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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 2012 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, Marianna Riggi, Raffaele Tartaglia Polcini and Fabrizio Venditti. Stefania Coscarella helped with the editing and the tables.

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 latest Banca d'Italia – Il Sole 24 Ore quarterly survey on inflation and growth expectations were carried out between 1 and 20 March 2012. A total of 742 companies with 50 or more employees took part, of which 386 operate in industry and 356 in services (Table 1a). The response rate was 40 per cent (Table 2a).

The companies were asked to provide forecasts both on macroeconomic matters, such as the inflation rate and the general state of the productive economy in Italy, and on issues regarding 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. The main findings

Inflation expectations in Italy and change in companies' selling prices

The expected rates of consumer price inflation show a decrease compared with the December survey that was slightly less pronounced for the 6- and 12-month time horizons, for which the rate fell to 3.2 per cent, from 3.3 and 3.4 per cent, respectively; it was sharper for the 2-year time horizon, for which it fell from 3.4 to 3 per cent (Table 1 and Figure 1). The projections are higher than the corresponding forecasts by professional analysts, especially for the long term. In March the twelve-month increase in consumer prices was 3.8 per cent,¹ 1.5 percentage points higher than expected in the year-earlier survey (Figure 2).

Businesses reported that they had raised their selling prices by 1.7 per cent from a year earlier (Table 2), 0.4 percentage points less than reported in the December survey. The increase was basically in line with the figure firms had expected twelve months earlier (1.8 per cent; Figure 3). Larger increases were reported by firms located in the Centre (2.5 per cent).

For the next twelve months firms expect to raise their selling prices by 1.9 per cent, as against the forecast of 1.7 per cent in the December survey. The increase in selling prices will be driven mainly by raw material prices, while the pricing policies of firms' main competitors will act as a brake (Table 3).

Assessment of the general economic situation

There was a sharp increase in the percentage of firms that reported an improvement in the general economic situation (from just under 2 per cent in the December survey to 17.5 per cent), while the proportion of those that reported a worsening fell from about 75 per cent in December to 41.5 per cent (Table 4). The negative balance between expectations of an improvement and a deterioration declined for the first time since March 2011. The proportion of firms reporting an improvement in the general economic situation was higher in the North-West and among large firms.

Compared with the previous survey, there was a reduction from 52.4 to 40.4 per cent in the proportion of firms that saw zero probability of an improvement in the general economic situation in the next three months (Table 5).

¹ Provisional figure published by Istat on 30 March 2012.

Demand

Firms' assessments of the demand for their products in the last three months were also more optimistic: the negative balance between expectations of an increase and a decrease fell from 34.3 percentage points in the December survey to 28.4 points (Table 6). Although still negative, the balance improved with the proportion of turnover generated on foreign markets.

Exporting firms' assessments of the demand for their products on foreign markets were basically unchanged compared with the previous quarter: about one quarter of firms reported an improvement, while another quarter reported a reduction (Table 7). There was a slight improvement in exporting firms' expectations for the next three months: the proportion of those expecting an increase in foreign demand for their products rose from 28.2 to 32.1 per cent, while the proportion of those expecting a decrease declined from 15.1 to 12 per cent (Table 8).

Assessment of firms' business conditions

The proportion of firms expecting a deterioration in business conditions in the next three months fell sharply, from 50 per cent in the December survey to 31.1 per cent. Although to a lesser extent, that of firms expecting an improvement rose, from 5.2 to 9.6 per cent (Table 9). Among the factors expected to influence business conditions in the next three months, the most important remains the virtually unchanged negative impact of raw material prices and credit conditions (Table 10).

The percentage of firms expecting an improvement in business conditions over the next three years rose from 48.4 per cent in the previous survey to 59 per cent (Table 11). By contrast, 19.3 per cent of the firms surveyed expected business conditions to worsen, against 29.6 per cent in December.

Conditions for investment

The percentage of firms that reported a worsening in investment conditions in the last quarter. showed a large fall to 36.5 per cent, from the 66 per cent recorded in the previous survey (Table 12). The balance between firms expecting an improvement and those expecting a deterioration remained negative but fell to 26.1 percentage points, from 60 points in the previous survey.

Firms' liquidity and access to credit

Firms' assessments of their liquidity in the next three months did not change significantly compared with the December survey: 27.8 per cent expected it to be inadequate, while 60.5 per cent expected it to be adequate (Table 13). The outlook appeared more pessimistic for small firms.

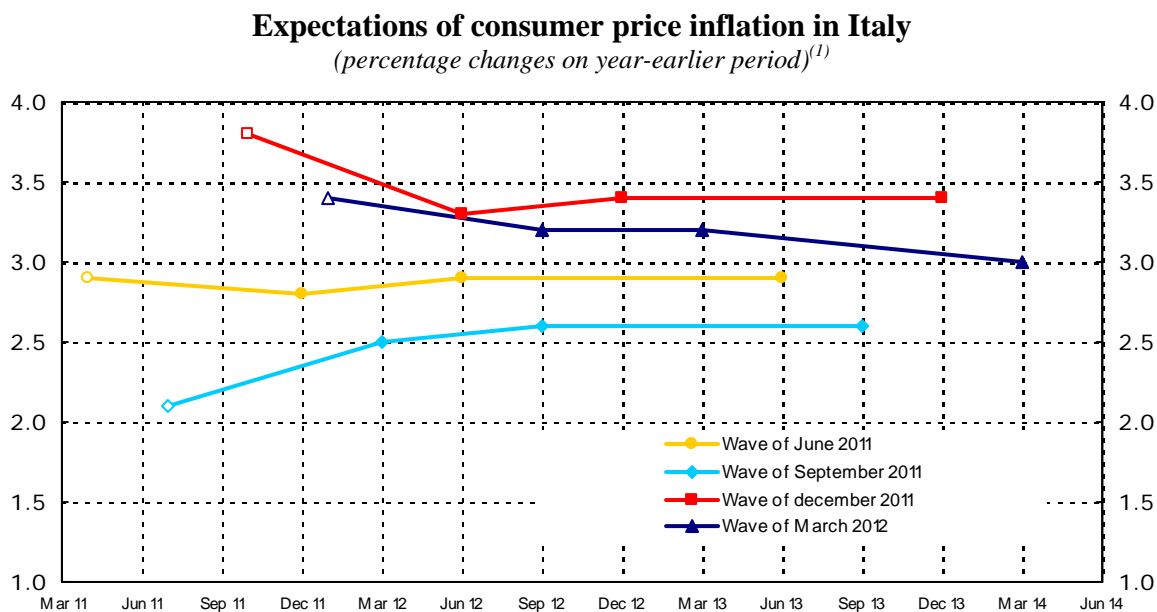
In this survey businessmen were asked whether, excluding normal seasonal fluctuations, their bank deposits had decreased during the last quarter. Some 45.1 per cent of firms reported a contraction (Table 14), which was mainly due to the reduction in revenues (Table 15). This phenomenon appears to have been less pronounced for large firms (23.1 per cent).

The proportion of firms reporting that their conditions of access to credit had deteriorated in the last three months declined to 33.9 per cent, from 49.7 per cent in the previous survey (Table 16). the percentage of firms reporting an improvement remained low, rising from 2 per cent three months earlier to 3.7 per cent.

Employment

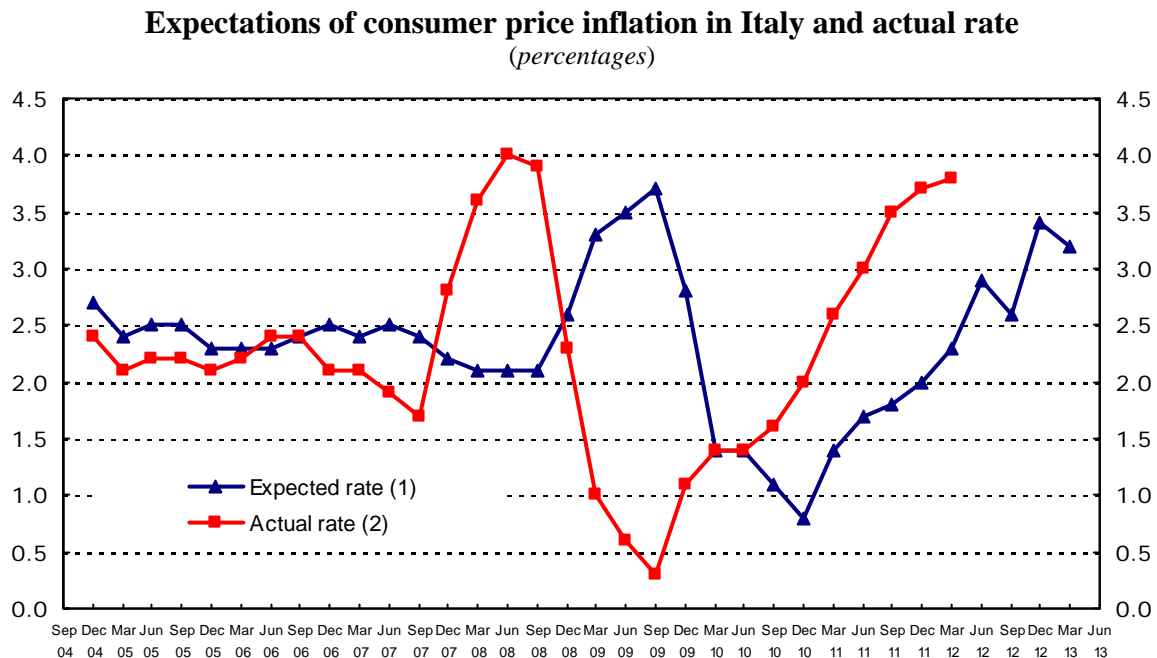
The proportion of firms expecting their employment to remain unchanged in the next three months remained stable at about two thirds (Table 17). The negative balance between expectations of an increase and a decrease narrowed from -16.9 to -9.5 percentage points.

Figure 1



(1) The first point in each curve is the latest definitive inflation data 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 six months; the third point is the average of the interviewees' forecasts for the next twelve months; the fourth point is the average of the interviewees' forecasts for the next twenty-four months.

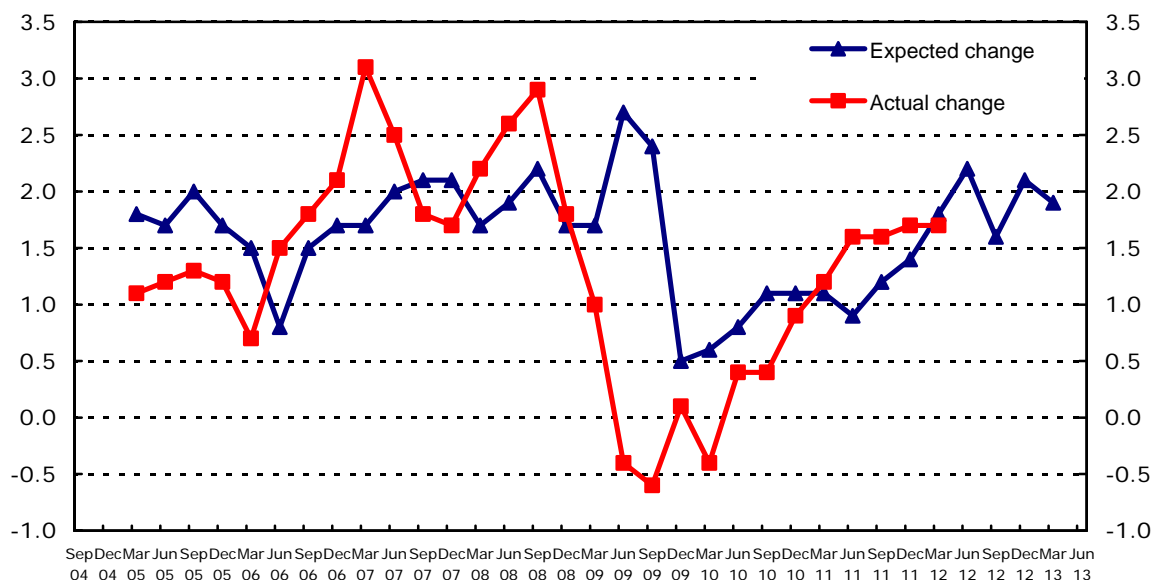
Figure 2



(1) Expectations on consumer price inflation reported by companies 12 months before the reference time.
 (2) Actual Harmonized Index of Consumer Prices (HICP).

Figure 3

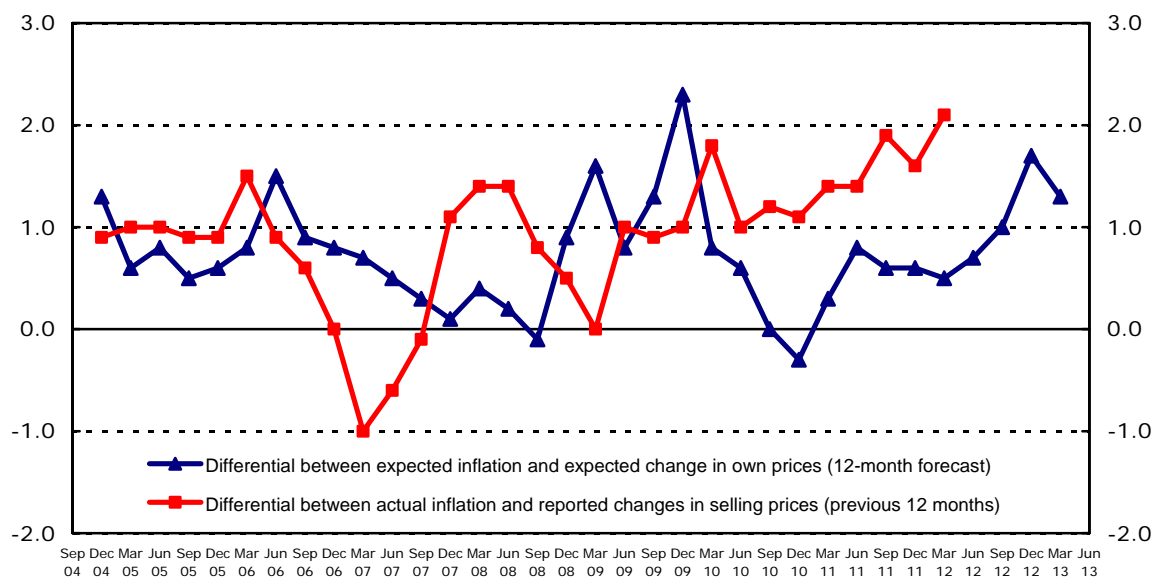
Expected and actual changes in selling prices
(percentage changes)^(*)



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

Figure 4

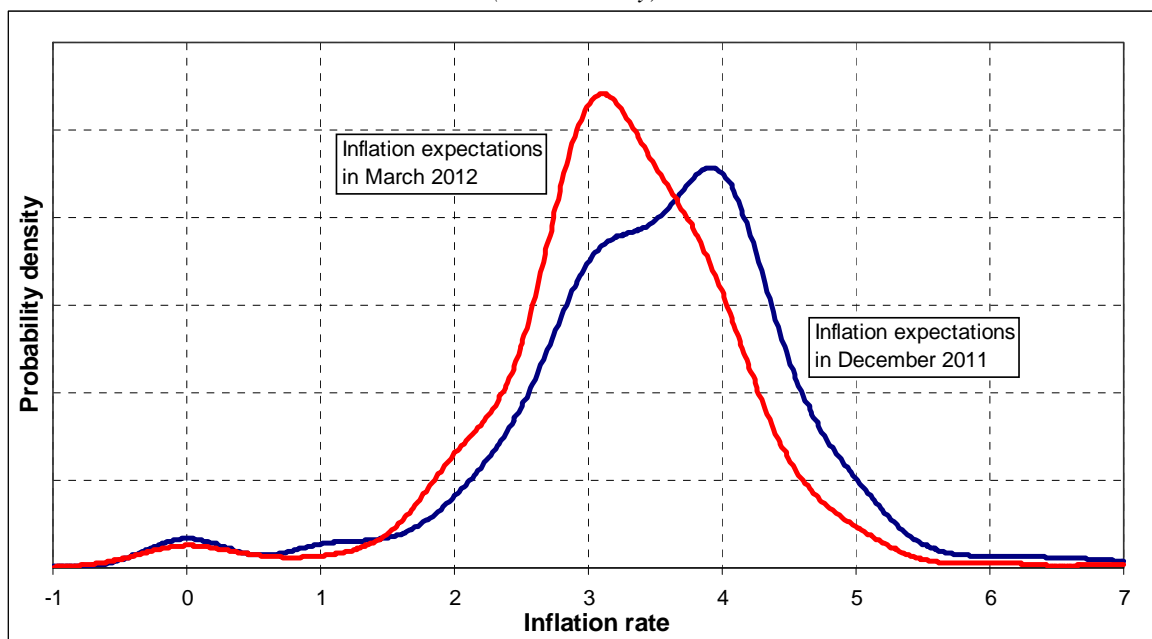
Differential between price changes reported by firms and the inflation rate: forecasts and outcomes
(percentage points)^(*)



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

Figure 5

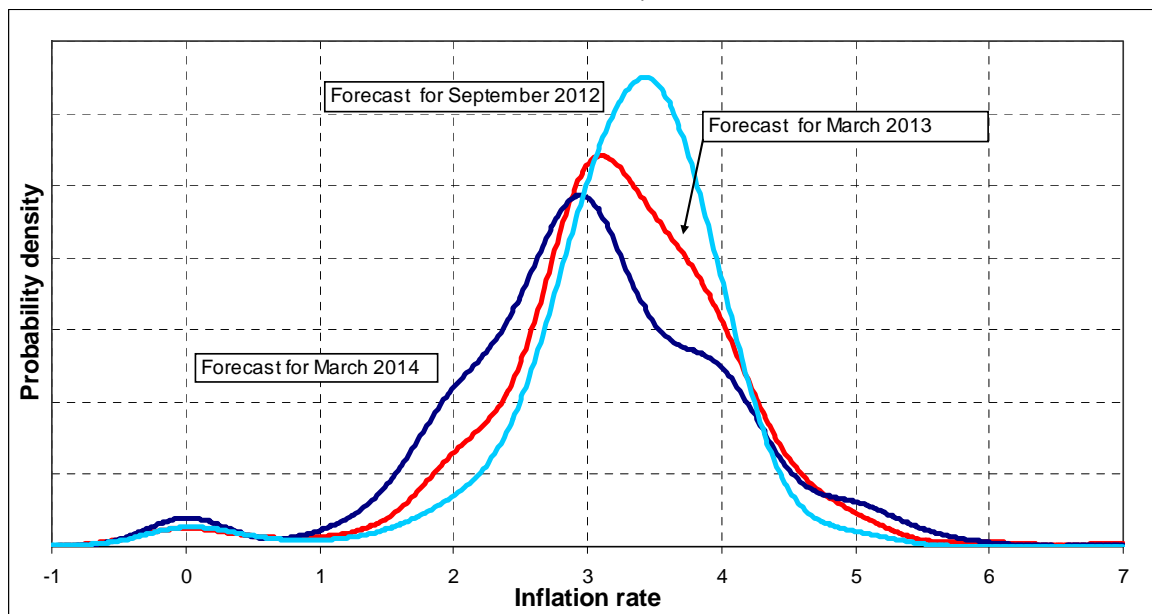
**Expectations of the inflation rate
over the next 12 months**
(kernel density)^(*)



(*) 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 2011. The blue line indicates the forecast made in June 2011.

Figure 6

**Expectations of the inflation rate
over the next 6, 12 and 24 months**
(kernel density)^(*)



(*) The estimates are obtained using a Gaussian kernel density with a bandwidth equal to 0.2. The light blue line indicates the forecast over the next 6 months. The red line indicates the forecast over the next 12 months. The dark 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.....	349	17,528	2.0
200-999.....	255	3,622	7.0
Over 999.....	138	540	25.6
Sector			
Industry.....	386	11,427	3.4
Services.....	356	10,263	3.5
Geographical area			
North-West.....	216	8,500	2.5
North-East.....	213	6,108	3.6
Centre.....	160	3,844	4.2
South and Islands.....	153	3,238	4.7
Total.....	742	21,690	3.4

(*) Istat (2009).

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.....	1,369	25.5	95.1
200-999.....	325	78.5	92.9
Over 999.....	160	86.3	96.4
Sector			
Industry.....	979	39.4	94.3
Services.....	875	40.7	94.9
Geographical area			
North-West.....	529	40.8	97.7
North-East.....	523	40.7	94.8
Centre.....	370	43.2	93.8
South and Islands.....	432	35.4	90.8
Total.....	1,854	40.0	94.6

(*) 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 6 months.....	3.2	3.3	3.4	0.0
Consumer price inflation in Italy in the next 12 months.....	3.2	3.2	3.2	0.0
Consumer price inflation in Italy in the next 24 months.....	3.0	3.1	3.0	0.0
Change in own prices in the last 12 months.....	1.8	1.7	1.8	5.5
Change in own prices in the next 12 months.....	2.0	1.9	2.5	6.3

Table 4a

Standard errors
(percentages, scores)

Consumer price inflation in Italy in the next 6 months	0.04
Consumer price inflation in Italy in the next 12 months	0.05
Consumer price inflation in Italy in the next 24 months	0.05
Change in own prices in the last 12 months	0.24
Change in own prices in the last 12 months (robust).....	0.14
Change in own prices in the next 12 months.....	0.23
Change in own prices in the next 12 months (robust)	0.21
<u>Factors that will affect the firm's selling prices</u>	
Demand.....	0.05
Raw materials prices	0.06
Labour costs.....	0.05
Main competitors' pricing policies.....	0.05
<u>Factors that will influence the firm's business conditions</u>	
Demand	0.07
Selling prices.....	0.06
Raw materials prices	0.06
Labour costs.....	0.06
Availability and cost of credit.....	0.07
<u>Factors that influenced the reduction in firm's bank deposits</u>	
Increasing difficulty in accessing bank credit	0.08
Reduction in revenues.....	0.05
Other factors.....	0.07

Appendix B:
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Table 1

Consumer price inflation expectations in Italy
(percentage changes on the preceding twelve months)

	Consumer price inflation expectations...		
	...after 6 months	...after 12 months	...after 24 months
Number of employees			
50-199	3.3	3.2	3.1
200-999	3.2	3.2	3.0
Over 999	2.9	2.8	2.5
Sector			
Industry	3.3	3.2	3.1
Services.....	3.2	3.2	3.0
Geographical area			
North-West	3.3	3.2	3.0
North-East.....	3.1	3.1	2.9
Centre	3.3	3.2	3.1
South and Islands	3.2	3.3	3.1
Total	3.2	3.2	3.0
<i>Memorandum items:</i>			
December 2011	3.3	3.4	3.4
September 2011	2.5	2.6	2.6
June 2011	2.8	2.9	2.9
March 2011	2.2	2.3	2.4

Table 2

Change in companies' selling prices
(per cent)⁽¹⁾

	Rate of change in own prices ...	
	... in last 12 months	... in next 12 months
	Mean (robust) ⁽²⁾	Mean (robust) ⁽²⁾
Number of employees		
50-199.....	1.2	1.4
200-999.....	1.6	1.6
Over 999.....	1.9	2.1
Sector		
Industry.....	1.5	1.6
Services.....	1.9	2.0
Geographical area		
North-West.....	1.7	1.6
North-East.....	1.6	2.1
Centre.....	2.5	2.2
South and Islands.....	1.0	1.4
Total.....	1.7	1.9
<i>Memorandum items:</i>		
December 2011.....	2.1	1.7
September 2011.....	1.6	1.6
June 2011.....	1.6	2.2
March 2011.....	1.2	1.8

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

(2) 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)⁽¹⁾

	Change in demand	Change in raw materials prices	Change in labour costs	Pricing policies of main competitors
Number of employees				
50-199	-0.1	0.8	0.5	-0.5
200-999	-0.3	0.8	0.4	-0.5
Over 999	1.2	2.1	0.2	-2.0
Sector				
Industry	-0.2	0.8	0.3	-0.6
Services	1.0	1.9	0.3	-1.8
Geographical area				
North-West.....	0.1	0.9	0.4	-0.6
North-East.....	1.2	2.2	0.2	-2.2
Centre.....	0.0	0.6	0.3	-0.2
South and Islands	-0.2	0.8	0.6	-0.5
Total.....	0.7	1.6	0.3	-1.4
<i>Memorandum items:</i>				
December 2011	-0.2	0.5	0.4	-0.5
September 2011	0.0	0.8	0.5	-0.7
June 2011	0.1	0.9	0.4	-0.4
March 2011	0.0	1.2	0.4	-0.4

(1) 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
with respect to previous quarter**
(percentages)

	Worse	Unchanged	Better	Total
Number of employees				
50-199	42.1	40.7	17.2	100.0
200-999	40.1	42.6	17.2	100.0
Over 999	32.1	42.5	25.4	100.0
Sector				
Industry	37.6	45.5	16.9	100.0
Services	45.9	36.1	18.0	100.0
Geographical area				
North-West.....	32.2	43.4	24.4	100.0
North-East.....	50.7	37.3	12.0	100.0
Centre.....	46.0	43.2	10.8	100.0
South and Islands	42.8	39.5	17.8	100.0
Total	41.5	41.0	17.5	100.0
<i>Memorandum items:</i>				
December 2011	75.9	22.2	1.9	100.0
September 2011	63.3	35.6	1.1	100.0
June 2011	26.0	61.8	12.3	100.0
March 2011	19.6	60.8	19.7	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	41.9	38.5	10.1	8.0	1.6	100.0
200-999	35.8	43.3	12.0	7.2	1.6	100.0
Over 999	25.4	32.4	31.3	8.6	2.2	100.0
Sector						
Industry	36.9	40.2	12.8	8.2	1.9	100.0
Services.....	44.4	37.9	8.9	7.4	1.3	100.0
Geographical area						
North-West	30.7	38.2	15.3	12.5	3.2	100.0
North-East.....	48.4	42.2	4.6	4.7	0.1	100.0
Centre	51.8	32.3	9.2	5.6	1.0	100.0
South and Islands	37.4	43.7	13.6	4.2	1.1	100.0
Exports' share of sales						
From Zero to 1/3.....	41.2	39.9	10.0	6.7	2.2	100.0
Between 1/3/ and 2/3	36.9	40.0	15.9	6.6	0.5	100.0
More than 2/3.....	41.1	34.5	9.6	14.7	0.1	100.0
Total	40.4	39.1	11.0	7.9	1.6	100.0
<i>Memorandum items:</i>						
December 2011	52.4	35.2	8.2	4.2	0.0	100.0
September 2011	53.8	35.6	8.6	2.0	0.0	100.0
June 2011	41.8	41.7	13.2	2.8	0.5	100.0
March 2011	34.5	48.9	14.1	1.8	0.7	100.0

Table 6

**Trend in total demand for firm's product
with respect to previous quarter**
(percentages)

	Decreased	Unchanged	Increased	Total
Number of employees				
50-199	41.4	45.9	12.7	100.0
200-999	35.1	55.9	9.0	100.0
Over 999	40.2	49.4	10.4	100.0
Sector				
Industry	35.9	48.0	16.0	100.0
Services.....	45.4	47.2	7.4	100.0
Geographical area				
North-West	39.8	49.8	10.4	100.0
North-East.....	38.5	45.3	16.2	100.0
Centre	43.8	46.2	10.0	100.0
South and Islands.....	41.3	48.0	10.7	100.0
Exports' share of sales				
From Zero to 1/3.....	44.9	44.8	10.4	100.0
Between 1/3 and 2/3	33.7	50.7	15.6	100.0
More than 2/3.....	27.3	57.4	15.3	100.0
Total	40.4	47.6	12.0	100.0
<i>Memorandum items:</i>				
December 2011	42.7	48.8	8.4	100.0
September 2011	32.4	57.4	10.2	100.0
June 2011	21.5	53.9	24.6	100.0
March 2011	19.3	54.2	26.5	100.0

Table 7

**Foreign demand for the firm's products
with respect to previous quarter**
(percentages)⁽¹⁾

	Decreased	Unchanged	Increased	Total
Number of employees				
50-199	25.6	50.1	24.3	100.0
200-999	18.1	54.1	27.8	100.0
Over 999	11.5	62.0	26.5	100.0
Sector				
Industry	25.1	48.6	26.3	100.0
Services.....	20.1	60.1	19.8	100.0
Geographical area				
North-West	24.5	50.6	24.9	100.0
North-East.....	25.2	49.2	25.7	100.0
Centre	22.5	55.8	21.7	100.0
South and Islands.....	21.2	50.8	28.0	100.0
Total	24.0	51.0	24.9	100.0
<i>Memorandum items:</i>				
December 2011	22.7	51.5	25.8	100.0
September 2011	24.2	55.7	20.1	100.0
June 2011	16.4	44.4	39.2	100.0
March 2011	11.5	50.0	38.5	100.0

(1) For exporting firms only.

Table 8

Three-month forecast of the foreign demand for the firm's products
(percentages)⁽¹⁾

	Decrease	No change	Increase	Total
Number of employees				
50-199	13.4	54.8	31.8	100.0
200-999	5.7	59.9	34.5	100.0
Over 999	9.4	66.4	24.2	100.0
Sector				
Industry	11.2	54.9	33.9	100.0
Services.....	14.9	59.8	25.3	100.0
Geographical area				
North-West	8.2	63.6	28.2	100.0
North-East.....	10.9	52.2	36.9	100.0
Centre	24.0	47.7	28.3	100.0
South and Islands.....	10.4	50.5	39.1	100.0
Total	12.0	55.9	32.1	100.0
<i>Memorandum items:</i>				
December 2011	15.1	56.6	28.2	100.0
September 2011	18.0	60.4	21.6	100.0
June 2011.....	5.6	59.4	35.0	100.0

(1) For exporting firms only.

Table 9

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

	Deterioration	No change	Improvement	Total
Number of employees				
50-199	30.9	59.1	10.1	100.0
200-999	33.1	59.4	7.5	100.0
Over 999	26.0	65.1	9.0	100.0
Sector				
Industry	24.3	63.0	12.7	100.0
Services.....	38.7	55.1	6.1	100.0
Geographical area				
North-West	26.9	61.1	12.1	100.0
North-East.....	36.7	56.0	7.3	100.0
Centre	33.7	57.3	9.0	100.0
South and Islands.....	28.6	63.0	8.4	100.0
Total	31.1	59.3	9.6	100.0
<i>Memorandum items:</i>				
December 2011	50.0	44.8	5.2	100.0
September 2011	38.1	58.1	3.8	100.0
June 2011	18.4	65.9	15.7	100.0
March 2011	15.8	69.1	15.1	100.0

Table 10

Factors which will affect the firm's business conditions
(average scores)⁽¹⁾

	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	0.0	0.0	-1.1	-0.9	-1.0
200-999	-0.2	-0.2	-1.0	-0.7	-1.0
Over 999	-0.5	0.4	-1.1	-0.8	-0.6
Sector					
Industry	-0.1	-0.1	-1.2	-0.8	-1.0
Services.....	-0.1	0.0	-1.0	-0.9	-0.9
Geographical area					
North-West	0.0	0.0	-1.2	-0.7	-0.7
North-East.....	-0.2	0.0	-1.0	-0.9	-1.0
Centre	-0.3	-0.3	-1.2	-1.0	-1.4
South and Islands.....	0.1	0.2	-0.9	-0.8	-1.0
Total	-0.1	0.0	-1.1	-0.9	-1.0
<i>Memorandum items:</i>					
December 2011	-0.4	-0.1	-0.9	-0.9	-1.1
September 2011	0.0	-0.1	-1.0	-0.7	-0.7
June 2011	0.4	0.0	-1.0	-0.8	-0.5
March 2011	0.6	0.1	-1.2	-0.6	-0.5

(1) 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 11

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

	Deterioration	No change	Improvement	Total
Number of employees				
50-199	19.1	22.9	58.0	100.0
200-999	21.4	16.4	62.2	100.0
Over 999	10.9	20.2	68.9	100.0
Sector				
Industry	15.3	16.6	68.1	100.0
Services.....	23.7	27.5	48.8	100.0
Geographical area				
North-West	15.4	16.2	68.4	100.0
North-East.....	25.9	25.9	48.1	100.0
Centre	22.5	25.3	52.3	100.0
South and Islands.....	13.5	24.4	62.1	100.0
Total	19.3	21.7	59.0	100.0
<i>Memorandum items:</i>				
December 2011	29.6	22.0	48.4	100.0
September 2011	25.6	24.6	49.8	100.0
June 2011	17.9	21.9	60.1	100.0
March 2011	14.0	21.3	64.7	100.0

Table 12

**Assessment of conditions for investment
with respect to previous quarter**
(percentages)

	Worse	Unchanged	Better	Total
Number of employees				
50-199	37.6	52.4	10.0	100.0
200-999	32.8	56.2	11.0	100.0
Over 999	24.4	56.9	18.7	100.0
Sector				
Industry	33.8	56.1	10.1	100.0
Services	39.4	49.8	10.8	100.0
Geographical area				
North-West.....	28.9	57.0	14.1	100.0
North-East.....	43.0	48.5	8.4	100.0
Centre.....	41.3	51.9	6.8	100.0
South and Islands	38.3	53.2	8.4	100.0
Total	36.5	53.1	10.4	100.0
<i>Memorandum items:</i>				
December 2011	66.0	28.0	6.0	100.0
September 2011	50.5	43.3	6.3	100.0
June 2011	20.7	69.9	9.4	100.0
March 2011	19.9	69.2	10.9	100.0

Table 13

Overall liquidity position in the next three months
(percentages)

	Insufficient	Sufficient	More than sufficient	Total
Number of employees				
50-199	30.5	58.8	10.8	100.0
200-999	16.7	68.4	14.9	100.0
Over 999	12.9	65.7	21.4	100.0
Sector				
Industry	27.7	60.5	11.8	100.0
Services	28.0	60.5	11.6	100.0
Geographical area				
North-West	23.3	60.9	15.8	100.0
North-East.....	25.8	61.1	13.0	100.0
Centre	34.3	59.5	6.2	100.0
South and Islands.....	35.5	59.6	4.9	100.0
Total	27.8	60.5	11.7	100.0
<i>Memorandum items:</i>				
December 2011	31.1	55.8	13.1	100.0

Table 14

Reduction in bank deposits in the last three months
(percentages)

	No	Yes	Total
Number of employees			
50-199	53.0	47.0	100.0
200-999	60.6	39.4	100.0
Over 999	76.9	23.1	100.0
Sector			
Industry	55.3	44.7	100.0
Services	54.4	45.6	100.0
Geographical area			
North-West.....	62.2	37.8	100.0
North-East.....	51.0	49.0	100.0
Centre.....	49.4	50.6	100.0
South and Islands	49.6	50.4	100.0
Total	54.9	45.1	100.0

Table 15

Factors contributing to the reduction in bank deposits
in the last three months
(average scores)⁽¹⁾⁽²⁾

	Increasing difficulty in accessing bank credit	Reduction in revenues	Other factors ⁽³⁾
Number of employees			
50-199	1.6	2.2	1.5
200-999	1.5	2.1	1.5
Over 999	1.4	1.9	1.7
Sector			
Industry	1.6	2.1	1.7
Services	1.5	2.3	1.3
Geographical area			
North-West.....	1.7	2.2	1.6
North-East.....	1.4	2.1	1.4
Centre.....	1.6	2.3	1.5
South and Islands	1.6	2.4	1.7
Total	1.6	2.2	1.5

(1) The question was put only to firms that had responded affirmatively to the question on the reduction in bank deposits. – (2) Firms' assessments of the intensity of the impact of each factor on the reduction of their bank deposits (none, small, average and large) were scored on a scale from 0 to 3. – (3) E.g. difficulty in obtaining trade credit, rebalancing of the firm's financial portfolio, perceived uncertainty regarding the financial system.

Table 16

**Assessment of credit conditions for firms
with respect to previous quarter**
(percentages)

	Worse	Unchanged	Better	Total
Number of employees				
50-199	35.4	61.3	3.3	100.0
200-999	28.8	65.7	5.6	100.0
Over 999	20.0	75.2	4.7	100.0
Sector				
Industry	34.1	62.5	3.4	100.0
Services	33.7	62.2	4.1	100.0
Geographical area				
North-West	28.1	67.6	4.3	100.0
North-East	41.5	56.0	2.5	100.0
Centre	34.1	62.3	3.6	100.0
South and Islands	34.5	60.8	4.7	100.0
Total	33.9	62.4	3.7	100.0
<i>Memorandum items:</i>				
December 2011	49.7	48.3	2.0	100.0
September 2011	28.6	68.1	3.4	100.0
June 2011	15.2	79.1	5.7	100.0
March 2011	15.1	82.7	2.2	100.0

Table 17

Three-month forecast of workforce
(percentages)

	Decrease	No change	Increase	Total
Number of employees				
50-199	19.8	68.7	11.5	100.0
200-999	27.2	60.3	12.5	100.0
Over 999	27.3	59.9	12.8	100.0
Sector				
Industry	16.0	71.9	12.2	100.0
Services.....	27.1	61.7	11.2	100.0
Geographical area				
North-West	18.4	67.1	14.5	100.0
North-East.....	20.4	67.4	12.2	100.0
Centre	23.0	68.8	8.2	100.0
South and Islands.....	27.9	64.5	7.7	100.0
Total	21.2	67.1	11.7	100.0
<i>Memorandum items:</i>				
December 2011	25.0	67.0	8.1	100.0
September 2011	22.7	64.5	12.8	100.0
June 2011	17.5	66.6	16.0	100.0
March 2011	15.2	69.6	15.2	100.0

Appendix C:
Questionnaire

IL SOLE 24 ORE – BANCA D'ITALIA SURVEY ON INFLATION AND GROWTH EXPECTATIONS – MARCH 2012

Company name _____

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

Sector: _____ EMPLOYEES: _____ Exports: Yes. more than 2/3 Yes. 1/3-2/3
 (1=Manufacturing; 2=Other industry; 3=Trade; 4=Other services) Yes. up to 1/3 of sales revenues No

SECTION A – GENERAL ECONOMIC SITUATION OF THE COUNTRY

A1. In January consumer price inflation, measured by the 12-month change in the HARMONIZED INDEX OF CONSUMER PRICES, was 3.4 per cent in Italy and 2.6 per cent in the euro area. What do you think it will be in Italy...
 ...in Sep. 2012? ...in March 2013? ...in March 2014?
 _____% _____% _____%

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? Much better Better The same Worse Much worse

B2. in the next 3 years? Much better Better The same Worse Much worse

For each of the above forecasts imagine there are 100 points available; distribute them among the possible forecasts according to the probability assigned to each one. How do you think business conditions for your company will be:

	Better			The same			Worse			Total		
B3. in the next 3 months										1	0	0
B4. in the next 3 years										1	0	0

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
B5. changes in DEMAND	1 _	2 _	3 _	1 _	2 _	3 _
B6. changes in YOUR PRICES	1 _	2 _	3 _	1 _	2 _	3 _
B7. changes in RAW MATERIALS PRICES	1 _	2 _	3 _	1 _	2 _	3 _
B8. changes in LABOUR COSTS	1 _	2 _	3 _	1 _	2 _	3 _
B9. AVAILABILITY and the COST OF CREDIT	1 _	2 _	3 _	1 _	2 _	3 _

B10. Compared with 3 month ago, do you think conditions for investment are ... ? Better The same Worse

B11. What do you think your liquidity situation will be in the next 3 months, given the expected change in the conditions of access to credit? Insufficient Sufficient More than sufficient

B12. In the last three months, excluding normal seasonal fluctuations, did you reduce your bank deposits? No Yes

If yes, what contribution did each of the following factors make?	None	Small	Average	Large
B12A. Increasing difficulty in accessing bank credit	1 _	2 _	3 _	4 _
B12B. Reduction in revenues	1 _	2 _	3 _	4 _
B12C. Other factors (e.g. difficulty in accessing trade credit; rebalancing of the firm's financial portfolio, perceived uncertainty regarding the financial system)	1 _	2 _	3 _	4 _

B13. Compared with three months ago, is the total demand for your products ... ? Higher Unchanged Lower

B14. Compared with three months ago, is the foreign demand for your products ... ? Higher Unchanged Lower

B15. How will the foreign demand for your products vary in the next 3 months? Increase No change Decrease

B16. Compared with three months ago, are credit conditions for your company ...? Better Unchanged Worse

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 direction and intensity of the following FACTORS as they 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. TOTAL DEMAND	1 _	2 _	3 _	1 _	2 _	3 _
C4. RAW MATERIALS PRICES	1 _	2 _	3 _	1 _	2 _	3 _
C5. LABOUR COSTS	1 _	2 _	3 _	1 _	2 _	3 _
C6. PRICING POLICIES of your firm's main competitors	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

