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Survey on Inflation and Growth Expectations  
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*This publication contains the main findings of the survey on inflation and growth expectations conducted by the Bank of Italy in collaboration with the newspaper Il Sole 24 Ore. The data were collected in September 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.*

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*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 3 and 24 September 2012. A total of 773 firms with 50 or more employees took part, of which 413 operate in industry and 360 in services (Table 1a). The response rate was 39.8 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 rate of consumer price inflation for the 6-month time horizon was revised slightly downwards compared with the June survey (from 3.4 to 3.3 per cent); the expected rates for the 12-month and 2-year time horizons remained slightly above 3 per cent (Table 1 and Figure 1) and continued to be higher than the corresponding forecasts by professional analysts. In September the twelve-month rate of increase in consumer prices was 3.4 per cent,<sup>1</sup> which was 0.8 percentage points higher than had been expected in the year-earlier survey.

Firms estimated that their selling prices had risen by 1.6 per cent in the last twelve months (Table 2 and Figure 2), slightly down on the 1.8 per cent increase reported in the June survey and in line with the 1-year forecasts of the September 2011 survey. The biggest increases were recorded among large firms (1.9 per cent). For the next twelve months, firms continued to expect they would raise their selling prices by 1.3 per cent. Among the factors that will influence the rate of increase in prices, firms gave increased importance to raw materials prices and labour costs; the moderating influence of the change in demand was slightly more pronounced than in the June survey (Table 3).

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

During the summer pessimism regarding the general economic situation diminished, after increasing very significantly in June: the proportion of firms indicating that conditions improved rose from 2.5 per cent in the June survey to 6.4 per cent and there was a sharp fall in the proportion reporting a deterioration in conditions, from 69.9 to 50.6 per cent (Table 4). The balance between positive and negative assessments was less unfavourable for firms in the North-West and services and for large firms. Although they remained a majority, the proportion of firms that saw zero probability of an improvement in the general economic situation in the next three months also declined, falling from 58.4 per cent in the June survey to 52.3 per cent (Table 5).

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<sup>1</sup> Provisional figure released by Istat on 28 September 2012.

## **Demand**

Firms' assessments of the total demand for their products in the last three months also became less unfavourable: the negative balance between expectations of an increase and a decrease narrowed from 33.5 percentage points in the June survey to 27.6 points (Table 6).

About one third of exporting firms reported an increase in foreign demand compared with the three preceding months, as against just over one fifth that reported a decrease (Table 7). Expectations for the next three months are favourable: about 30 per cent of exporting firms expect demand for their products on foreign markets to increase, compared with 15.7 per cent that expect a decrease (Table 8).

## **Assessment of firms' business conditions**

The proportion of firms expecting their business conditions to deteriorate in the next three months fell from 41.4 per cent in June to 37.1 per cent; at the same time there was a small increase in the proportion of firms expecting an improvement, from 3.6 to 5.8 per cent (Table 9). Although it narrowed compared with the June survey, the negative balance between firms expecting improvement and deterioration remained at the high level of the five previous quarters (Figure 6). Among the factors that will have an unfavourable impact on the economic environment in which firms operate, there was virtually no change in the importance attributed to raw materials prices, credit conditions and labour costs.

For the longer term, there was a significant increase, from 55.3 per cent in June to 61 per cent, in the proportion of firms expecting conditions to improve over the next three years (Table 11). The most favourable assessments were made by firms in the North-West and by those with at least 1,000 workers.

## **Conditions for investment**

The proportion of firms expecting worse conditions for investment in the next three months fell sharply, from 49.7 per cent in the June survey to 37.5 per cent. Consequently, the negative balance between the firms expecting worse and better conditions contracted from -47.4 percentage points in the June survey to -31.6 points (Table 12 and Figure 7).

## **Firms' liquidity and access to credit**

Firms' assessments of their liquidity positions in the next three months did not vary significantly compared with those reported in the June survey: about a quarter of firms expected their liquidity to be insufficient and 63.4 per cent expected it to be barely sufficient (Table 13). The picture appears more favourable for large firms.

The proportion of firms reporting a decrease in their bank deposits on a seasonally adjusted basis rose from 42.8 per cent in the June survey to 44.9 per cent (Table 14). The decline in deposits was due principally to the contraction in firms' revenues and, to a lesser extent, to difficulty in accessing bank credit (Table 15).

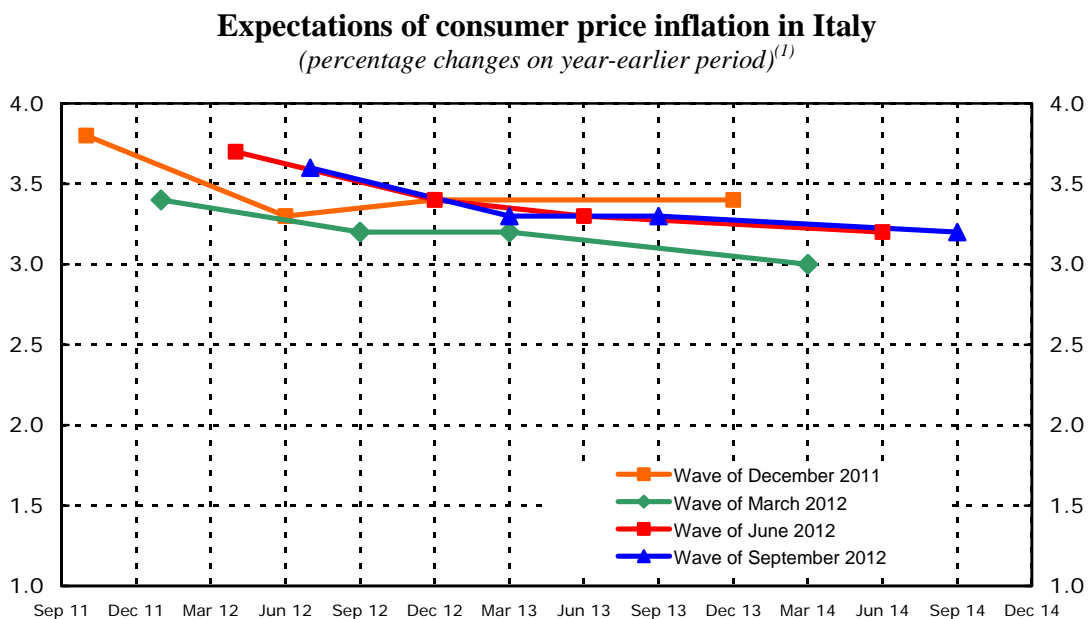
A growing number of firms reported that their credit conditions had remained unchanged compared with the previous quarter (72.2 per cent against 65.1 per cent; Table 16). The proportion of firms reporting an improvement in their credit conditions remained negligible.

## **Workforce**

Just over two thirds of firms expected their workforces to remain unchanged in the next three months (Table 17). There was a further increase of nearly 2.5 percentage points, to -18.2 points, in the negative balance between expectations of an increase and a decrease in employment; the gap was especially wide for large firms (-24.9 percentage points).

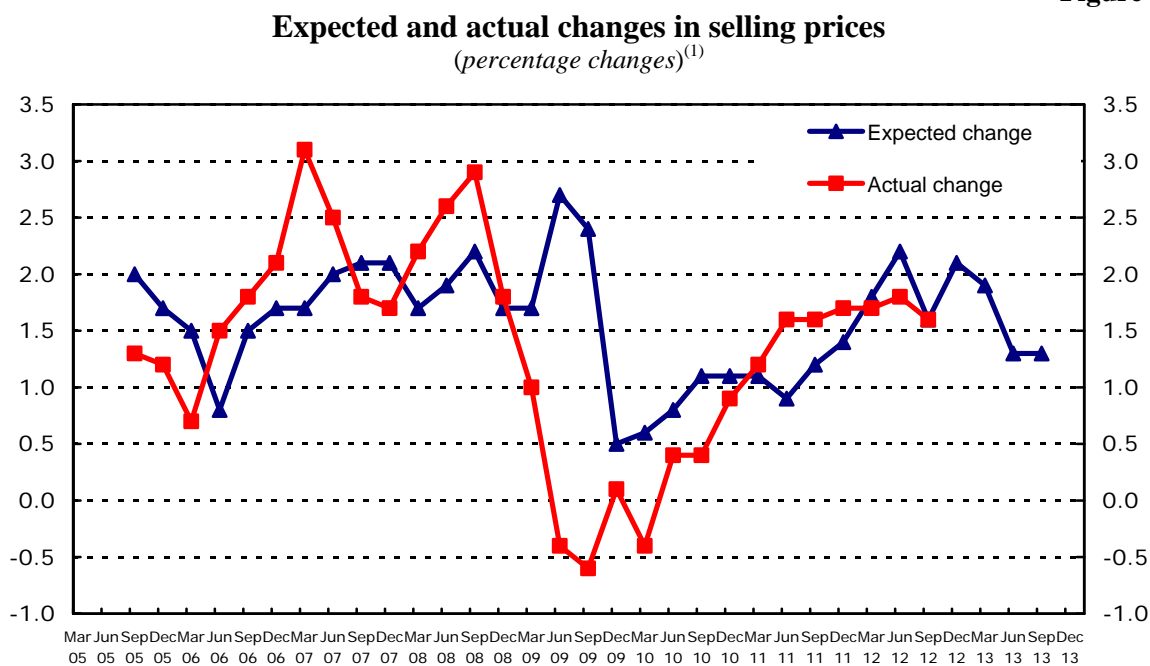


**Figure 1**



(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.

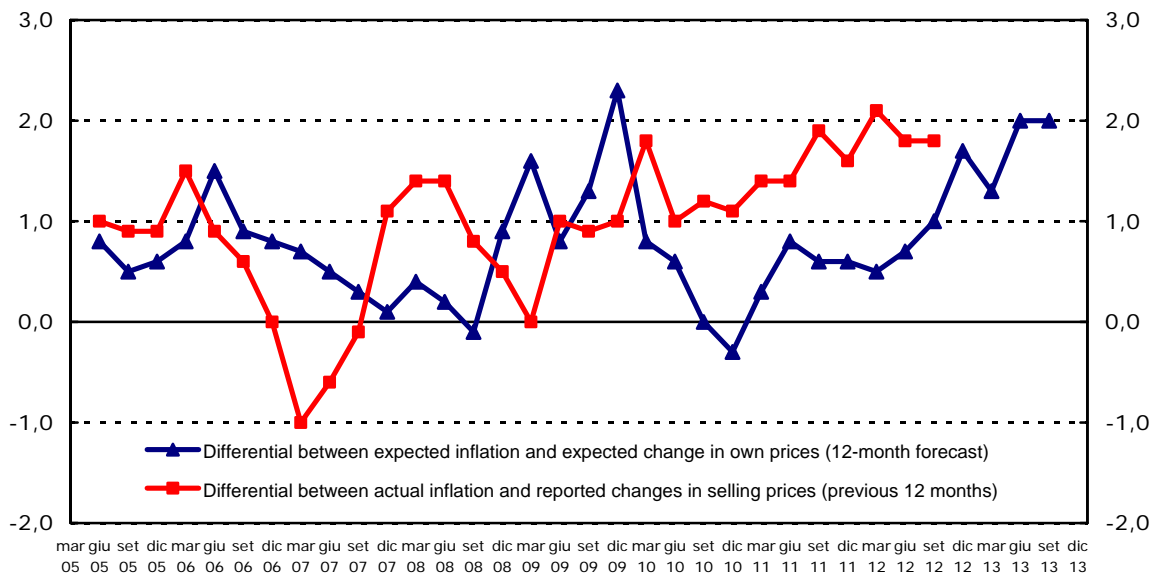
**Figure 2**



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

Figure 3

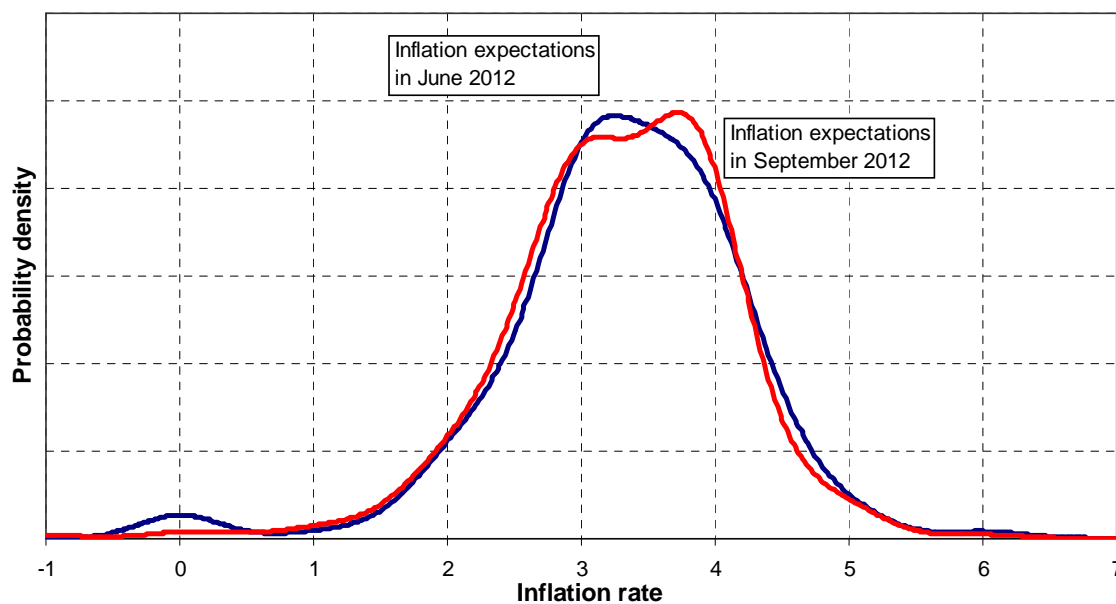
**Differential between price changes reported by firms and the inflation rate:  
forecasts and outcomes**  
(percentage points)<sup>(1)</sup>



(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

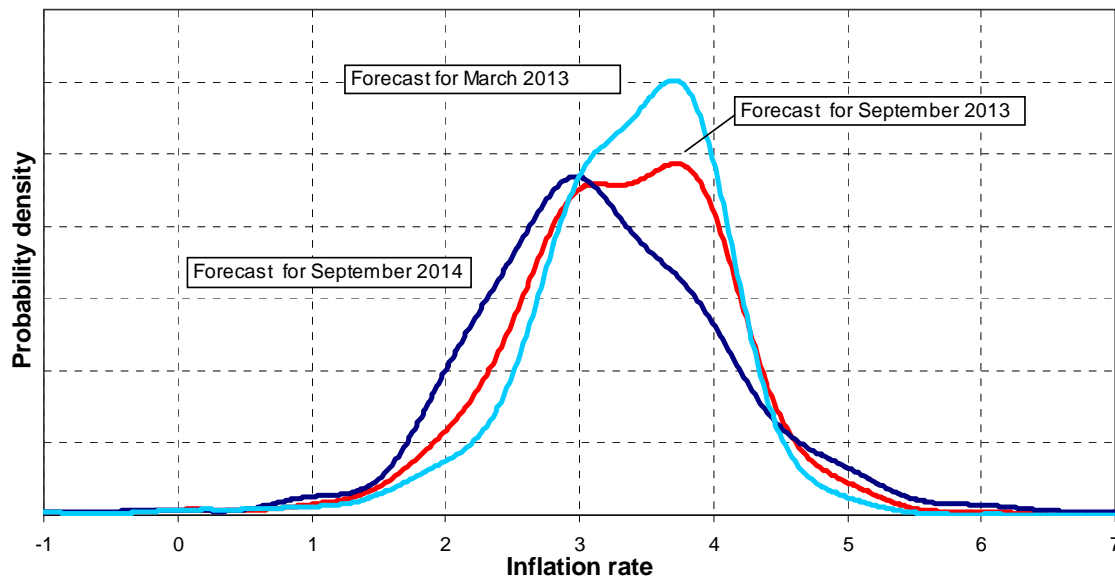
**Expectations of the inflation rate  
over the next 12 months**  
(kernel density)<sup>(1)</sup>



(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 2012. The blue line indicates the forecast made in June 2012.

Figure 5

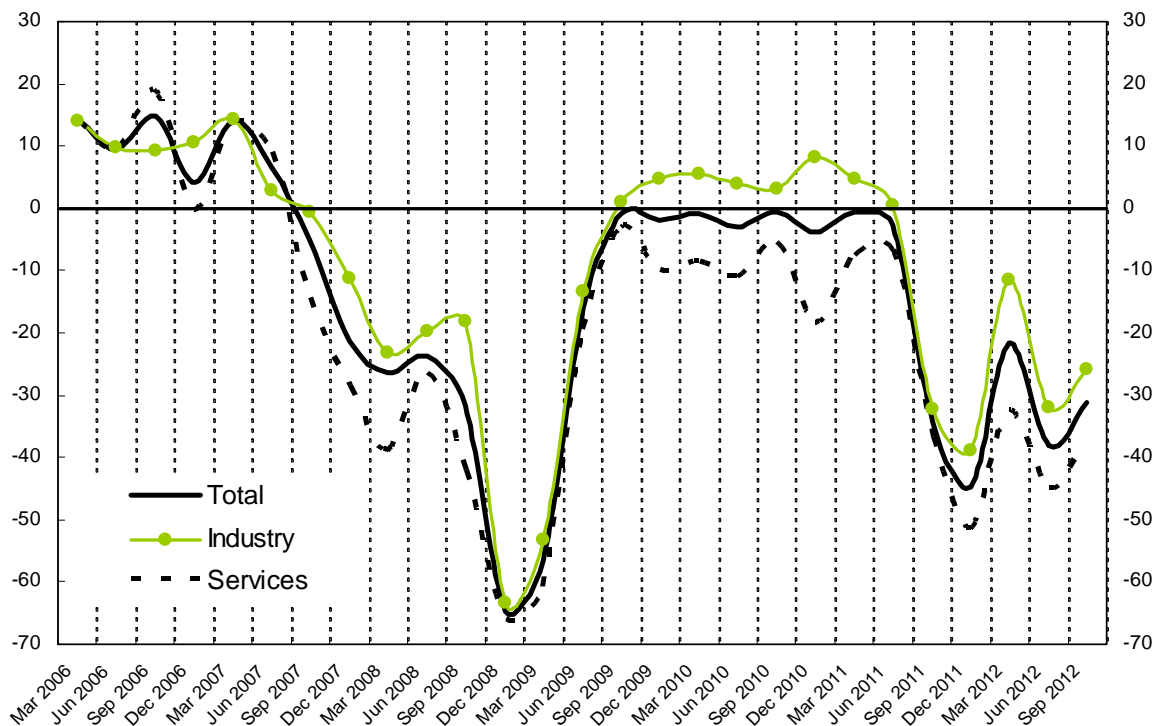
**Expectations of the inflation rate  
over the next 6, 12 and 24 months  
(kernel density)<sup>(1)</sup>**



(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.

Figure 6

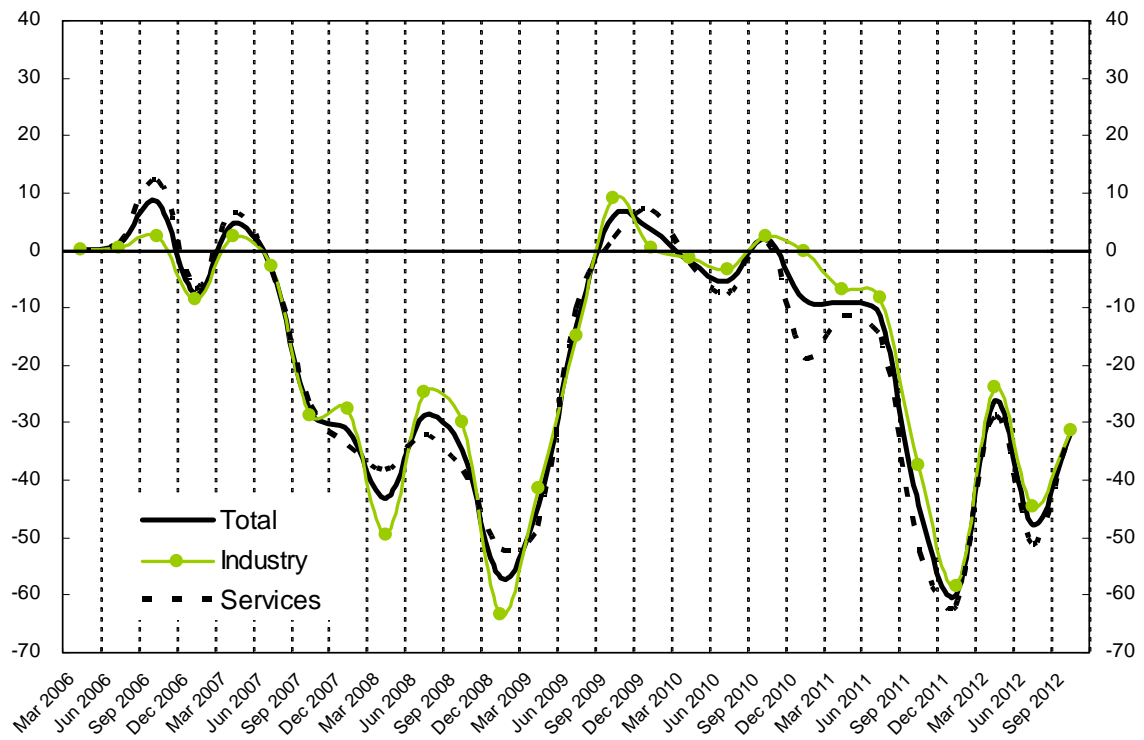
**Three-month forecast of the firm's business conditions  
(percentage points)<sup>(1)</sup>**



(1) Balance between expectations of an increase and expectations of a decrease.

Figure 7

Conditions for investment with respect to previous quarter  
(percentage points)<sup>(1)</sup>



(1) Balance between positive and negative judgments.

**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 773 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 <sup>(1)</sup> (b)	Sample coverage rate (a / b) * 100
<b>Number of employees</b>			
50-199.....	371	16,929	2.2
200-999.....	258	3,575	7.2
Over 999.....	144	540	26.7
<b>Sector</b>			
Industry.....	413	10,914	3.8
Services.....	360	10,130	3.6
<b>Geographical area</b>			
North-West.....	242	8,238	2.9
North-East.....	214	5,880	3.6
Centre.....	164	3,765	4.4
South and Islands.....	153	3,161	4.8
<b>Total.....</b>	<b>773</b>	<b>21,044</b>	<b>3.7</b>

(1) Istat (2010).

The estimates of inflation expectations 6, 12 and 24 months ahead are calculated using a subsample of 527 firms. As an experiment, a different formulation of the question on inflation expectations was put to the remaining 246 companies in order to assess the impact on their manner of responding.

## 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 <sup>(1)</sup>	Data collected via Internet <sup>(2)</sup>
<b>Number of employees</b>			
50-199.....	1,412	26.3	96.0
200-999.....	352	73.3	95.0
Over 999.....	177	81.4	96.5
<b>Sector</b>			
Industry.....	1,074	38.5	95.4
Services.....	867	41.5	96.1
<b>Geographical area</b>			
North-West.....	623	38.8	98.8
North-East.....	560	38.2	97.2
Centre.....	359	45.7	94.5
South and Islands.....	399	38.3	90.2
<b>Total.....</b>	<b>1,941</b>	<b>39.8</b>	<b>95.7</b>

(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.....	3.3	3.4	3.5	0.0
Consumer price inflation in Italy in the next 12 months.....	3.3	3.3	3.4	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.....	1.8	1.6	1.0	6.7
Change in own prices in the next 12 months .....	1.4	1.3	1.0	7.2

**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.....	0.04
Consumer price inflation in Italy in the next 24 months.....	0.05
Change in own prices in the last 12 months .....	0.33
Change in own prices in the last 12 months (robust).....	0.21
Change in own prices in the next 12 months .....	0.18
Change in own prices in the next 12 months (robust) .....	0.15
<b><u>Factors that will affect the firm's selling prices</u></b>	
Demand .....	0.05
Raw materials prices .....	0.06
Labour costs .....	0.05
Main competitors' pricing policies.....	0.06
<b><u>Factors that will influence the firm's business conditions</u></b>	
Demand .....	0.08
Selling prices.....	0.06
Raw materials prices .....	0.06
Labour costs .....	0.06
Availability and cost of credit .....	0.07
<b><u>Factors that influenced the reduction in firm's bank deposits</u></b>	
Increasing difficulty in accessing bank credit.....	0.07
Increasing difficulty in other sources of financing .....	0.07
Reduction in revenues .....	0.05
Portfolio rebalancing .....	0.07
Other factors .....	0.05



**Appendix B:**  
**Statistical Tables**

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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 6 months	...after 6 months
<b>Number of employees</b>			
50-199 .....	3.4	3.3	3.2
200-999 .....	3.3	3.2	3.0
Over 999 .....	3.0	2.9	2.8
<b>Sector</b>			
Industry .....	3.4	3.3	3.2
Services.....	3.3	3.3	3.1
<b>Geographical area</b>			
North-West .....	3.3	3.2	3.0
North-East.....	3.4	3.4	3.3
Centre .....	3.3	3.2	3.1
South and Islands.....	3.4	3.5	3.3
<b>Total</b> .....	<b>3.3</b>	<b>3.3</b>	<b>3.2</b>
<i>per memoria:</i>			
June 2012.....	3.4	3.3	3.2
March 2012 .....	3.2	3.2	3.0
December 2011 .....	3.3	3.4	3.4
September 2011 .....	2.5	2.6	2.6

**Table 2**

**Change in companies' selling prices**  
(percentages)<sup>(1)</sup>

	Rate of change in own prices ...	
	... in last 12 months	... in next 12 months
	Mean (robust) <sup>(2)</sup>	Mean (robust) <sup>(2)</sup>
<b>Number of employees</b>		
50-199.....	1.0	1.4
200-999.....	1.6	1.4
Over 999.....	1.9	1.2
<b>Sector</b>		
Industry.....	1.7	1.5
Services.....	1.5	1.1
<b>Geographical area</b>		
North-West.....	1.5	1.1
North-East.....	1.6	1.4
Centre.....	1.9	1.4
South and Islands.....	1.4	1.6
<b>Total</b> .....	<b>1.6</b>	<b>1.3</b>
<i>Memorandum items:</i>		
June 2012.....	1.8	1.3
March 2012.....	1.7	1.9
December 2011.....	2.1	1.7
September 2011.....	1.6	1.6

(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)<sup>(1)</sup>

	Change in demand	Change in raw materials prices	Change in labour costs	Pricing policies of main competitors
<b>Number of employees</b>				
50-199 .....	-0.3	0.8	0.7	-0.8
200-999 .....	-0.3	0.7	0.6	-0.4
Over 999 .....	0.0	0.9	0.5	-0.6
<b>Sector</b>				
Industry .....	-0.2	0.8	0.5	-0.6
Services .....	-0.1	0.8	0.6	-0.6
<b>Geographical area</b>				
North-West.....	0.0	0.8	0.6	-0.6
North-East.....	-0.5	1.0	0.7	-0.8
Centre.....	0.0	0.6	0.3	-0.3
South and Islands .....	0.0	0.7	0.6	-0.6
<b>Total.....</b>	<b>-0.2</b>	<b>0.8</b>	<b>0.6</b>	<b>-0.6</b>
<i>Memorandum items:</i>				
June 2012 .....	-0.1	0.6	0.4	-0.6
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

(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 (a)	Unchanged	Better (b)	Total	Balance (b) – (a)
<b>Number of employees</b>					
50-199 .....	51.4	42.2	6.4	100.0	-45.0
200-999 .....	48.6	45.3	6.0	100.0	-42.6
Over 999 .....	39.7	50.0	10.3	100.0	-29.4
<b>Sector</b>					
Industry .....	52.3	42.4	5.3	100.0	-47.0
Services.....	48.8	43.5	7.7	100.0	-41.1
<b>Geographical area</b>					
North-West .....	45.0	48.0	7.0	100.0	-38.0
North-East.....	57.8	34.5	7.7	100.0	-50.1
Centre .....	51.2	45.6	3.2	100.0	-48.0
South and Islands .....	51.6	42.1	6.3	100.0	-45.3
<b>Total .....</b>	<b>50.6</b>	<b>42.9</b>	<b>6.4</b>	<b>100.0</b>	<b>-44.2</b>
<i>Memorandum items:</i>					
June 2012.....	69.9	27.7	2.5	100.0	-67.4
March 2012 .....	41.5	41.0	17.5	100.0	-24.0
December 2011 .....	75.9	22.2	1.9	100.0	-74.0
September 2011 .....	63.3	35.6	1.1	100.0	-62.2



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%	Totale	Mean <sup>(1)</sup>
<b>Number of employees</b>							
50-199 .....	54.8	33.5	7.9	3.9	0.0	100.0	9.80
200-999 .....	43.4	46.6	6.0	3.0	0.9	100.0	11.07
Over 999 .....	34.6	40.4	16.1	6.8	2.2	100.0	17.53
<b>Sector</b>							
Industry .....	49.2	37.8	9.2	3.7	0.1	100.0	10.82
Services.....	55.6	33.9	6.2	3.9	0.4	100.0	9.56
<b>Geographical area</b>							
North-West .....	45.1	39.5	8.4	6.6	0.4	100.0	12.80
North-East.....	63	25.9	8.0	3.0	0.0	100.0	8.33
Centre .....	53	37.7	7.9	1.0	0.3	100.0	8.83
South and Islands .....	50.1	43.1	5.5	1.3	0.1	100.0	8.55
<b>Exports' share of sales</b>							
From Zero to 1/3.....	52.6	36.8	6.9	3.3	0.3	100.0	9.76
Between 1/3/ and 2/3 .....	49.4	33.8	12.8	3.9	0.1	100.0	11.83
More than 2/3.....	54.3	34.8	5.2	5.6	0.1	100.0	10.07
<b>Total .....</b>	<b>52.3</b>	<b>35.9</b>	<b>7.8</b>	<b>3.8</b>	<b>0.2</b>	<b>100.0</b>	<b>10.21</b>
<i>Memorandum items:</i>							
June 2012.....	58.4	32.8	6.6	2.1	0.0	100.0	8.11
March 2012 .....	40.4	39.1	11.0	7.9	1.6	100.0	15.69
December 2011 .....	52.4	35.2	8.2	4.2	0.0	100.0	10.35
September 2011 .....	53.8	35.6	8.6	2.0	0.0	100.0	9.16

(1) The average likelihood of an improvement is computed by assigning the centre value to each interval.

**Table 6**

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

	Decreased (a)	Unchanged	Increased (b)	Total	Balance (b) – (a)
<b>Number of employees</b>					
50-199 .....	38.1	52.1	9.8	100.0	-28.3
200-999 .....	35.6	53.8	10.7	100.0	-24.9
Over 999 .....	39.0	44.4	16.7	100.0	-22.3
<b>Sector</b>					
Industry .....	35.8	52.4	11.8	100.0	-24.0
Services.....	39.8	51.9	8.3	100.0	-31.5
<b>Geographical area</b>					
North-West .....	34.6	56.1	9.3	100.0	-25.3
North-East.....	42.1	46.6	11.3	100.0	-30.8
Centre .....	38.4	47.9	13.6	100.0	-24.8
South and Islands .....	36.6	57.5	5.9	100.0	-30.7
<b>Exports' share of sales</b>					
From Zero to 1/3.....	39.8	52.9	7.3	100.0	-32.5
Between 1/3 and 2/3 .....	35.6	53.9	10.5	100.0	-25.1
More than 2/3.....	32.5	47.3	20.2	100.0	-12.3
<b>Total .....</b>	<b>37.7</b>	<b>52.2</b>	<b>10.1</b>	<b>100.0</b>	<b>-27.6</b>
<i>Memorandum items:</i>					
June 2012.....	42.5	48.5	9.0	100.0	-33.5
March 2012 .....	40.4	47.6	12.0	100.0	-28.4
December 2011 .....	42.7	48.8	8.4	100.0	-34.3
September 2011 .....	32.4	57.4	10.2	100.0	-22.2

Table 7

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

	Decreased (a)	Unchanged	Increased (b)	Total	Balance (b) – (a)
<b>Number of employees</b>					
50-199 .....	23.7	44.1	32.2	100.0	8.5
200-999 .....	16.8	50.8	32.4	100.0	15.6
Over 999 .....	20.7	52.1	27.2	100.0	6.5
<b>Sector</b>					
Industry .....	23.2	45.6	31.2	100.0	8.0
Services.....	19.9	44.9	35.3	100.0	15.4
<b>Geographical area</b>					
North-West .....	22.2	47.5	30.3	100.0	8.1
North-East.....	21.3	41.3	37.4	100.0	16.1
Centre .....	25.4	41.8	32.8	100.0	7.4
South and Islands.....	21.5	54.9	23.6	100.0	2.1
<b>Total .....</b>	<b>22.4</b>	<b>45.4</b>	<b>32.1</b>	<b>100.0</b>	<b>9.7</b>
<i>Memorandum items:</i>					
June 2012.....	23.2	49.5	27.3	100.0	4.1
March 2012 .....	24.0	51.0	24.9	100.0	0.9
December 2011 .....	22.7	51.5	25.8	100.0	3.1
September 2011 .....	24.2	55.7	20.1	100.0	-4.1

(1) For exporting firms only.

Table 8

**Three-month forecast of the foreign demand for the firm's products**  
(percentages)<sup>(1)</sup>

	Decrease (a)	No change	Increase (b)	Total	Balance (b) – (a)
<b>Number of employees</b>					
50-199 .....	16.1	55.0	28.9	100.0	12.8
200-999 .....	14.1	54.1	31.8	100.0	17.7
Over 999 .....	14.8	60.9	24.3	100.0	9.5
<b>Sector</b>					
Industry .....	16.1	53.9	30.0	100.0	13.9
Services.....	14.5	58.5	27.0	100.0	12.5
<b>Geographical area</b>					
North-West .....	15.0	58.6	26.5	100.0	11.5
North-East.....	11.1	54.2	34.7	100.0	23.6
Centre .....	26.5	46.4	27.1	100.0	0.6
South and Islands.....	12.4	56.1	31.5	100.0	19.1
<b>Total .....</b>	<b>15.7</b>	<b>55.0</b>	<b>29.3</b>	<b>100.0</b>	<b>13.6</b>
<i>Memorandum items:</i>					
June 2012.....	13.5	57.1	29.4	100.0	15.9
March 2012 .....	12.0	55.9	32.1	100.0	20.1
December 2011 .....	15.1	56.6	28.2	100.0	13.1
September 2011 .....	18.0	60.4	21.6	100.0	3.6

(1) For exporting firms only.

**Table 9**

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

	Deterioration (a)	No change	Improvement (b)	Total	Balance (b) – (a)
<b>Number of employees</b>					
50-199 .....	37.8	56.5	5.7	100.0	-32.1
200-999 .....	34.4	60.2	5.3	100.0	-29.1
Over 999 .....	34.3	56.4	9.3	100.0	-25.0
<b>Sector</b>					
Industry .....	32.8	60.2	6.9	100.0	-25.9
Services.....	41.7	53.8	4.5	100.0	-37.2
<b>Geographical area</b>					
North-West .....	32.8	62.0	5.2	100.0	-27.6
North-East.....	42.2	52.5	5.3	100.0	-36.9
Centre .....	38.6	54.8	6.7	100.0	-31.9
South and Islands.....	37.0	56.1	6.9	100.0	-30.1
<b>Total .....</b>	<b>37.1</b>	<b>57.1</b>	<b>5.8</b>	<b>100.0</b>	<b>-31.3</b>
<i>Memorandum items:</i>					
June 2012.....	41.4	55.0	3.6	100.0	-37.8
March 2012 .....	31.1	59.3	9.6	100.0	-21.5
December 2011 .....	50.0	44.8	5.2	100.0	-44.8
September 2011 .....	38.1	58.1	3.8	100.0	-34.3

Table 10

**Factors which will affect the firm's business conditions**  
(average scores)<sup>(1)</sup>

	Change in demand	Change in selling prices	Change in raw materials prices	Change in labour costs	Change in credit conditions
<b>Number of employees</b>					
50-199 .....	-0.3	-0.1	-0.9	-0.9	-0.9
200-999 .....	-0.4	-0.1	-0.8	-0.8	-0.6
Over 999 .....	-0.5	0.1	-0.9	-0.6	-0.7
<b>Sector</b>					
Industry .....	-0.3	-0.2	-1.0	-0.8	-0.8
Services.....	-0.4	-0.1	-0.8	-1.0	-0.9
<b>Geographical area</b>					
North-West .....	-0.3	-0.1	-0.8	-0.8	-0.8
North-East.....	-0.4	-0.2	-0.9	-1.0	-0.9
Centre .....	-0.4	-0.2	-1.0	-1.1	-1.1
South and Islands.....	-0.3	0.0	-1.0	-0.6	-0.9
<b>Total .....</b>	<b>-0.3</b>	<b>-0.1</b>	<b>-0.9</b>	<b>-0.9</b>	<b>-0.9</b>
<i>Memorandum items:</i>					
June 2012.....	-0.4	-0.1	-0.8	-0.8	-1.0
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

(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 (a)	No change	Improvement (b)	Total	Balance (b) – (a)
<b>Number of employees</b>					
50-199 .....	21.3	19.5	59.2	100.0	37.9
200-999 .....	15.7	16.2	68.2	100.0	52.5
Over 999 .....	10.9	20.1	69.0	100.0	58.1
<b>Sector</b>					
Industry .....	15.0	17.3	67.7	100.0	52.7
Services.....	25.5	20.8	53.7	100.0	28.2
<b>Geographical area</b>					
North-West .....	16.7	14.0	69.3	100.0	52.6
North-East.....	21.7	24.2	54.2	100.0	32.5
Centre .....	23.1	22.1	54.8	100.0	31.7
South and Islands.....	22.0	18.6	59.4	100.0	37.4
<b>Total .....</b>	<b>20.0</b>	<b>19.0</b>	<b>61.0</b>	<b>100.0</b>	<b>41.0</b>
<i>Memorandum items:</i>					
June 2012.....	23.6	21.1	55.3	100.0	31.7
March 2012 .....	19.3	21.7	59.0	100.0	39.7
December 2011 .....	29.6	22.0	48.4	100.0	18.8
September 2011 .....	25.6	24.6	49.8	100.0	24.2

Table 12

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

	Worse (a)	Unchanged	Better (b)	Total	Balance (b) – (a)
<b>Number of employees</b>					
50-199 .....	38.2	55.6	6.2	100.0	-32.0
200-999 .....	35.2	60.4	4.5	100.0	-30.7
Over 999 .....	29.7	63.3	7.0	100.0	-22.7
<b>Sector</b>					
Industry .....	36.7	57.9	5.4	100.0	-31.3
Services.....	38.4	55.1	6.5	100.0	-31.9
<b>Geographical area</b>					
North-West .....	35.2	56.6	8.2	100.0	-27.0
North-East.....	41.8	56.1	2.0	100.0	-39.8
Centre .....	36.8	57.0	6.2	100.0	-30.6
South and Islands.....	36.4	56.7	6.9	100.0	-29.5
<b>Total .....</b>	<b>37.5</b>	<b>56.6</b>	<b>5.9</b>	<b>100.0</b>	<b>-31.6</b>
<i>Memorandum items:</i>					
June 2012.....	49.7	47.9	2.3	100.0	-47.4
March 2012 .....	36.5	53.1	10.4	100.0	-26.1
December 2011 .....	66.0	28.0	6.0	100.0	-60.0
September 2011 .....	50.5	43.3	6.3	100.0	-44.2



Table 13

**Overall liquidity position in the next three months**  
(percentages)

	Insufficient	Sufficient	More than sufficient	Total
<b>Number of employees</b>				
50-199 .....	26.4	63.1	10.5	100.0
200-999 .....	18.7	64.7	16.6	100.0
Over 999 .....	13.6	64.8	21.7	100.0
<b>Sector</b>				
Industry .....	22.7	65.4	12.0	100.0
Services .....	27.1	61.3	11.6	100.0
<b>Geographical area</b>				
North-West .....	20.5	63.7	15.8	100.0
North-East.....	22.3	65.5	12.2	100.0
Centre .....	28.1	64.8	7.2	100.0
South and Islands.....	36.9	57.1	6.0	100.0
<b>Total .....</b>	<b>24.8</b>	<b>63.4</b>	<b>11.8</b>	<b>100.0</b>
<i>Memorandum items:</i>				
June 2012.....	26.1	62.8	11.1	100.0
March 2012 .....	27.8	60.5	11.7	100.0
December 2012 .....	31.1	55.8	13.1	100.0

Table 14

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

	No	Yes	Total
<b>Number of employees</b>			
50-199 .....	54.1	45.9	100.0
200-999 .....	59.0	41.0	100.0
Over 999 .....	61.1	38.9	100.0
<b>Sector</b>			
Industry .....	57.1	42.9	100.0
Services .....	53.0	47.0	100.0
<b>Geographical area</b>			
North-West.....	61.4	38.6	100.0
North-East.....	52.9	47.1	100.0
Centre.....	47.8	52.2	100.0
South and Islands .....	51.8	48.2	100.0
<b>Total</b> .....	<b>55.1</b>	<b>44.9</b>	<b>100.0</b>
<i>Memorandum items:</i>			
June 2012 .....	57.2	42.8	100.0
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)<sup>(1)(2)</sup>

	Increasing difficulty in accessing bank credit	Increasing difficulty in other sources of financing	Reduction in revenues	Portfolio rebalancing	Other factors
<b>Number of employees</b>					
50-199 .....	1.5	1.3	2.3	1.3	0.3
200-999 .....	1.3	1.2	2.2	1.3	0.2
Over 999 .....	1.4	1.2	1.9	1.0	0.4
<b>Sector</b>					
Industry .....	1.4	1.3	2.2	1.3	0.3
Services.....	1.5	1.3	2.3	1.3	0.3
<b>Geographical area</b>					
North-West .....	1.5	1.2	2.2	1.3	0.2
North-East.....	1.3	1.1	2.2	1.4	0.5
Centre .....	1.5	1.4	2.5	1.3	0.2
South and Islands.....	1.7	1.7	2.2	1.3	0.1
<b>Total</b> .....	<b>1.5</b>	<b>1.3</b>	<b>2.2</b>	<b>1.3</b>	<b>0.3</b>
<i>Memorandum items:</i>					
June 2012.....	1.5	1.3	2.1	1.4	0.3
March 2012 <sup>(3)</sup> .....	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 (a)	Unchanged	Better (b)	Total	Balance (b) – (a)
<b>Number of employees</b>					
50-199 .....	27.2	71.5	1.3	100.0	-25.9
200-999 .....	21.4	74.7	3.9	100.0	-17.5
Over 999 .....	20.9	75.3	3.7	100.0	-17.2
<b>Sector</b>					
Industry .....	24.8	73.0	2.2	100.0	-22.6
Services.....	27.5	71.2	1.4	100.0	-26.1
<b>Geographical area</b>					
North-West .....	22.8	75.5	1.6	100.0	-21.2
North-East.....	27.8	71.7	0.6	100.0	-27.2
Centre .....	27.2	71.1	1.7	100.0	-25.5
South and Islands .....	29.8	65.6	4.6	100.0	-25.2
<b>Total .....</b>	<b>26.1</b>	<b>72.2</b>	<b>1.8</b>	<b>100.0</b>	<b>-24.3</b>
<i>Memorandum items:</i>					
June 2012.....	32.9	65.1	2.0	100.0	-30.9
March 2012 .....	33.9	62.4	3.7	100.0	-30.2
December 2011 .....	49.7	48.3	2.0	100.0	-47.7
September 2011 .....	28.6	68.1	3.4	100.0	-25.2

Table 17

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

	Decrease (a)	No change	Increase (b)	Total	Balance (b) – (a)
<b>Number of employees</b>					
50-199 .....	23.0	70.8	6.2	100.0	-16.8
200-999 .....	31.4	60.8	7.7	100.0	-23.7
Over 999 .....	32.3	60.2	7.4	100.0	-24.9
<b>Sector</b>					
Industry .....	21.8	70.9	7.2	100.0	-14.6
Services.....	27.8	66.6	5.6	100.0	-22.2
<b>Geographical area</b>					
North-West .....	21.0	71.8	7.2	100.0	-13.8
North-East.....	29.1	63.9	7.0	100.0	-22.1
Centre .....	26.3	68.7	5.0	100.0	-21.3
South and Islands.....	24.2	70.6	5.2	100.0	-19.0
<b>Total .....</b>	<b>24.7</b>	<b>68.9</b>	<b>6.5</b>	<b>100.0</b>	<b>-18.2</b>
<i>Memorandum items:</i>					
June 2012.....	25.3	66.5	8.2	100.0	-17.1
March 2012 .....	21.2	67.1	11.7	100.0	-9.5
December 2011 .....	25.0	67.0	8.1	100.0	-16.9
September 2011 .....	22.7	64.5	12.8	100.0	-9.9



**Appendix C:**  
**Questionnaire**





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

	...in March 2013?	...in September 2013?	... in September 2014?
<b>A1a. (about 2/3 of the sample)</b> In July consumer price inflation, measured by the 12-month change in the HARMONIZED INDEX OF CONSUMER PRICES was 3.6 per cent in Italy and 2.4 per cent in the euro area. What do you think it will be in Italy...	_   _ _ _ _ _ _ %	_   _ _ _ _ _ _ %	_   _ _ _ _ _ _ %
<b>A1b. (about 1/3 of the sample)</b> What do you think consumer price inflation in Italy, measured by the 12-month change in the HARMONIZED INDEX OF CONSUMER PRICES, will be...	_   _ _ _ _ _ _ %	_   _ _ _ _ _ _ %	_   _ _ _ _ _ _ %
<b>A2.</b> Compared with 3 months ago, do you consider Italy's general economic situation is ...? <input type="checkbox"/> Better <input type="checkbox"/> The same <input type="checkbox"/> Worse			
<b>A3.</b> What do you think is the probability of an improvement in Italy's general economic situation in the next 3 months? <input type="checkbox"/> Zero <input type="checkbox"/> 1-25 per cent <input type="checkbox"/> 26-50 per cent <input type="checkbox"/> 51-75 per cent <input type="checkbox"/> 76-99 per cent <input type="checkbox"/> 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		
<b>B3. in the next 3 months</b>										<b>1</b>	<b>0</b>	<b>0</b>
<b>B4. in the next 3 years</b>										<b>1</b>	<b>0</b>	<b>0</b>

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
<b>B5.</b> changes in DEMAND	1 _	2 _	3 _	1 _	2 _	3 _
<b>B6.</b> changes in YOUR PRICES	1 _	2 _	3 _	1 _	2 _	3 _
<b>B7.</b> changes in RAW MATERIALS PRICES	1 _	2 _	3 _	1 _	2 _	3 _
<b>B8.</b> changes in LABOUR COSTS	1 _	2 _	3 _	1 _	2 _	3 _
<b>B9.</b> 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
<b>B12A.</b> Increasing difficulty in accessing bank credit	1 _	2 _	3 _	4 _
<b>B12B.</b> Increasing difficulty in other sources of financing	1 _	2 _	3 _	4 _
<b>B12C.</b> Reduction in revenues	1 _	2 _	3 _	4 _
<b>B12D.</b> Portfolio rebalancing; perceived uncertainty on financial system	1 _	2 _	3 _	4 _
<b>B12E.</b> 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 <b>FACTORS</b> as they will affect your firm's selling prices in the next 12 months:						
Factors affecting your firm's <b>prices</b> in the next 12 months	<b>Effect on firm's selling prices</b>			<b>Intensity (if not nil)</b>		
	<i>Downward</i>	<i>Neutral</i>	<i>Upward</i>	<i>Low</i>	<i>Average</i>	<i>High</i>
<b>C3.</b> TOTAL DEMAND	1 __	2 __	3 __	1 __	2 __	3 __
<b>C4.</b> RAW MATERIALS PRICES	1 __	2 __	3 __	1 __	2 __	3 __
<b>C5.</b> LABOUR COSTS	1 __	2 __	3 __	1 __	2 __	3 __
<b>C6.</b> PRICING POLICIES of your firm's main competitors	1 __	2 __	3 __	1 __	2 __	3 __
<b>SECTION D – WORKFORCE</b>						
<b>D1.</b> Your firm's TOTAL NUMBER of employees in the next 3 months will be:				<i>Lower</i>	<i>Unchanged</i>	<i>Higher</i>
				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.

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**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)

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