009	0.1	0.4	0.2	-0.3
September 2009.....	0.1	0.6	0.3	-0.4

(*) Companies' opinions regarding the direction and magnitude of the impact of each factor on future selling prices (large/average/small decrease or increase) were scored on a scale of -3 to 3. A neutral position was assigned a score of 0. Companies' responses are weighted by the number of employees to account for the impact of size.

Table 4

Assessment of the general state of the economy
(percentages)

	Worse than in previous quarter	Unchanged from previous quarter	Better than in previous quarter	Total
Number of employees				
50-199	13.9	65.5	20.6	100.0
200-999	14.6	66.7	18.7	100.0
Over 999	2.5	81.1	16.4	100.0
Sector				
Industry	11.7	63.8	24.5	100.0
Services	16.1	68.9	15.0	100.0
Geographical area				
North-West	9.7	68.7	21.6	100.0
North-East	14.1	65.5	20.4	100.0
Centre	13.8	66.9	19.3	100.0
South and Islands	23.9	59.5	16.6	100.0
Total	13.7	66.1	20.1	100.0
<i>Memorandum items:</i>				
June 2010	23.4	60.9	15.6	100.0
March 2010	21.8	60.5	17.7	100.0
December 2009	15.8	65.3	18.9	100.0
September 2009	16.4	63.9	19.6	100.0

Table 5

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

(percentages)

	Nil	1-25%	26-50%	51-75%	76-100%	Total
Number of employees						
50-199	29.7	50.0	13.0	5.7	1.6	100.0
200-999	33.2	48.9	12.5	4.0	1.3	100.0
Over 999	14.0	51.5	21.6	12.3	0.7	100.0
Sector						
Industry	23.3	52.5	15.5	7.0	1.7	100.0
Services.....	37.7	46.7	10.4	3.9	1.3	100.0
Geographical area						
North-West	23.1	50.7	17.1	6.5	2.7	100.0
North-East.....	22.4	60.3	12.4	4.9	0.1	100.0
Centre	43.0	43.7	7.0	6.3	0.0	100.0
South and Islands	47.2	34.9	11.4	3.6	3.0	100.0
Exports' share of sales						
From Zero to 1/3.....	34.4	48.3	10.9	4.3	2.1	100.0
Between 1/3/ and 2/3	14.9	50.2	22.6	11.7	0.6	100.0
More than 2/3.....	27.1	56.8	12.2	3.8	0.1	100.0
Total	29.9	49.8	13.2	5.6	1.5	100.0
<i>Memorandum items:</i>						
June 2010.....	36.5	48.4	9.7	3.7	1.8	100.0
March 2010.....	33.3	50.4	10.4	4.9	0.9	100.0
December 2009.....	30.7	49.6	10.0	8.6	1.0	100.0
September 2009	30.3	53.8	8.0	6.5	1.5	100.0

Table 6

Trend in total demand for firm's product
(percentages)

	Decreased from previous quarter	Unchanged from previous quarter	Increased from previous quarter	Total
Number of employees				
50-199	16.7	58.6	24.7	100.0
200-999	16.1	53.2	30.7	100.0
Over 999	14.6	63.2	22.2	100.0
Sector				
Industry	12.7	54.6	32.7	100.0
Services.....	21.2	61.8	17.0	100.0
Geographical area				
North-West	12.4	64.0	23.5	100.0
North-East.....	16.3	52.0	31.7	100.0
Centre	14.3	62.1	23.6	100.0
South and Islands	31.1	47.3	21.7	100.0
Exports' share of sales				
From Zero to 1/3.....	19.1	60.6	20.3	100.0
Between 1/3 and 2/3	6.7	55.2	38.1	100.0
More than 2/3.....	16.9	48.0	35.2	100.0
Total	16.6	57.9	25.6	100.0
<i>Memorandum items:</i>				
June 2010.....	17.9	57.0	25.1	100.0
March 2010.....	25.0	51.5	23.6	100.0
December 2009.....	20.6	55.7	23.7	100.0
September 2009	25.6	53.3	21.2	100.0

Table 7

Foreign demand for the firm's products
(percentages) ^(*)

	Decreased from previous quarter	Unchanged from previous quarter	Increased from previous quarter	Total
Number of employees				
50-199	10.3	52.2	37.5	100.0
200-999	12.3	47.4	40.3	100.0
Over 999	6.9	51.6	41.5	100.0
Sector				
Industry	10.2	50.3	39.5	100.0
Services.....	12.7	55.1	32.1	100.0
Geographical area				
North-West	10.2	52.2	37.6	100.0
North-East.....	10.0	48.0	42.0	100.0
Centre	14.2	47.4	38.4	100.0
South and Islands	8.8	63.9	27.3	100.0
Total	10.7	51.2	38.1	100.0
<i>Memorandum items:</i>				
June 2010.....	12.9	48.9	38.2	100.0
March 2010.....	13.4	50.0	36.7	100.0
December 2009.....	20.6	53.7	25.8	100.0
September 2009	24.9	52.1	23.0	100.0

(*) For exporting firms only.

Table 8

Three-month forecast of the firm's business conditions
(percentages)

	Deterioration	No change	Improvement	Total
Number of employees				
50-199	14.8	71.9	13.2	100.0
200-999	13.9	69.5	16.6	100.0
Over 999	9.2	74.7	16.1	100.0
Sector				
Industry	12.3	72.3	15.4	100.0
Services.....	17.3	70.8	11.9	100.0
Geographical area				
North-West	15.6	70.9	13.5	100.0
North-East.....	10.9	77.0	12.1	100.0
Centre	20.9	67.1	12.1	100.0
South and Islands.....	11.1	68.5	20.4	100.0
Total	14.5	71.6	13.9	100.0
<i>Memorandum items:</i>				
June 2010.....	18.0	66.9	15.1	100.0
March 2010.....	17.2	66.4	16.4	100.0
December 2009.....	14.4	73.2	12.5	100.0
September 2009	18.7	63.4	17.9	100.0

Table 9

Factors which will affect the firm's business conditions
(average scores)^(*)

	Change in demand	Change in selling prices	Change in raw materials prices	Change in labour costs	Change in credit conditions
Number of employees					
50-199	0.6	0.1	-0.8	-0.8	-0.4
200-999	0.6	0.2	-0.9	-0.6	-0.2
Over 999	0.4	0.2	-0.4	-0.3	-0.3
Sector					
Industry.....	0.8	0.0	-1.0	-0.6	-0.4
Services.....	0.3	0.3	-0.5	-0.9	-0.4
Geographical area					
North-West	0.6	0.2	-0.6	-0.6	-0.2
North-East.....	0.6	0.1	-0.8	-0.8	-0.3
Centre	0.3	-0.1	-1.1	-1.0	-0.6
South and Islands.....	0.7	0.2	-0.9	-0.7	-0.6
Total	0.6	0.1	-0.8	-0.8	-0.4
<i>Memorandum items:</i>					
June 2010.....	0.4	0.0	-0.9	-0.7	-0.4
March 2010.....	0.4	0.1	-0.5	-0.6	-0.2
December 2009.....	0.4	0.1	-0.5	-0.8	-0.5
September 2009	0.3	0.0	-0.4	-0.7	-0.3

(*) Companies' opinions regarding the direction and magnitude of the expected impact of each factor on their own business conditions in the next three months (large/average/small decrease or increase) were scored on a scale of -3 to 3. A neutral position was assigned a score of 0.

Table 10

Three-year forecast of the firm's business conditions
((percentages))

	Deterioration	No change	Improvement	Total
Number of employees				
50-199	15.2	22.8	62.0	100.0
200-999	13.2	16.1	70.7	100.0
Over 999	10.1	15.5	74.4	100.0
Sector				
Industry	12.8	20.4	66.8	100.0
Services.....	17.1	22.9	60.1	100.0
Geographical area				
North-West	12.7	20.3	67.0	100.0
North-East.....	13.4	24.2	62.5	100.0
Centre	25.4	17.9	56.7	100.0
South and Islands.....	10.0	24.2	65.8	100.0
Total	14.8	21.5	63.7	100.0
<i>Memorandum items:</i>				
June 2010.....	14.4	22.0	63.6	100.0
March 2010.....	9.9	21.9	68.2	100.0
December 2009.....	11.6	13.0	75.4	100.0
September 2009	9.4	16.9	73.7	100.0

Table 11

Assessment of conditions for investment
(percentages)

	Worse than in previous quarter	Unchanged from previous quarter	Better than in previous quarter	Total
Number of employees				
50-199	11.9	74.0	14.1	100.0
200-999	13.0	71.2	15.8	100.0
Over 999	5.2	85.7	9.1	100.0
Sector				
Industry	10.5	76.5	13.0	100.0
Services	13.7	70.7	15.6	100.0
Geographical area				
North-West	10.4	73.4	16.2	100.0
North-East	11.1	74.0	14.9	100.0
Centre	12.1	73.9	14.0	100.0
South and Islands	17.5	74.9	7.6	100.0
Total	11.9	73.9	14.2	100.0
<i>Memorandum items:</i>				
June 2010	17.7	69.9	12.4	100.0
March 2010	15.6	70.6	13.8	100.0
December 2009	13.0	70.5	16.5	100.0
September 2009	13.9	66.3	19.8	100.0

Table 12

Change in stocks of finished products
(percentages)^(*)

	Decreasing from previous quarter	No change	Increasing from previous quarter	Total
Number of employees				
50-199	25.7	57.7	16.6	100.0
200-999	27.6	53.8	18.6	100.0
Over 999	26.7	61.1	12.2	100.0
Geographical area				
North-West	25.7	53.9	20.4	100.0
North-East.....	30.0	58.9	11.1	100.0
Centre	18.6	62.1	19.4	100.0
South and Islands.....	26.6	56.0	17.4	100.0
Exports' share of sales				
From Zero to 1/3.....	21.1	64.1	14.8	100.0
Between 1/3 and 2/3	30.8	49.6	19.7	100.0
More than 2/3.....	30.6	51.3	18.1	100.0
Total	26.1	57.0	16.9	100.0
<i>Memorandum items:</i>				
June 2010.....	25.2	54.0	20.9	100.0

(*) Question for industrial firms only.

Table 13

Current level of stocks of finished products
(percentages)^(*)

	Low	Adequate	High	Total
Number of employees				
50-199	6.9	84.6	8.4	100.0
200-999	3.6	87.1	9.3	100.0
Over 999	5.5	83.4	11.2	100.0
Geographical area				
North-West	6.6	88.3	5.2	100.0
North-East.....	4.9	83.9	11.2	100.0
Centre	8.5	85.1	6.4	100.0
South and Islands.....	6.1	78.2	15.7	100.0
Exports' share of sales				
From Zero to 1/3.....	6.1	91.2	2.7	100.0
Between 1/3 and 2/3	5.3	77.6	17.1	100.0
More than 2/3.....	8.0	81.5	10.5	100.0
Total	6.3	85.1	8.6	100.0
<i>Memorandum items:</i>				
June 2010.....	4.4	79.6	16.0	100.0
March 2010.....	4.7	82.5	12.8	100.0

(*) Question for industrial firms only.

Table 14

Assessment of credit conditions for firms
(percentages)

	Worse than in previous quarter	Unchanged from previous quarter	Better than in previous quarter	Total
Number of employees				
50-199	13.1	83.5	3.4	100.0
200-999	10.2	86.1	3.7	100.0
Over 999	3.0	94.7	2.3	100.0
Sector				
Industry	8.7	87.9	3.4	100.0
Services	16.8	79.8	3.4	100.0
Geographical area				
North-West	8.2	88.5	3.2	100.0
North-East	12.4	83.5	4.1	100.0
Centre	16.5	80.5	3.1	100.0
South and Islands	18.3	78.7	3.0	100.0
Total	12.4	84.2	3.4	100.0
<i>Memorandum items:</i>				
June 2010	15.1	80.0	4.9	100.0
March 2010	16.2	79.1	4.7	100.0
December 2009	19.9	74.8	5.3	100.0
September 2009	18.6	75.0	6.3	100.0

Table 15

Three-month forecast of workforce
(percentages)

	Decrease	No change	Increase	Total
Number of employees				
50-199	17.2	68.0	14.8	100.0
200-999	24.3	61.1	14.6	100.0
Over 999	18.1	68.5	13.5	100.0
Sector				
Industry.....	21.5	66.2	12.3	100.0
Services.....	14.7	67.7	17.6	100.0
Geographical area				
North-West	19.0	67.6	13.4	100.0
North-East.....	20.6	64.0	15.4	100.0
Centre	15.3	69.0	15.7	100.0
South and Islands.....	16.2	67.9	15.9	100.0
Total	18.4	66.9	14.7	100.0
<i>Memorandum items:</i>				
June 2010.....	23.3	65.2	11.4	100.0
March 2010.....	19.0	69.7	11.3	100.0
December 2009.....	28.6	61.7	9.7	100.0
September 2009	29.2	59.6	11.2	100.0

Appendix C:
Questionnaire

IL SOLE 24 ORE – BANCA D'ITALIA SURVEY ON INFLATION AND GROWTH EXPECTATIONS – **SEPTEMBER 2010**

Company name _____

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

Sector: _____ (1=Manufacturing; 2=Other industry; 3=Trade; 4=Other services)	EMPLOYEES: _____	Exports: <input type="checkbox"/> Yes, more than 2/3 <input type="checkbox"/> Yes, 1/3-2/3 <input type="checkbox"/> Yes, up to 1/3 of sales revenues <input type="checkbox"/> No
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SECTION A – GENERAL ECONOMIC SITUATION OF THE COUNTRY

A1. In July consumer price inflation, measured by the 12-month change in the HARMONIZED INDEX OF CONSUMER PRICES, was 1.8 per cent in Italy and 1.8 per cent in the euro area. What do you think it will be in Italy...
 In 12 months? _____ In 24 months? _____
 _____% _____%

A2. Compared with 3 months ago, do you consider Italy's general economic situation is ...? Better The same Worse

A3. What do you think is the probability of an improvement in Italy's general economic situation in the next 3 months?
 Zero 1-25 per cent 26-50 per cent 51-75 per cent 76-99 per cent 100 per cent

SECTION B – YOUR FIRM'S BUSINESS CONDITIONS

How do you think business conditions for your company will be:

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

Please indicate whether and with what intensity the following FACTORS will affect your firm's business in the next 3 months.

Factors affecting your firm's business In the next 3 months	Effect on business			Intensity (if not nil)		
	Negative	Nil	Positive	Low	Average	High
B3. The effect of changes in DEMAND will be ...	1 _	2 _	3 _	1 _	2 _	3 _
B4. The effect of changes in YOUR PRICES will be ...	1 _	2 _	3 _	1 _	2 _	3 _
B5. The effect of changes in RAW MATERIALS PRICES will be ...	1 _	2 _	3 _	1 _	2 _	3 _
B6. The effect of changes in LABOUR COSTS will be ...	1 _	2 _	3 _	1 _	2 _	3 _
B7. The effect of developments in the AVAILABILITY and the COST OF CREDIT will be ...	1 _	2 _	3 _	1 _	2 _	3 _

B8. Compared with 3 month ago, do you think conditions for investment are ... ? Better The same Worse

B9. Compared with three months ago, is the total demand for your products ... ? Higher Unchanged Lower

B10. Compared with three months ago, is the foreign demand for your products ... ? Higher Unchanged Lower

B11. Compared with three months ago, are credit conditions for your company ...? Better Unchanged Worse

B12. Compared with 3 months ago, are your stocks of finished products ... ?
 Much lower Lower Unchanged Higher Much higher

B13. In view of the current and expected demand for your products in the coming months, do you consider your stocks of finished products are currently ... ? Very low Low Adequate High Very high

SECTION C – CHANGES IN YOUR FIRM'S SELLING PRICES

C1. In the last 12 months, what has been the average change in your firm's prices? _____%

C2. For the next 12 months, what do you expect will be the average change in your firm's prices? _____%

Please indicate in what direction and with what intensity the following FACTORS will affect your firm's selling prices in the next 12 months.

Factors affecting your firm's prices in the next 12 months	Effect on firm's selling prices			Intensity (if not nil)		
	Downward	Neutral	Upward	Low	Average	High
C3. The effect of changes in TOTAL DEMAND will be ...	1 _	2 _	3 _	1 _	2 _	3 _
C4. The effect of changes in RAW MATERIALS PRICES will be ...	1 _	2 _	3 _	1 _	2 _	3 _
C5. The effect of changes in LABOUR COSTS will be ...	1 _	2 _	3 _	1 _	2 _	3 _
C6. The effect of the PRICING POLICIES of your firm's main competitors will be ...	1 _	2 _	3 _	1 _	2 _	3 _

SECTION D – WORKFORCE

D1. Your firm's TOTAL NUMBER of employees in the next 3 months will be:

Lower	Unchanged	Higher
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 and International Investment Position (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).

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

