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CONTENTS

	page
1. Introduction	5
2. The main findings	5
Appendix A: Methodological Notes	11
Appendix B: Statistical Tables	17
Appendix C: Questionnaire.....	37

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 June 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 Lorenzo Bencivelli, Giuseppe Ilardi and Raffaele Tartaglia Polcini.

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 survey on inflation and growth expectations were carried out between 1 and 21 June 2012. A total of 750 firms with 50 or more employees took part, of which 408 operate in industry and 342 in services (Table 1a). The response rate was 40.1 per cent (Table 2a).

The companies were asked to provide forecasts 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 assessments are accompanied by backward-looking judgments 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, 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 for the 6-month time horizon were revised upwards, from 3.2 per cent in the March survey to 3.4 per cent; those for the 12-month and 2-year time horizons also increased, from 3.2 to 3.3 per cent and from 3.0 to 3.2 per cent, respectively (Table 1 and Figure 1). As in the March survey, the projections are higher than the corresponding forecasts by professional analysts, especially for the longer time horizons. In June the harmonized twelve-month increase in consumer prices was 3.6 per cent,¹ more than half a percentage point higher than expected in the year-earlier survey.

Firms estimated that their selling prices had risen by 1.8 per cent from a year earlier (Table 2), slightly above the 1.7 per cent increase reported in the March survey, but lower than the 1-year forecasts in the June 2011 survey (Figure 2). The biggest increases were recorded in the Centre of Italy and among larger firms. For the next twelve months, firms expect to raise their selling prices by 1.3 per cent. The slowdown mainly reflects the lower rate of increase in raw material prices (Table 3).

Assessment of the general economic situation

During the spring pessimism regarding the general economic situation deepened: the percentage of firms indicating that conditions deteriorated in the second quarter rose from 41.5 per cent in the March survey to 70 per cent, bringing the balance between positive and negative judgments to levels close to the lows recorded last autumn (Table 4). Unfavourable assessments prevailed across all size categories and geographical areas, especially in the Centre and North-East and among smaller firms.

Looking ahead, the proportion of firms that saw zero probability of an improvement in the general economic situation in the next three months rose to almost 60 per cent (Table 5); slightly less pessimistic assessments were reported by medium-sized and large firms, while firms operating in the service sector were more pessimistic.

¹ Provisional figure published by Istat on 28 June 2012.

Demand

Firms' assessments of overall demand for their products also worsened (Table 6), albeit to a limited degree: the negative balance between expectations of an increase and a decrease widened from 28.4 percentage points in the March survey to 33.5 percentage points. Less pessimistic opinions were recorded among firms in the Centre of Italy and in the industrial sector as a whole, above all owing to the larger share of turnover generated by exports.

The positive balance between expectations of an improvement or worsening of foreign demand increased from 0.9 percentage points in the last survey to 4.1 percentage points (Table 7); the prevalent outlook, accounting for close to 50 per cent of assessments, continued to be for no change. Medium-sized firms and service firms gave the most favourable judgments, while the assessments of firms in the South were markedly less favourable than the average. Looking ahead, 29.4 per cent of exporting firms expect demand for their products on foreign markets to increase, compared with 32.1 per cent in the March survey (Table 8), with few differences across size categories and geographical areas.

Assessment of firms' business conditions

The proportion of firms expecting their business conditions to deteriorate rose sharply to 41.4 per cent, from 31.1 per cent in the March survey (Table 9), and as a result the negative balance between those expecting improvement and deterioration worsened from -21.5 to -37.8 percentage points. Among the factors cited, raw materials prices lost importance, while the change in aggregate demand was seen as more significant (Table 10). The deterioration in the assessment of business conditions was especially marked among respondents resident in the North-East; in the North-West the prevalent outlook was for no change.

For the longer term, 55.3 per cent of the firms expect conditions to improve over the next three years, down from 59 per cent in March (Table 11). The situation was worst in the service sector, where the positive balance between expectations of improvement and deterioration was just 16.9 percentage points, compared with 45.1 in industry (the corresponding figures in March were 25.1 and 52.8 points).

Conditions for investment

The negative balance between the firms expecting worse and those expecting better conditions for investment widened sharply to -47.4 percentage points, from -26.1 points in March (Table 12). The assessments of large firms were the least pessimistic.

Firms' liquidity and access to credit

There was a marginal improvement in firms' overall liquidity position. The positive balance between those expecting liquidity to be sufficient or more than sufficient and those expecting it to be insufficient over the next three months increased to 47.8 percentage points from 44.4 in March. The gain was mostly due to the responses of larger firms and those located in the North.

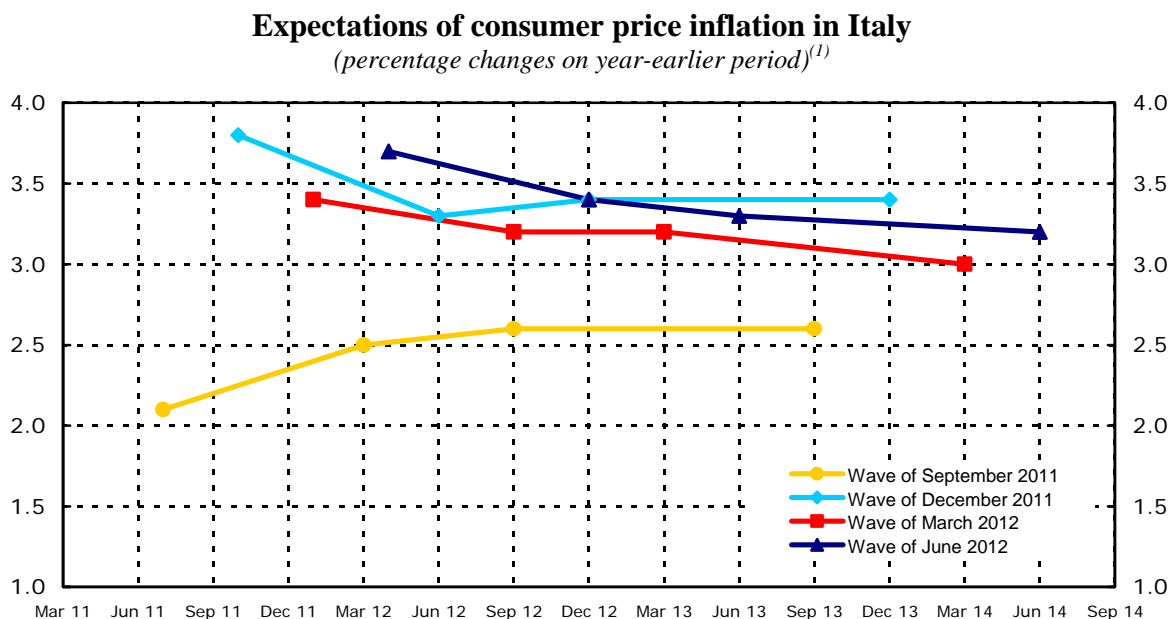
Businesses' judgments on the state of their bank deposits, on a seasonally adjusted basis, also improved somewhat. The percentage of firms reporting a contraction declined from 45.1 to 42.8 per cent (Table 14). For the country as a whole the decline in deposits was due principally to a reduction in revenues and, to a lesser extent, to difficulty in accessing bank credit and the need to rebalance portfolios in response to financial market uncertainty (Table 15).

There was no significant change since March in firms' conditions of access to credit (Table 16). Almost two thirds of the firms said that conditions were unchanged in the three months, while those reporting deterioration continued to outnumber those reporting improvement by 31 percentage points.

Workforce

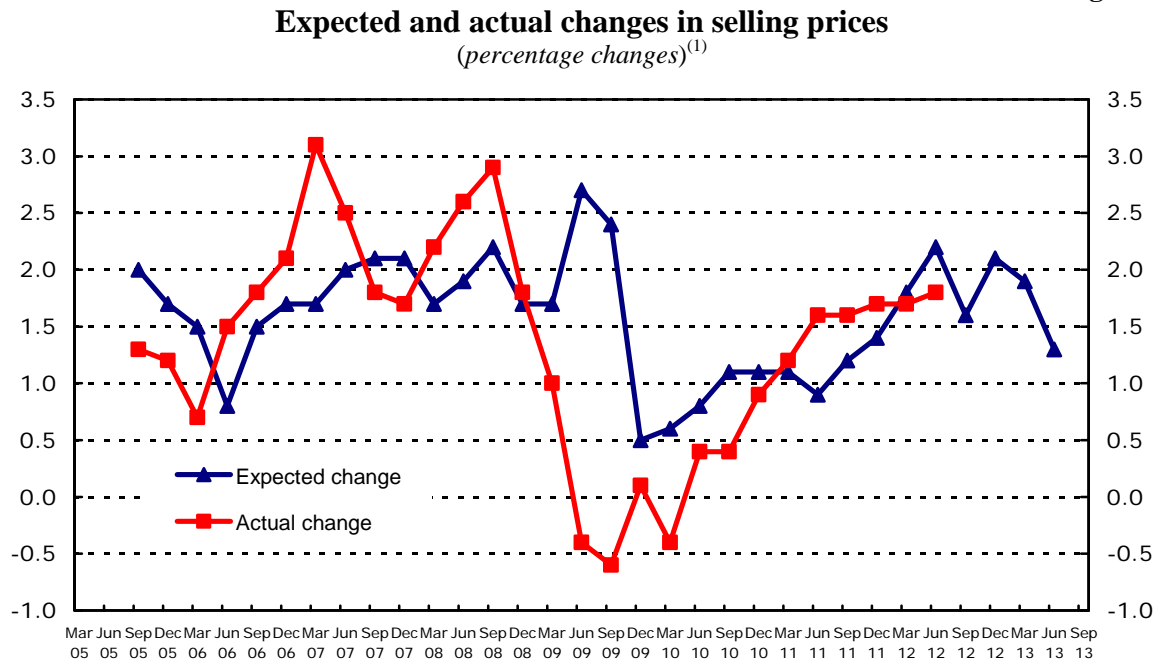
Forecasts of workforce changes over the next three months were more pessimistic than in March. The negative balance between expectations of increase and decrease widened from -9.5 to -17.1 percentage points (Table 17). The most pessimistic outlook was reported by firms located in the Centre and the South.

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.

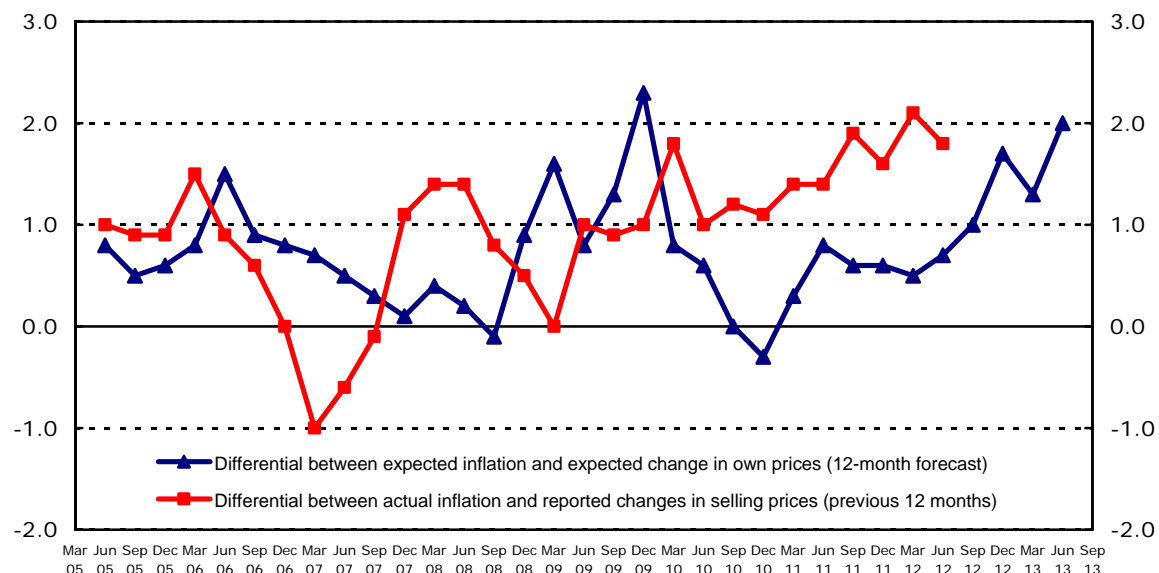
Figure 2



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

Figure 3

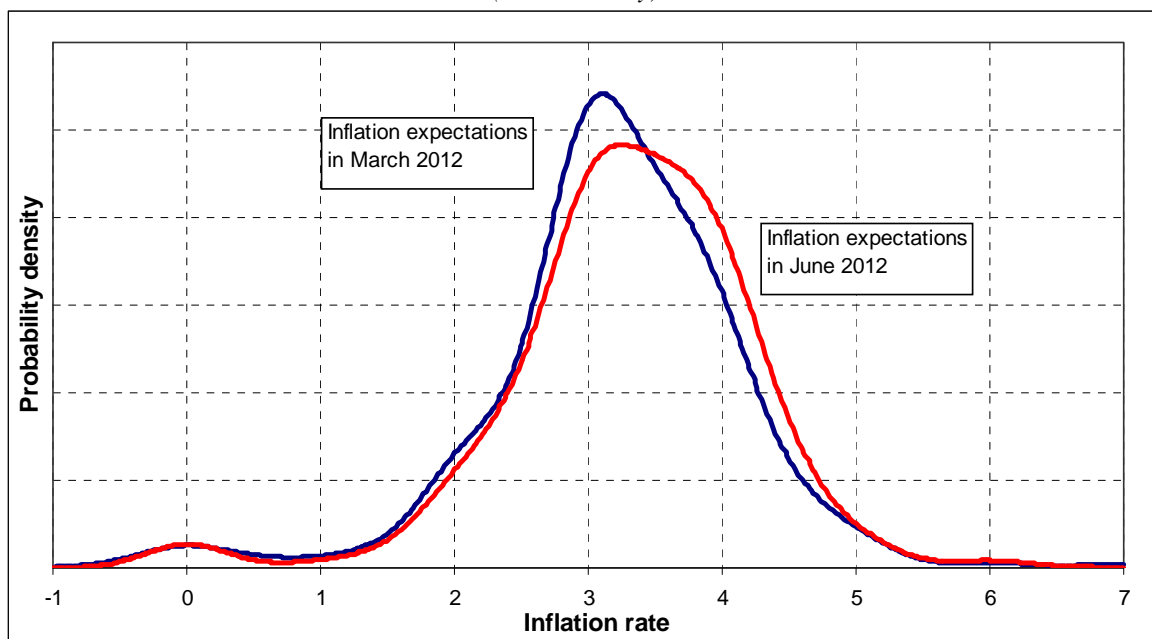
**Differential between price changes reported by firms and the inflation rate:
forecasts and outcomes**
(percentage points)⁽¹⁾



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

Figure 4

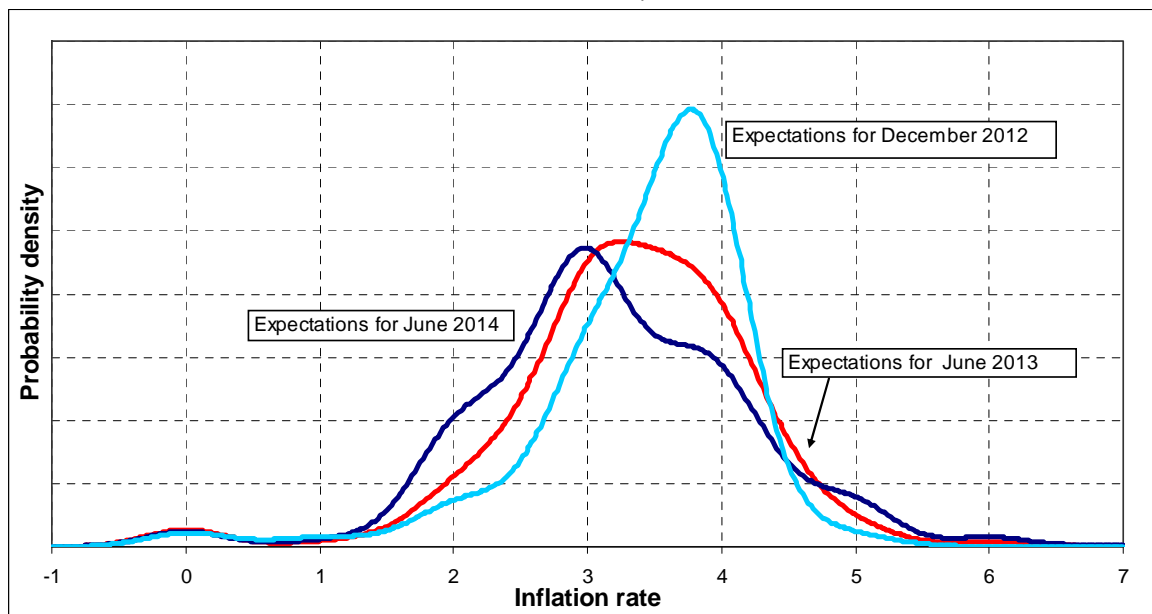
**Expectations of the inflation rate
over the next 12 months**
(kernel density)⁽¹⁾



(1) 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 5

**Expectations of the inflation rate
over the next 6, 12 and 24 months**
(kernel density)⁽¹⁾



(1) 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 ⁽¹⁾ (b)	Sample coverage rate (a / b) * 100
Number of employees			
50-199.....	355	17,528	2.0
200-999.....	255	3,622	7.0
Over 999.....	140	540	25.9
Sector			
Industry.....	408	11,427	3.6
Services.....	342	10,263	3.3
Geographical area			
North-West.....	232	8,500	2.7
North-East.....	213	6,108	3.5
Centre.....	153	3,844	4.0
South and Islands.....	152	3,238	4.7
Total.....	750	21,690	3.5

(1) 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 ⁽¹⁾	Data collected via Internet ⁽²⁾
Number of employees			
50-199.....	1,369	25.9	92.4
200-999.....	304	83.9	93.7
Over 999.....	151	92.7	97.1
Sector			
Industry.....	956	42.7	92.9
Services.....	868	39.4	94.7
Geographical area			
North-West.....	532	43.6	95.7
North-East.....	495	43.0	94.8
Centre.....	363	43.1	93.5
South and Islands.....	434	35.0	89.5
Total.....	1,824	40.1	93.7

(1) Percentage of companies contacted which participated in the survey. (2) 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.....	3.4	3.4	3.6	0.0
Consumer price inflation in Italy in the next 12 months.....	3.3	3.3	3.5	0.0
Consumer price inflation in Italy in the next 24 months.....	3.2	3.2	3.0	0.0
Change in own prices in the last 12 months.....	2.2	1.8	1.5	4.9
Change in own prices in the next 12 months	1.5	1.3	1.3	6.0

Table 4a

Standard errors
(percentages, scores)

Consumer price inflation in Italy in the next 6 months.....	0.05
Consumer price inflation in Italy in the next 12 months.....	0.06
Consumer price inflation in Italy in the next 24 months.....	0.06
Change in own prices in the last 12 months	0.56
Change in own prices in the last 12 months (robust).....	0.26
Change in own prices in the next 12 months	0.18
Change in own prices in the next 12 months (robust)	0.13
<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	0.08
Selling prices.....	0.05
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
Increasing difficulty in other sources of financing	0.08
Reduction in revenues	0.06
Portfolio rebalancing	0.07
Other factors	0.06

Appendix B:
Statistical Tables

LIST OF TABLES

		page
Table 1	Consumer price inflation expectations in Italy	19
Table 2	Change in companies' selling prices.....	20
Table 3	Factors that will affect firms' selling prices.....	21
Table 4	Assessment of the general state of the economy with respect to previous quarter	22
Table 5	Likelihood of an improvement in the general economic situation in the next three months.....	23
Table 6	Trend in total demand for firm's product with respect to previous quarter	24
Table 7	Foreign demand for the firm's products with respect to previous quarter	25
Table 8	Three-month forecast of the foreign demand for the firm's products.....	26
Table 9	Three-month forecast of the firm's business conditions	27
Table 10	Factors which will affect the firm's business conditions	28
Table 11	Three-year forecast of the firm's business conditions	29
Table 12	Assessment of conditions for investment with respect to previous quarter	30
Table 13	Overall liquidity position in the next three months.....	31
Table 14	Reduction in bank deposits in the last three months	32
Table 15	Factors contributing to the reduction in bank deposits in the last three months	33
Table 16	Assessment of credit conditions for firms with respect to previous quarter	34
Table 17	Three-month forecast of workforce	35

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	3.4	3.3	3.2
200-999	3.4	3.3	3.1
Over 999	3.2	2.9	2.8
Sector			
Industry	3.4	3.3	3.2
Services.....	3.4	3.2	3.1
Geographical area			
North-West	3.4	3.3	3.1
North-East.....	3.4	3.4	3.3
Centre	3.4	3.1	3.0
South and Islands.....	3.3	3.3	3.3
Total	3.4	3.3	3.2
<i>Memorandum items:</i>			
March 2012	3.2	3.2	3.0
December 2011	3.3	3.4	3.4
September 2011	2.5	2.6	2.6
June 2011	2.8	2.9	2.9

Table 2

Change in companies' selling prices
(percentages)⁽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.....	0.9	0.9
200-999.....	1.8	1.4
Over 999.....	2.4	1.6
Sector		
Industry.....	1.5	1.2
Services.....	2.0	1.5
Geographical area		
North-West.....	1.5	1.3
North-East.....	1.6	1.5
Centre.....	2.8	1.5
South and Islands.....	1.0	0.9
Total.....	1.8	1.3
<i>Memorandum items:</i>		
March 2012.....	1.7	1.9
December 2011.....	2.1	1.7
September 2011.....	1.6	1.6
June 2011.....	1.6	2.2

(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	-0.4	0.6	0.5	-0.7
200-999	-0.3	0.6	0.4	-0.5
Over 999	0.1	0.6	0.3	-0.6
Sector				
Industry	-0.4	0.7	0.4	-0.7
Services	0.0	0.5	0.3	-0.6
Geographical area				
North-West.....	-0.3	0.6	0.5	-0.6
North-East.....	0.0	0.7	0.4	-0.9
Centre.....	-0.1	0.4	0.1	-0.2
South and Islands	-0.4	0.7	0.4	-0.5
Total.....	-0.1	0.6	0.4	-0.6
<i>Memorandum items:</i>				
March 2012	0.7	1.6	0.3	-1.4
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

(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	72.7	25.4	1.9	100.0
200-999	57.6	37.3	5.2	100.0
Over 999	61.9	35.5	2.6	100.0
Sector				
Industry	65.0	31.5	3.5	100.0
Services	75.4	23.3	1.3	100.0
Geographical area				
North-West.....	67.5	29.9	2.6	100.0
North-East.....	71.9	24.9	3.2	100.0
Centre.....	74.6	23.6	1.8	100.0
South and Islands	66.7	31.8	1.5	100.0
Total	69.9	27.7	2.5	100.0
<i>Memorandum items:</i>				
March 2012	41.5	41.0	17.5	100.0
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

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	61.3	30.7	5.7	2.3	0.0	100.0
200-999	47.2	42.0	9.9	0.9	0.0	100.0
Over 999	40.1	41.3	16.8	1.9	0.0	100.0
Sector						
Industry	53.1	34.9	9.8	2.3	0.0	100.0
Services.....	64.4	30.6	3.2	1.9	0.0	100.0
Geographical area						
North-West	54.8	32.6	8.4	4.2	0.0	100.0
North-East.....	63.0	29.5	6.8	0.8	0.0	100.0
Centre	64.1	31.7	3.8	0.4	0.0	100.0
South and Islands	52.8	41.0	5.1	1.0	0.0	100.0
Exports' share of sales						
From Zero to 1/3.....	59.7	33.4	5.1	1.9	0.0	100.0
Between 1/3/ and 2/3	51.8	37.4	9.3	1.5	0.0	100.0
More than 2/3.....	61.4	24.2	10.4	4.0	0.0	100.0
Total	58.4	32.8	6.6	2.1	0.0	100.0
<i>Memorandum items:</i>						
March 2012	40.4	39.1	11.0	7.9	1.6	100.0
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

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	43.1	48.1	8.8	100.0
200-999	39.5	50.7	9.8	100.0
Over 999	43.5	46.9	9.6	100.0
Sector				
Industry	39.8	50.3	9.9	100.0
Services.....	45.4	46.5	8.0	100.0
Geographical area				
North-West	44.3	47.7	7.9	100.0
North-East.....	44.4	46.5	9.1	100.0
Centre	34.8	54.5	10.7	100.0
South and Islands.....	43.2	47.2	9.7	100.0
Exports' share of sales				
From Zero to 1/3.....	45.9	48.0	6.1	100.0
Between 1/3 and 2/3	37.4	48.0	14.6	100.0
More than 2/3.....	33.4	51.5	15.1	100.0
Total	42.5	48.5	9.0	100.0
<i>Memorandum items:</i>				
March 2012	40.4	47.6	12.0	100.0
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

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	24.1	48.8	27.1	100.0
200-999	19.5	51.4	29.1	100.0
Over 999	17.3	62.4	20.2	100.0
Sector				
Industry	25.0	47.9	27.1	100.0
Services.....	17.5	54.7	27.8	100.0
Geographical area				
North-West	22.9	48.5	28.6	100.0
North-East.....	21.7	50.2	28.1	100.0
Centre	21.6	50.4	28.1	100.0
South and Islands.....	33.7	50.5	15.8	100.0
Total	23.2	49.5	27.3	100.0
<i>Memorandum items:</i>				
March 2012	24.0	51.0	24.9	100.0
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

(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	13.8	57.4	28.8	100.0
200-999	12.3	54.1	33.6	100.0
Over 999	13.3	68.4	18.3	100.0
Sector				
Industry	13.8	57.0	29.2	100.0
Services.....	12.8	57.4	29.8	100.0
Geographical area				
North-West	12.7	62.1	25.2	100.0
North-East.....	12.8	53.1	34.1	100.0
Centre	15.3	56.1	28.6	100.0
South and Islands	17.7	45.5	36.8	100.0
Total	13.5	57.1	29.4	100.0
<i>Memorandum items:</i>				
March 2012	12.0	55.9	32.1	100.0
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	42.4	53.9	3.7	100.0
200-999	36.7	60.1	3.2	100.0
Over 999	40.4	55.5	4.2	100.0
Sector				
Industry	35.7	60.6	3.7	100.0
Services.....	47.8	48.7	3.5	100.0
Geographical area				
North-West	34.7	61.2	4.0	100.0
North-East.....	49.7	46.6	3.7	100.0
Centre	44.5	54.4	1.1	100.0
South and Islands.....	39.5	55.2	5.4	100.0
Total	41.4	55.0	3.6	100.0
<i>Memorandum items:</i>				
March 2012	31.1	59.3	9.6	100.0
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

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	-0.4	-0.1	-0.8	-0.9	-1.0
200-999	-0.3	-0.0	-0.7	-0.7	-0.9
Over 999	-0.7	0.0	-0.5	-0.6	-0.8
Sector					
Industry	-0.3	-0.1	-0.8	-0.7	-1.0
Services.....	-0.5	-0.1	-0.8	-1.1	-1.0
Geographical area					
North-West	-0.4	0.0	-0.7	-0.7	-0.8
North-East.....	-0.5	-0.2	-0.8	-0.8	-1.1
Centre	-0.5	-0.2	-1.0	-1.0	-1.1
South and Islands.....	-0.2	0.0	-0.9	-1.0	-1.0
Total	-0.4	-0.1	-0.8	-0.8	-1.0
<i>Memorandum items:</i>					
March 2012	-0.1	0.0	-1.1	-0.9	-1.0
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

(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	24.5	21.6	53.9	100.0
200-999	19.7	18.6	61.7	100.0
Over 999	19.0	21.3	59.8	100.0
Sector				
Industry	18.5	17.9	63.6	100.0
Services.....	29.2	24.7	46.1	100.0
Geographical area				
North-West	20.4	16.5	63.1	100.0
North-East.....	29.2	26.9	43.9	100.0
Centre	22.7	21.1	56.3	100.0
South and Islands.....	22.3	22.2	55.5	100.0
Total	23.6	21.1	55.3	100.0
<i>Memorandum items:</i>				
March 2012	19.3	21.7	59.0	100.0
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

Table 12

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

	Worse	Unchanged	Better	Total
Number of employees				
50-199	50.3	47.9	1.8	100.0
200-999	48.6	46.9	4.5	100.0
Over 999	38.8	55.9	5.3	100.0
Sector				
Industry	46.8	51.0	2.2	100.0
Services	53.0	44.5	2.5	100.0
Geographical area				
North-West.....	50.1	46.6	3.3	100.0
North-East.....	52.7	45.6	1.7	100.0
Centre.....	47.9	51.3	0.8	100.0
South and Islands	45.5	51.6	2.9	100.0
Total	49.7	47.9	2.3	100.0
<i>Memorandum items:</i>				
March 2012	36.5	53.1	10.4	100.0
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

Table 13

Overall liquidity position in the next three months
(percentages)

	Insufficient	Sufficient	More than sufficient	Total
Number of employees				
50-199	28.0	62.6	9.4	100.0
200-999	18.0	63.9	18.1	100.0
Over 999	16.4	62.6	21.0	100.0
Sector				
Industry	26.0	61.8	12.3	100.0
Services	26.2	64.0	9.8	100.0
Geographical area				
North-West	21.5	63.0	15.4	100.0
North-East.....	20.7	69.4	9.9	100.0
Centre	32.9	59.4	7.6	100.0
South and Islands.....	39.7	54.2	6.1	100.0
Total	26.1	62.8	11.1	100.0
<i>Memorandum items:</i>				
March 2012	27.8	60.5	11.7	100.0
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	56.3	43.7	100.0
200-999	60.5	39.5	100.0
Over 999	65.0	35.0	100.0
Sector			
Industry	61.4	38.6	100.0
Services	52.6	47.4	100.0
Geographical area			
North-West.....	60.6	39.4	100.0
North-East.....	55.0	45.0	100.0
Centre.....	54.6	45.4	100.0
South and Islands	55.8	44.2	100.0
Total	57.2	42.8	100.0
<i>Memorandum items:</i>			
March 2012	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	Increasing difficulty in other sources of financing	Reduction in revenues	Portfolio rebalancing	Other factors
Number of employees					
50-199	1.5	1.3	2.1	1.4	0.3
200-999	1.5	1.3	2.2	1.2	0.2
Over 999	1.4	1.1	2.0	1.1	0.3
Sector					
Industry	1.6	1.4	2.2	1.4	0.3
Services.....	1.4	1.1	2.1	1.3	0.3
Geographical area					
North-West	1.6	1.2	2.1	1.4	0.4
North-East.....	1.2	1.1	2.1	1.2	0.3
Centre	1.5	1.4	2.4	1.4	0.2
South and Islands.....	1.9	1.6	2.0	1.5	0.3
Total	1.5	1.3	2.1	1.4	0.3
<i>Memorandum items:</i>					
March 2012 ⁽³⁾	1.6	2.2

(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) Figures are reported only where the comparison is possible.

Table 16

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

	Worse	Unchanged	Better	Total
Number of employees				
50-199	34.1	63.7	2.2	100.0
200-999	27.9	71.4	0.8	100.0
Over 999	28.3	70.2	1.5	100.0
Sector				
Industry	33.8	64.2	1.9	100.0
Services	31.9	66.1	2.0	100.0
Geographical area				
North-West	31.7	66.5	1.8	100.0
North-East	32.1	65.9	2.1	100.0
Centre	32.7	64.9	2.4	100.0
South and Islands	37.9	60.2	1.8	100.0
Total	32.9	65.1	2.0	100.0
<i>Memorandum items:</i>				
March 2012	33.9	62.4	3.7	100.0
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

Table 17

Three-month forecast of workforce
(percentages)

	Decrease	No change	Increase	Total
Number of employees				
50-199	23.6	68.4	8.0	100.0
200-999	32.9	58.3	8.8	100.0
Over 999	28.0	61.1	10.9	100.0
Sector				
Industry	22.4	70.7	6.9	100.0
Services.....	28.5	61.8	9.7	100.0
Geographical area				
North-West	24.4	64.8	10.8	100.0
North-East.....	23.3	69.9	6.8	100.0
Centre	24.7	69.7	5.6	100.0
South and Islands.....	31.9	61.0	7.1	100.0
Total	25.3	66.5	8.2	100.0
<i>Memorandum items:</i>				
March 2012	21.2	67.1	11.7	100.0
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

Appendix C:
Questionnaire

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

Company name _____

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

Sector: _____	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
(1=Manufacturing; 2=Other industry; 3=Trade; 4=Other services)		

SECTION A – GENERAL ECONOMIC SITUATION OF THE COUNTRY

A1. In April consumer price inflation, measured by the 12-month change in the HARMONIZED INDEX OF CONSUMER PRICES, was 3.7 per cent in Italy and 2.6 per cent in the euro area. What do you think it will be in Italy...
 ...in Dec. 2012? _____ ...in June 2013? _____ ...in June 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. Increasing difficulty in other sources of financing	1 __	2 __	3 __	4 __
B12C. Reduction in revenues	1 __	2 __	3 __	4 __
B12D. Portfolio rebalancing; perceived uncertainty on financial system	1 __	2 __	3 __	4 __
B12E. Other factors (specify: _____)	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

