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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 2013 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 Stefano Iezzi, Michele Loberto 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 quarterly survey on inflation and growth expectations were carried out between 2 and 17 December 2013. A total of 784 companies with 50 or more employees took part, of which 381 operate in industry excluding construction and 403 in services. The survey also polls construction firms¹ with 50 or more workers; in September 2013 the construction sample consisted of 194 firms (Table A1).

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 business. 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.

2. The main findings for firms in services and in industry excluding construction

Inflation expectations in Italy and change in firms' prices

In December 2013 firms revised their consumer inflation expectations for the next six months sharply down, to 0.9 per cent from 1.5 per cent in September, in line with the slowdown registered in the last quarter of the year. Expectations one year and two years ahead were also lowered, respectively from 1.6 to 1.1 and 1.7 to 1.2 per cent (Table 1 and Figure 1).

Firms reported that their own sales prices rose 0.4 per cent on an annual basis (Table 2). Over the next twelve months they expect their prices to continue to increase quite modestly (0.9 per cent on average). Pressure from labour costs was slightly attenuated compared with the previous survey, while slack demand heightened the tendency to price moderation somewhat (Table 3).

Of the firms whose products are subject to the ordinary VAT rate (over 80 per cent of the sample), 61.5 per cent reported that they had not passed the VAT increase from 21 to 22 per cent on 1 October through to sales prices (Table 22). The main factors in this decision were the state of demand and competitors' pricing policies (Table 23). Just 23 per cent of the respondents said they had passed the entire rise through; the remaining firms passed it on only in part.

Assessment of the general economic situation

In December the majority of firms saw the general economic situation of the country as stable: 64.2 per cent of industrial firms and 60.8 per cent of service firms. The balance between judgments of improvement and deterioration in industry and services sectors as a whole, after moderating in the two previous surveys, widened to -27.9 percentage points from -17.4 but remained among the most moderate values registered in the last six quarters (Table 4). The average probability assigned to an improvement of the economic situation in the next three months held unchanged at 12.5 per cent (Table 5).

¹ According to the ATECO classification of economic activities, industry is divided into *Industry* and *Industry excluding construction*. In the rest of this report "industrial firms" means firms belonging to the *Industry excluding construction* category.

Demand

The balance between reports of increases and decreases in demand for the respondent firm's products in the fourth quarter remained practically stable and negative at 9.2 percentage points. For exporters, however, it regained came back into positive territory for the first time since September 2012 (Table 6). The overall balance on short-term demand expectations slightly worsened, to -0.7 percentage points from +2 points in the previous survey, reflecting the deterioration in the expectations of the firms less active in foreign markets (Table 7).

The assessments of foreign demand for the firm's products remained favourable in the fourth quarter, though slightly less so than in the September survey. The net positive balance between reports of increase and decrease was 12.8 percentage points, down from 17.5 (Table 8). The short-term expectations for export demand also remained favourable, by about the same amount as in the previous survey (Table 9).

Assessment of business conditions

The respondents' expectations concerning the economic conditions in which they will be operating over the next three months remained unfavourable, with a negative balance between improvement and deterioration about the same as three months earlier at 13 percentage points. Roughly 70 per cent nevertheless continued to expect unchanged conditions. Service firms' expectations improved modestly (Table 10 and Figure 6), reflecting less unfavourable expectations on demand and on credit conditions (Table 11).

The medium-term outlook, three years ahead, remains positive, as in the previous survey. The proportion of firms expecting operating conditions to get better was 62 per cent, while only 18.2 per cent expected them to worsen (Table 12).

Investment conditions

The balance between reports of improvement and deterioration in the conditions for investment, which had been attenuated significantly in the previous two surveys, worsened to -19 percentage points, from -13.7 in September (Table 13 and Figure 7). The proportion of firms reporting unchanged conditions was 67.8 per cent, down from 72.5 per cent. Trends in industry and services were similar.

Investment expenditure in the first half of 2014 should be about the same as in the second half of 2013: the balance between firms expecting to increase and to decrease it was positive by 0.9 percentage points, and 53.2 per cent foresaw unchanged investment outlays (Table 21). The balance for service firms was slightly positive (1.9 points), while for industrial firms it was practically nil.

Expectations on investment for the current year were also basically stable with respect to 2013. The percentage balance between those planning increases and decreases was negative by 2.1 points, with slightly more unfavourable indications coming from service firms and firms with over 200 workers (Table 20). Overall, just over half the respondents expected investment to remain constant.

Liquidity and access credit

The difficulty of access to credit appears to have eased moderately compared with the third quarter. The balance between firms reporting better and worse terms was negative by 15.3 percentage points, a slight improvement from 17.5 points in September (Table 14).

Expectations for liquidity over the coming three months also improved a bit. The share of firms' saying their liquidity will be insufficient came down from 21.4 to 19.5 per cent, while those deeming it more than sufficient held steady at 15.9 per cent (Table 15). The assessments of service firms were relatively more favourable than those of the industrial sector.

The short term economic situation and general government payments

Some 35 per cent of the respondent firms said they had arrears credits with general government bodies, and 11 per cent reported that they had recovered substantial amounts in the second half of the year (16.8 per cent of service and 5.4 per cent of industrial firms; Table 16). As to the use of these funds, 6.7 per cent indicated their allocation to new investment, 30 per cent to the reduction of liabilities towards suppliers and employees, and 41.5 per cent to paying down bank debt (Table 17). There was little difference from the situation found by the September survey.

A higher proportion now felt that they had passed the worst stage of the economic situation since the start of summer (31.8 per cent in industry and 32.7 per cent in services, compared with an overall figure of 28.5 per cent in September). Looking to the months ahead, 33.3 per cent of the firms in the sample expected a substantial increase in their own production rates (35.7 per cent in industry and 30.7 per cent in services), in line with the previous survey. Favourable assessments were more common among export-oriented firms.

Employment

Expectations on staffing levels remain pessimistic in the short term. The portion of firms counting on an expansion of their work force over the next three months was just under 10 per cent, while those forecasting a contraction accounted for roughly 23 per cent (Table 19).

3. Construction firms

The outlook of construction firms concerning the general economic situation turned more pessimistic in December, with the balance between expectations of improvement and deterioration from -34.9 to -45.7 percentage points (Table 4). The probability of an improvement in the scenario in the coming three months remained almost unchanged at 9.6 per cent (Table 5).

Against this backdrop, assessments of demand for the reporting firm's own services nevertheless improved, though remaining negative. The proportion reporting an increase in demand rose from 8.7 to 13.9 per cent, while the proportion reporting a decline held at 33.6 per cent (Table 6). The negative balance on short-term demand expectations was about the same as in the September survey at around 5 percentage points, but the share expecting constant demand rose from 60.4 to 67.5 per cent (Table 7).

Construction firms' expectations on operating conditions were also slightly more favourable, though still negative. The balance on assessments for the next three months increased from -27.6 to -24.8 points (Table 10). Expectations three years ahead also gained a bit: 56.4 per

cent expected better conditions, compared with 55.1 per cent in the previous survey, while the proportion expecting worse conditions came down from 21.8 to 17.1 per cent (Table 12).

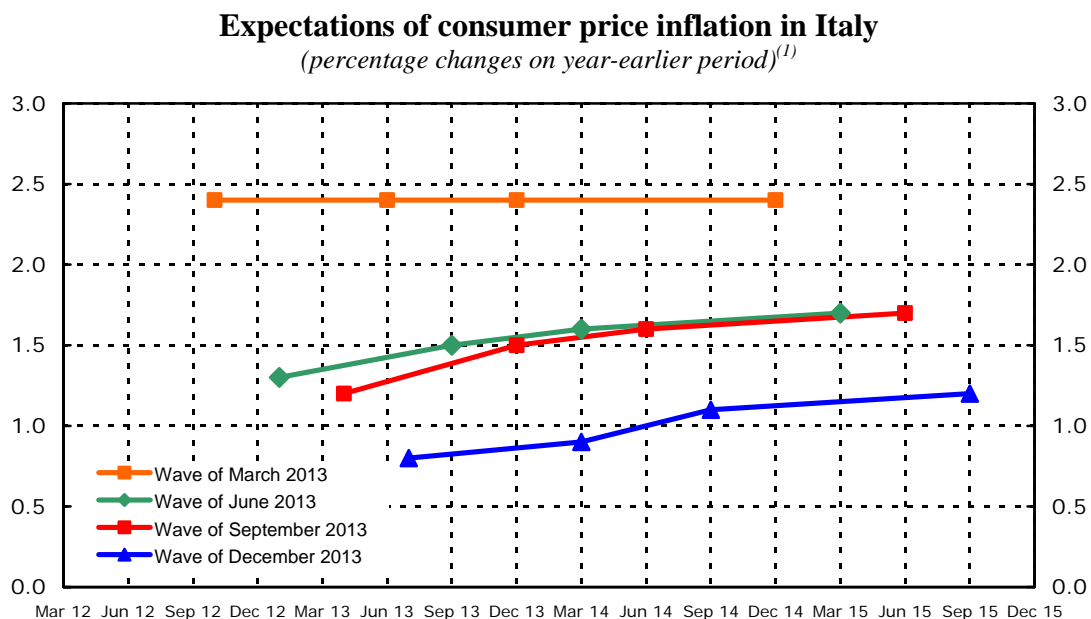
Assessments of the conditions for investment worsened slightly between the third and fourth quarters but remained at a level among the highest recorded since construction firms began to be surveyed (Table 13). Expectations of higher investment in 2014 than in 2013 prevailed (Table 20).

The portion of construction firms saying that since the summer they had passed the worst of the cyclical phase was 25.2 per cent, about the same as in the previous survey. But the percentage expecting a substantial increase in activity in the coming months rose significantly, from 30.2 to 35 per cent (Table 18).

In the construction industry, 26.0 per cent of the sample reported having received payments of credits arrears from general government during the second half of the year (Table 16). Of these, 58.3 per cent said they would allocate the funds to pay down their debt to the financial system and 29.2 per cent to reduce their liabilities towards employees or suppliers (Table 17).

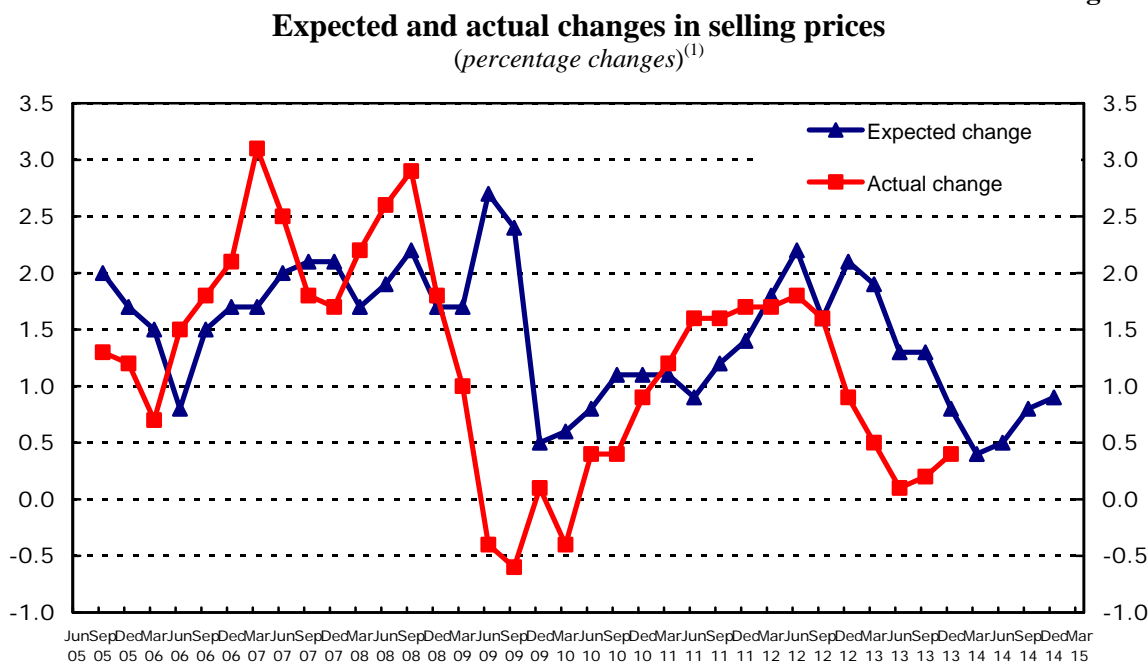
On employment, construction firms continued to anticipate a decrease in their work force over the coming months (Table 19).

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.

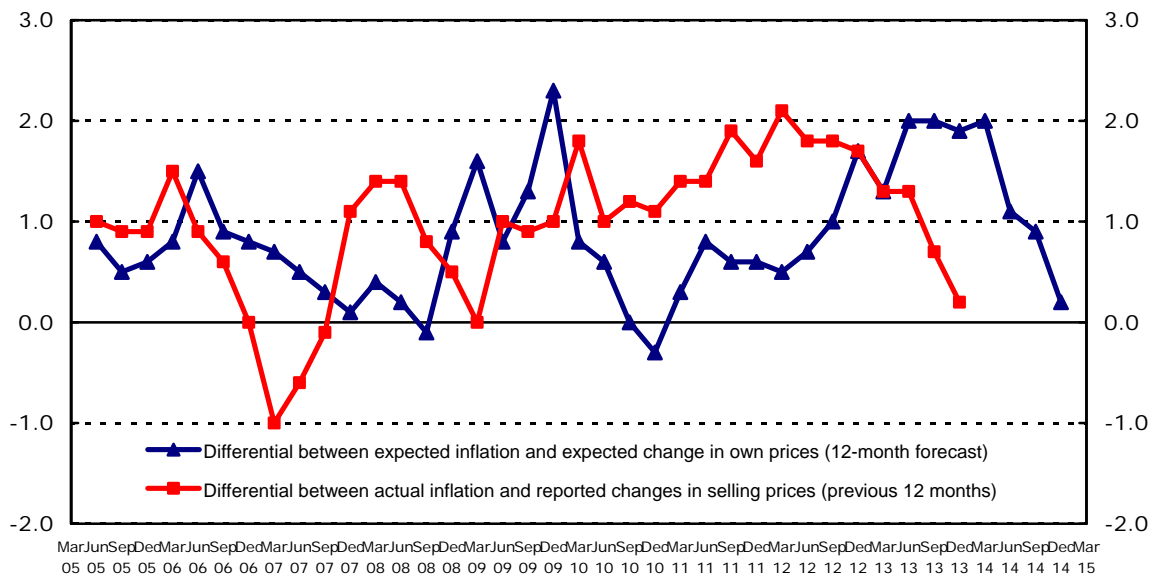
Figure 2



(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

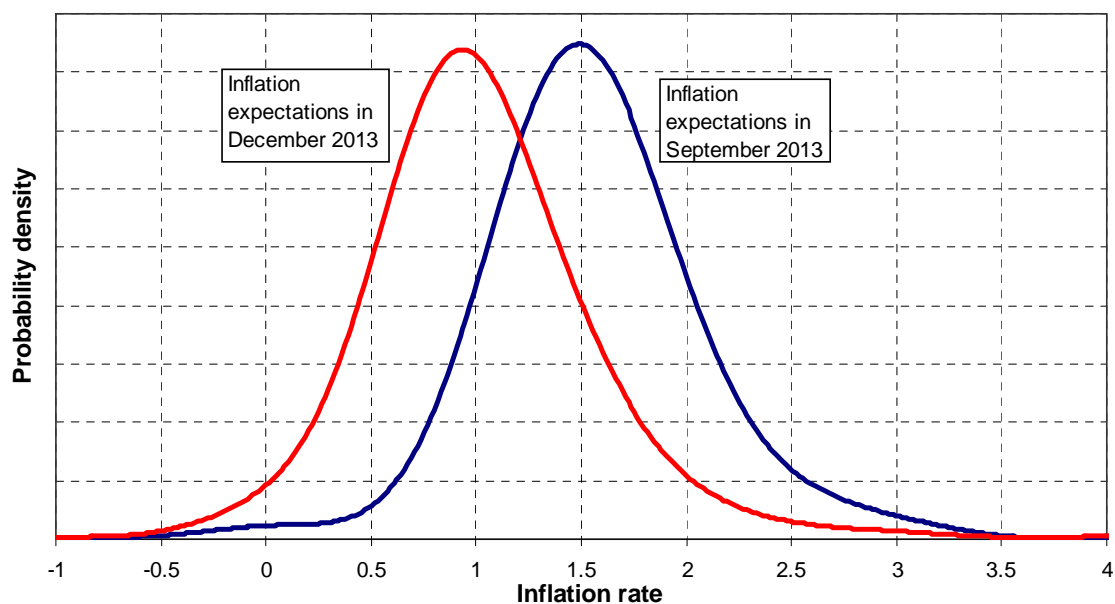
Differential between price changes reported by firms and the inflation rate: forecasts and outcomes
(percentage points)⁽¹⁾



(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

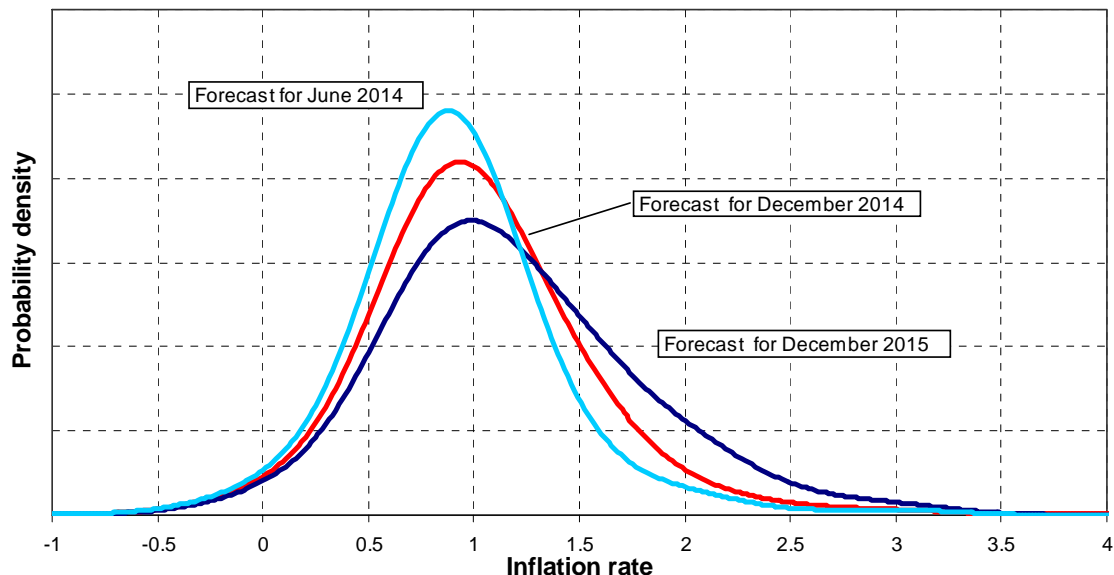
Expectations of the inflation rate over the next 12 months
(kernel density)⁽¹⁾



(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 December 2013. The blue line indicates the forecast made in September 2013.

Figure 5

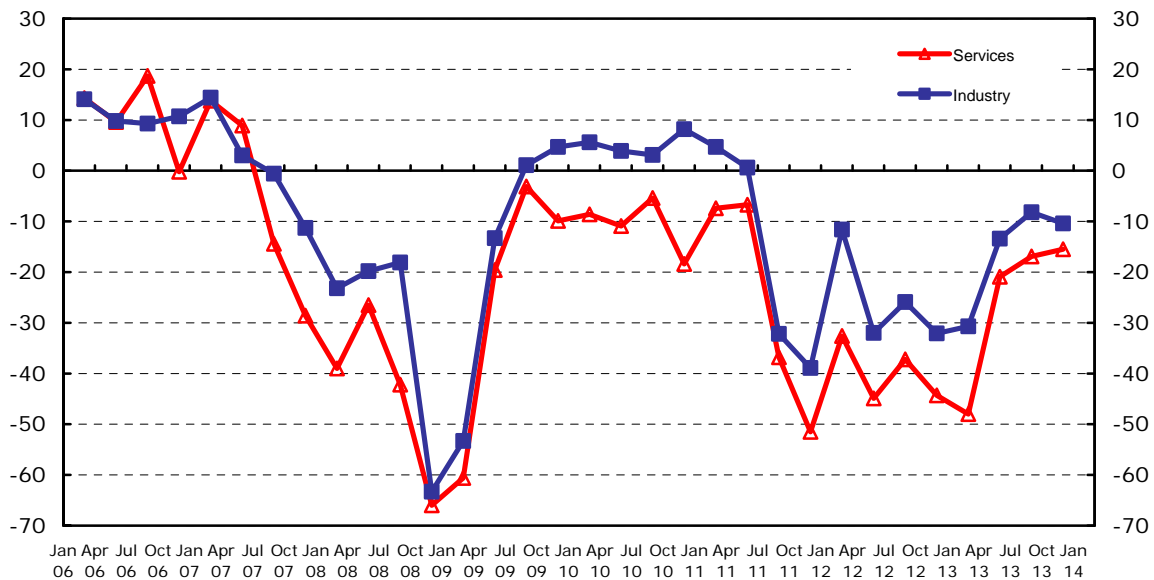
**Expectations of the inflation rate
over the next 6, 12 and 24 months
(kernel density)⁽¹⁾**



(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.

Figure 6

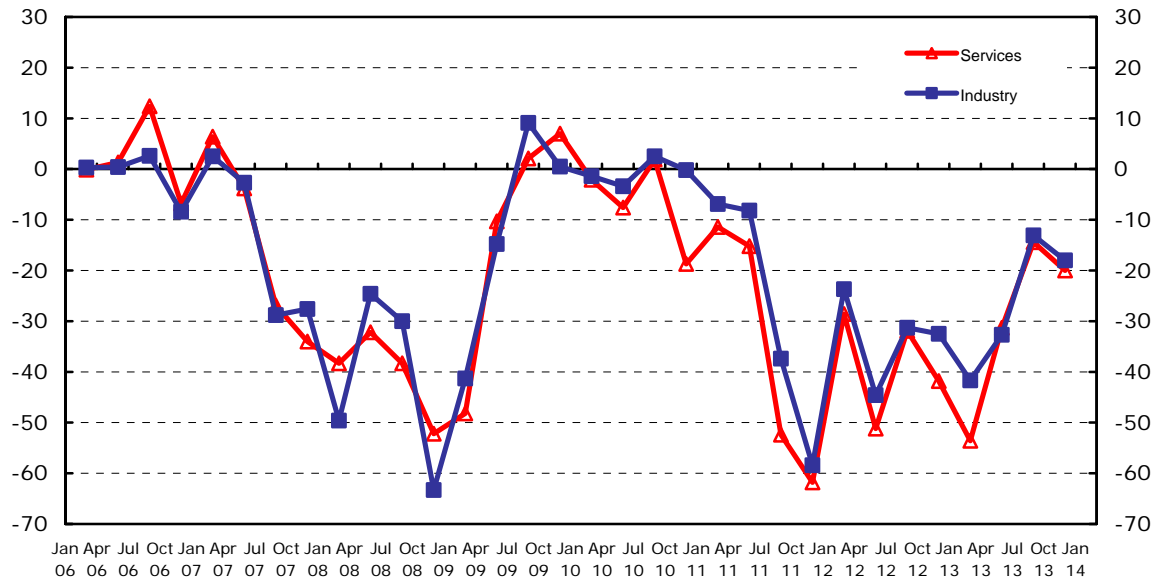
**Three-month forecast of the firm's business conditions
(percentage points)⁽¹⁾**



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

Figure 7

Conditions for investment with respect to previous quarter
(percentage points)⁽¹⁾



(1) Balance between positive and negative judgments.

Appendix A:

Methodological Notes

METHODOLOGICAL NOTES

A1. The sample

The Bank of Italy – Il Sole 24 Ore survey of inflation and growth expectations has been conducted since 1999, interviewing firms in industry excluding construction and in services with 50 or more workers. Starting in the first quarter of 2013, the survey has been extended to construction firms with at least 50 workers.

The sample for the third quarter of 2013 consisted of 978 firms: 381 firms in industry excluding construction, 403 service firms and 194 construction firms (Table A1).

The sample is stratified, with strata consisting of combinations of economic sector, size of firm (by number of workers) and geographical area. The need to ensure a large enough sample for every type of firm considered relevant means that, in some cases, the number of companies selected is disproportionate to the share of that category in the entire population of firms. This is in particular true of large companies.

Table 1a shows the composition of the sample broken down by number of employees, sector and geographical area.

Table A1

Composition of sample and universe

(units, percentages)

	Industry excluding construction and Services			Construction		
	Sample size (a)	Company universe ⁽¹⁾ (b)	Sample coverage rate (a / b) * 100	Sample size (c)	Company universe ⁽¹⁾ (d)	Sample coverage rate (c / d) * 100
Number of employees						
50-199.....	405	16,929	2.4	148	1,375	10.8
200-999.....	246	3,575	6.9	40	129	31.0
Over 999.....	133	540	24.6	6	8	75.0
Sector						
Industry.....	381	10,914	3.5	-	-	-
Services.....	403	10,130	4.0	-	-	-
Geographical area						
North-West.....	232	8,238	2.8	52	465	11.2
North-East.....	213	5,880	3.6	51	368	13.9
Centre.....	178	3,765	4.7	48	276	17.4
South and Islands.....	161	3,161	5.1	43	403	10.7
Total.....	784	21,044	3.7	194	1,512	12.8

(1) Istat (2010).

The estimates for inflation expectations for 6, 12 and 24 months ahead are calculated on a sub-sample of 517 industrial firms and service firms, and 131 construction firms. The rest of the

sample was given a differently worded question on inflation expectations in order to assess the impact of the wording on the responses. In particular, these firms were asked to give their inflation expectations without being given the latest Istat data on inflation in Italy and the euro area. The results obtained so far indicate that anchoring has the advantage of reducing uncertainty in expressing expectations (by broadening the knowledge base), thus reducing the standard error in the estimates of the average value, without causing any significant distortion in the estimate of expectations. Further research is being carried out.

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 A2).

Table A2

Response rates and data collection via Internet

(units, percentages)

	Industry excluding construction and Services		Construction	
	Companies contacted	Response rate ⁽¹⁾	Companies contacted	Response rate ⁽¹⁾
Number of employees				
50-199.....	1,364	29.7	681	21.7
200-999.....	402	61.2	78	51.3
Over 999.....	198	67.2	36	16.7
Sector				
Industry.....	1,015	37.5	-	-
Services.....	949	42.5	-	-
Geographical area				
North-West.....	637	36.4	244	21.3
North-East.....	561	38.0	233	21.9
Centre.....	360	49.4	165	29.1
South and Islands.....	406	39.7	153	28.1
Total.....	1,964	39.9	795	24.4

(1) Percentage of companies contacted which participated in the survey.

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 A3).

Table A4 contains indicators of the standard errors of the main variables for the total sample.

Table A3

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

	Industry excluding construction and Services				Construction			
	Mean	Robust mean	Median	Non-response %	Mean	Robust mean	Median	Non-response %
Consumer price inflation in Italy in the next 6 months	0.9	0.9	0.9	0.0	0.8	0.8	0.8	0.0
Consumer price inflation in Italy in the next 12 months	1.1	1.0	1.0	0.0	0.9	0.9	0.9	0.0
Consumer price inflation in Italy in the next 24 months	1.2	1.2	1.0	0.0	1.0	1.0	1.0	0.0
Change in own prices in the last 12 months	0.2	0.4	0.2	6.0	-2.0	-2.0	0.0	8.2
Change in own prices in the next 12 months.....	1.0	0.9	0.5	6.6	-0.7	-0.5	0.0	9.3

Table A4

Standard errors
(percentages, scores)

	Industry excluding construction and Services	Construction
Consumer price inflation in Italy in the next 6 months	0.04	0.09
Consumer price inflation in Italy in the next 12 months	0.04	0.09
Consumer price inflation in Italy in the next 24 months	0.04	0.07
Change in own prices in the last 12 months	0.31	0.49
Change in own prices in the last 12 months (robust).....	0.21	0.39
Change in own prices in the next 12 months.....	0.20	0.46
Change in own prices in the next 12 months (robust)	0.12	0.37

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 12 months	...after 24 months
Industry excluding construction and Services			
Number of employees			
50-199	0.9	1.0	1.2
200-999	1.0	1.1	1.3
Over 999	1.2	1.1	1.3
Sector			
Industry	0.9	1.0	1.2
Services.....	1.0	1.1	1.2
Geographical area			
North-West	1.0	1.1	1.3
North-East.....	0.9	1.0	1.2
Centre	0.9	1.0	1.1
South and Islands	1.0	1.1	1.1
Total industry and services	0.9	1.1	1.2
<i>Memorandum items:</i>			
September 2013	1.5	1.6	1.7
June 2013.....	1.5	1.6	1.7
March 2013.....	2.4	2.4	2.4
December 2012.....	2.7	2.7	2.7
Construction			
Fraction of revenue derived from residential building			
Less than one third.....	0.8	0.8	1.0
More than one third	1.1	1.3	1.4
Geographical area			
North.....	0.8	0.9	1.0
Centre and South-Islands	0.9	1.0	1.1
Total construction	0.9	0.9	1.1
<i>Memorandum items:</i>			
September 2013	1.4	1.5	1.5
June 2013.....	1.4	1.4	1.6
March 2013.....	2.3	2.3	2.3

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⁾
Industry excluding construction and Services		
Number of employees		
50-199	0.4	1.0
200-999	0.6	1.0
Over 999	0.3	0.8
Sector		
Industry	0.2	1.1
Services	0.6	0.8
Geographical area		
North-West	-0.1	0.8
North-East	0.9	1.0
Centre	0.5	0.8
South and Islands	0.6	1.2
Total industry and services	0.4	0.9
<i>Memorandum items:</i>		
September 2013	0.2	0.8
June 2013	0.1	0.5
March 2013	0.6	0.4
December 2012	0.9	0.8
Construction		
Fraction of revenue derived from residential building		
Less than one third	-1.7	-0.2
More than one third	-4.4	-2.4
Geographical area		
North	-2.9	-1.4
Centre and South-Islands	-1.2	0.3
Total construction	-2.0	-0.5
<i>Memorandum items:</i>		
September 2013	-2.4	0.3
June 2013	-2.2	-0.5
March 2013	-3.2	-2.5

(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
Industry excluding construction and Services				
Number of employees				
50-199	-0.0	0.5	0.5	-0.6
200-999	-0.2	0.4	0.5	-0.4
Over 999	-0.3	0.8	0.4	-0.8
Sector				
Industry	0.0	0.7	0.4	-0.6
Services	-0.4	0.6	0.5	-0.7
Geographical area				
North-West	0.0	0.6	0.4	-0.6
North-East	-0.7	0.7	0.5	-0.8
Centre	-0.0	0.6	0.4	-0.4
South and Islands.....	0.1	0.7	0.7	-0.6
Total industry and services	-0.2	0.6	0.4	-0.6
<i>Memorandum items:</i>				
September 2013.....	-0.1	0.6	0.5	-0.6
June 2013.....	-0.3	0.3	0.4	-0.7
March 2013	-0.3	0.7	0.4	-0.6
December 2012.....	-0.4	0.6	0.4	-0.6
Construction				
Fraction of revenue derived from residential building				
Less than one third	-0.2	0.9	1.0	-0.6
More than one third	-0.5	0.7	0.6	-0.7
Geographical area				
North	-0.3	0.5	0.7	-0.8
Centre and South-Islands.....	-0.1	1.3	1.2	-0.3
Total construction.....	-0.2	0.9	1.0	-0.6
<i>Memorandum items:</i>				
September 2013.....	-0.4	0.9	0.7	-0.7
June 2013.....	-0.3	0.8	0.9	-0.7
March 2013	0.1	1.0	0.9	-0.3

(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)
Industry excluding construction and Services					
Number of employees					
50-199	33.2	62.9	3.9	100.0	-29.3
200-999	32.0	59.9	8.0	100.0	-24.0
Over 999	20.8	67.7	11.4	100.0	-9.4
Sector					
Industry	30.4	64.2	5.5	100.0	-24.9
Services.....	35.2	60.8	4.0	100.0	-31.2
Geographical area					
North-West	25.0	69.3	5.7	100.0	-19.3
North-East.....	37.1	58.5	4.4	100.0	-32.7
Centre.....	37.3	59.9	2.9	100.0	-34.4
South and Islands	39.1	55.4	5.4	100.0	-33.7
Total industry and services.....	32.7	62.5	4.8	100.0	-27.9
<i>Memorandum items:</i>					
September 2013	25.3	66.9	7.9	100.0	-17.4
June 2013	52.8	44.3	2.9	100.0	-49.9
March 2013.....	69.1	30.3	0.6	100.0	-68.5
December 2012.....	57.5	38.7	3.8	100.0	-53.7
Construction					
Fraction of revenue derived from residential building					
Less than one third	43.1	54.3	2.6	100.0	-40.5
More than one third.....	59.8	40.2	0.0	100.0	-59.8
Geographical area					
North.....	46.6	52.6	0.8	100.0	-45.8
Centre and South-Islands	48.7	48.1	3.2	100.0	-45.5
Total construction	47.6	50.5	1.9	100.0	-45.7
<i>Memorandum items:</i>					
September 2013	40.3	54.3	5.4	100.0	-34.9
June 2013	65.3	31.2	3.5	100.0	-61.8
March 2013.....	75.9	23.4	0.6	100.0	-75.3

Table 5

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

(percentages)

	Zero	1-25%	26-50%	51-75%	76-100%	Total	Mean ⁽¹⁾
Industry excluding construction and Services							
Number of employees							
50-199	44.9	40.2	9.6	4.5	0.8	100.0	12.4
200-999	40.4	46.0	9.6	3.6	0.3	100.0	12.2
Over 999	23.2	52.1	17.3	6.5	1.0	100.0	18.3
Sector							
Industry	41.8	44.5	10.5	3.3	0.0	100.0	11.8
Services.....	45.5	38.2	9.1	5.6	1.5	100.0	13.3
Geographical area							
North-West	35.3	44.1	12.5	7.3	0.7	100.0	15.8
North-East.....	47.7	39.3	9.1	2.5	1.4	100.0	11.4
Centre	48.4	40.0	7.1	4.2	0.3	100.0	10.8
South and Islands.....	52.0	40.3	7.3	0.4	0.0	100.0	8.2
Exports' share of sales							
From Zero to 1/3.....	46.4	39.0	9.1	4.6	0.9	100.0	12.2
Between 1/3/ and 2/3	37.1	46.3	12.9	2.8	0.9	100.0	13.5
More than 2/3.....	41.7	44.3	8.5	5.5	0.0	100.0	12.5
Total industry and services	43.6	41.5	9.8	4.4	0.7	100.0	12.5
<i>Memorandum items:</i>							
September 2013	40.7	44.7	9.8	4.1	0.7	100.0	12.7
June 2013.....	47.6	42.2	8.2	2.0	0.0	100.0	9.9
March 2013.....	57.6	34.7	5.3	2.1	0.3	100.0	8.1
December 2012.....	59.8	31.7	5.4	2.7	0.4	100.0	8.2
Construction							
Fraction of revenue derived from residential building							
Less than one third.....	46.8	45.0	6.7	1.6	100.0	46.8	9.4
More than one third	45.0	44.9	7.8	2.3	100.0	45.0	10.3
Geographical area							
North.....	48.7	43.0	6.0	2.3	100.0	48.7	9.3
Centre and South-Islands	43.3	47.4	8.2	1.1	100.0	43.3	10.0
Total construction	46.3	44.9	7.0	1.8	100.0	46.3	9.6
<i>Memorandum items:</i>							
September 2013	49.5	40.9	7.6	1.9	0.0	100.0	9.4
June 2013.....	57.6	34.2	6.7	1.6	0.0	100.0	8.0
March 2013.....	66.0	30.6	2.8	0.6	0.0	100.0	5.4

(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/work⁽¹⁾
with respect to previous quarter
(percentages)

	Decreased (a)	Unchanged	Increased (b)	Total	Balance (b) – (a)
Industry excluding construction and Services					
Number of employees					
50-199	25.3	59.1	15.7	100.0	-9.6
200-999	22.1	63.6	14.3	100.0	-7.8
Over 999	21.3	58.1	20.6	100.0	-0.7
Sector					
Industry	23.6	57.3	19.1	100.0	-4.5
Services.....	25.8	62.5	11.7	100.0	-14.1
Geographical area					
North-West	22.3	61.7	16.0	100.0	-6.3
North-East.....	25.0	55.5	19.5	100.0	-5.5
Centre	24.2	63.0	12.8	100.0	-11.4
South and Islands	30.9	59.0	10.2	100.0	-20.7
Exports' share of sales					
From zero to 1/3.....	26.5	63.2	10.2	100.0	-16.3
Between 1/3/ and 2/3	23.2	50.5	26.3	100.0	3.1
More than 2/3.....	19.7	59.6	20.8	100.0	1.1
Total industry and services.....	24.7	59.8	15.5	100.0	-9.2
<i>Memorandum items:</i>					
September 2013	24.5	60.4	15.1	100.0	-9.4
June 2013	32.7	56.5	10.7	100.0	-22.0
March 2013.....	41.4	50.2	8.4	100.0	-33.0
December 2012.....	39.8	50.5	9.6	100.0	-30.2
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	30.3	53.4	16.3	100.0	-14.0
More than one third.....	43.2	49.7	7.1	100.0	-36.1
Geographical area					
North.....	34.4	52.0	13.7	100.0	-20.7
Centre and South-Islands	32.6	53.1	14.3	100.0	-18.3
Total construction	33.6	52.5	13.9	100.0	-19.7
<i>Memorandum items:</i>					
September 2013	34.2	57.1	8.7	100.0	-25.5

June 2013	34.4	55.5	10.1	100.0	-24.3
March 2013	49.9	42.7	7.3	100.0	-42.6

(1) For firms in industry excluding construction and services, products; for construction firms, works.

Table 7

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

	Decrease (a)	No change	Increase (b)	Total	Balance (b) – (a)
Industry excluding construction and Services					
Number of employees					
50-199	20.9	60.6	18.4	100.0	-2.5
200-999	14.5	63.9	21.6	100.0	7.1
Over 999	15.6	64.2	20.2	100.0	4.6
Sector					
Industry	17.4	60.8	21.8	100.0	4.4
Services.....	22.3	61.7	16.0	100.0	-6.3
Geographical area					
North-West	16.6	62.8	20.6	100.0	4.0
North-East.....	20.1	63.5	16.4	100.0	-3.7
Centre	22.6	59.4	18.0	100.0	-4.6
South and Islands.....	23.7	55.4	20.9	100.0	-2.8
Exports' share of sales					
From zero to 1/3.....	23.4	62.1	14.5	100.0	-8.9
Between 1/3/ and 2/3	12.2	64.2	23.6	100.0	11.4
More than 2/3.....	16.2	54.3	29.5	100.0	13.3
Total industry and services.....	19.7	61.3	19.0	100.0	-0.7
<i>Memorandum items:</i>					
September 2013	17.5	63.0	19.5	100.0	2.0
June 2013.....	21.3	64.3	14.4	100.0	-6.9
March 2013.....	26.7	58.4	14.8	100.0	-11.9
December 2012.....	29.0	59.1	11.8	100.0	-17.2
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	14.0	69.8	16.2	100.0	2.2
More than one third.....	32.5	61.0	6.5	100.0	-26.0
Geographical area					
North.....	19.0	68.5	12.4	100.0	-6.6
Centre and South-Islands	18.4	66.3	15.3	100.0	-3.1
Total construction	18.7	67.5	13.7	100.0	-5.0
<i>Memorandum items:</i>					
September 2013	22.1	60.4	17.5	100.0	-4.6
June 2013.....	16.4	66.4	17.2	100.0	0.8

March 2013.....	30.8	58.4	10.8	100.0	-20.0
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(1) For firms in industry excluding construction and services, products; for construction firms, works.

Table 8

**Foreign demand for the firm's products
with respect to previous quarter**
(Industry excluding construction and Services; percentages)⁽¹⁾

	Decreased (a)	Unchanged	Increased (b)	Total	Balance (b) – (a)
Number of employees					
50-199	19.1	53.1	27.9	100.0	8.8
200-999	9.7	50.0	40.3	100.0	30.6
Over 999	10.9	65.2	23.9	100.0	13.0
Sector					
Industry	17.9	50.8	31.3	100.0	13.4
Services.....	15.3	58.5	26.1	100.0	10.8
Geographical area					
North-West	14.1	60.2	25.7	100.0	11.6
North-East.....	17.0	42.8	40.2	100.0	23.2
Centre	16.0	57.9	26.0	100.0	10.0
South and Islands.....	31.4	44.1	24.5	100.0	-6.9
Total industry and services	17.2	52.8	30.0	100.0	12.8
<i>Memorandum items:</i>					
September 2013	14.7	53.1	32.2	100.0	17.5
June 2013.....	18.1	56.2	25.6	100.0	7.5
March 2013.....	19.8	52.7	27.5	100.0	7.7
December 2012.....	20.5	54.4	25.1	100.0	4.6

(1) For exporting firms only.

Table 9

Three-month forecast of the foreign demand for the firm's products
(Industry excluding construction and Services; percentages)⁽¹⁾

	Decrease (a)	No change	Increase (b)	Total	Balance (b) – (a)
Number of employees					
50-199	12.9	56.9	30.1	100.0	17.2
200-999	1.9	57.9	40.2	100.0	38.3
Over 999	10.9	64.2	24.9	100.0	14.0
Sector					
Industry	11.4	55.1	33.6	100.0	22.2
Services.....	9.9	63.4	26.7	100.0	16.8
Geographical area					
North-West	7.4	62.5	30.1	100.0	22.7
North-East.....	12.4	56.9	30.6	100.0	18.2
Centre	11.8	57.9	30.3	100.0	18.5
South and Islands.....	18.7	37.6	43.6	100.0	24.9
Total industry and services	11.0	57.3	31.8	100.0	20.8
<i>Memorandum items:</i>					
September 2013	9.8	58.5	31.7	100.0	21.9
June 2013.....	10.9	59.3	29.8	100.0	18.9
March 2013.....	10.7	54.8	34.5	100.0	23.8
December 2012.....	14.7	58.3	27.0	100.0	12.3

(1) For exporting firms only.

Table 10

Three-month forecast of the firm's business conditions

(percentages)

	Deterioration (a)	No change	Improvement (b)	Total	Balance (b) – (a)
Industry excluding construction and Services					
Number of employees					
50-199	21.5	69.7	8.8	100.0	-12.7
200-999	22.1	70.0	7.9	100.0	-14.2
Over 999	23.0	66.4	10.6	100.0	-12.4
Sector					
Industry	20.7	69.0	10.3	100.0	-10.4
Services.....	22.6	70.3	7.1	100.0	-15.5
Geographical area					
North-West	18.7	72.2	9.1	100.0	-9.6
North-East.....	24.8	66.4	8.8	100.0	-16.0
Centre	18.7	72.7	8.6	100.0	-10.1
South and Islands.....	26.9	65.5	7.7	100.0	-19.2
Total industry and services.....	21.6	69.6	8.7	100.0	-12.9
<i>Memorandum items:</i>					
September 2013	20.9	70.5	8.6	100.0	-12.3
June 2013.....	22.7	71.6	5.7	100.0	-17.0
March 2013.....	42.4	54.3	3.4	100.0	-39.0
December 2012.....	41.9	54.2	3.9	100.0	-38.0
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	29.1	62.3	8.6	100.0	-20.5
More than one third.....	42.7	51.4	5.9	100.0	-36.8
Geographical area					
North.....	33.1	57.7	9.2	100.0	-23.9
Centre and South-Islands	32.1	61.5	6.4	100.0	-25.7
Total construction	32.7	59.4	7.9	100.0	-24.8
<i>Memorandum items:</i>					
September 2013	34.2	59.1	6.6	100.0	-27.6
June 2013.....	27.3	65.1	7.6	100.0	-19.7
March 2013.....	47.6	49.6	2.8	100.0	-44.8

Table 11

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

	Change in demand	Trend in new sites	Trend in existing sites	Change in selling prices	Change in credit conditions
Industry excluding construction and Services					
Number of employees					
50-199	0.5	....	....	0.2	-0.2
200-999	0.1	....	....	-0.1	-0.2
Over 999	0.1	....	....	0.1	-0.3
Sector					
Industry	0.5	....	....	0.1	-0.3
Services.....	0.3	....	....	0.2	-0.1
Geographical area					
North-West	0.4	....	....	0	-0.1
North-East.....	0.3	....	....	0.1	-0.2
Centre	0.4	....	....	0.3	-0.4
South and Islands.....	0.4	....	....	0.2	-0.4
Total industry and services.....	0.4	....	....	0.1	-0.2
<i>Memorandum items:</i>					
September 2013	0.2	....	....	0.0	-0.4
June 2013.....	-0.0	....	....	-0.0	-0.5
March 2013.....	-0.1	....	....	0.0	-0.6
December 2012.....	-0.4	....	....	-0.1	-1.0
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	....	1.1	0.6	-0.2	-0.5
More than one third.....	....	0.3	0.5	-0.6	-1.0
Geographical area	....			
North.....	....	1.0	0.6	-0.4	-0.6
Centre and South-Islands .....	....	0.8	0.5	-0.2	-0.7
Total construction .....	....	0.9	0.6	-0.3	-0.6
<i>Memorandum items:</i>					
September 2013 .....	....	0.8	0.6	-0.4	-0.7
June 2013.....	....	0.9	0.8	-0.5	-0.5
March 2013.....	....	0.8	0.7	-0.7	-1.0

(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 12

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

	Deterioration (a)	No change	Improvement (b)	Total	Balance (b) – (a)
Industry excluding construction and Services					
Number of employees					
50-199	18.8	20.7	60.5	100.0	41.7
200-999	16.7	15.4	67.9	100.0	51.2
Over 999	7.2	21.4	71.4	100.0	64.2
Sector					
Industry	16.6	17.4	66.0	100.0	49.4
Services.....	20.0	22.4	57.6	100.0	37.6
Geographical area					
North-West	16.4	13.1	70.5	100.0	54.1
North-East.....	19.4	26.3	54.4	100.0	35.0
Centre	20.3	21.1	58.6	100.0	38.3
South and Islands.....	18.0	24.2	57.8	100.0	39.8
Total industry and services	18.2	19.8	62.0	100.0	43.8
<i>Memorandum items:</i>					
September 2013	16.5	19.1	64.4	100.0	47.9
June 2013.....	17.7	21.2	61.1	100.0	43.4
March 2013.....	22.6	20.2	57.1	100.0	34.5
December 2012.....	25.3	20.9	53.8	100.0	28.5
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	14.4	26.5	59.1	100.0	44.7
More than one third	24.4	26.6	49.0	100.0	24.6
Geographical area					
North.....	12.6	28.0	59.5	100.0	46.9
Centre and South-Islands.....	22.7	24.7	52.6	100.0	29.9
Total construction	17.1	26.5	56.4	100.0	39.3
<i>Memorandum items:</i>					
September 2013	21.8	23.1	55.1	100.0	33.3
June 2013.....	12.5	17.8	69.7	100.0	57.2
March 2013.....	23.5	20.2	56.3	100.0	32.8

Table 13

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

	Worse (a)	Unchanged	Better (b)	Total	Balance (b) – (a)
Industry excluding construction and Services					
Number of employees					
50-199	26.3	66.9	6.7	100.0	-19.6
200-999	23.6	70.3	6.1	100.0	-17.5
Over 999	15.0	77.0	8.0	100.0	-7.0
Sector					
Industry	24.7	68.6	6.7	100.0	-18.0
Services.....	26.6	66.9	6.6	100.0	-20.0
Geographical area					
North-West	25.1	67.0	7.8	100.0	-17.3
North-East.....	26.1	66.9	7.0	100.0	-19.1
Centre	21.6	75.8	2.6	100.0	-19.0
South and Islands.....	30.8	61.6	7.6	100.0	-23.2
Total industry and services.....	25.6	67.8	6.6	100.0	-19.0
<i>Memorandum items:</i>					
September 2013	20.6	72.5	6.9	100.0	-13.7
June 2013.....	36.7	58.6	4.7	100.0	-32.0
March 2013.....	49.7	47.9	2.4	100.0	-47.3
December 2012.....	43.9	49.2	6.9	100.0	-37.0
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	32.2	62.3	5.4	100.0	-26.8
More than one third.....	54.7	45.3	0.0	100.0	-54.7
Geographical area					
North.....	29.2	66.9	3.9	100.0	-25.3
Centre and South-Islands	48.8	47.0	4.2	100.0	-44.6
Total construction	38.1	57.9	4.0	100.0	-34.1
<i>Memorandum items:</i>					
September 2013	37.1	56.9	6.0	100.0	-31.1
June 2013.....	43.1	53.4	3.5	100.0	-39.6
March 2013.....	57.6	39.3	3.2	100.0	-54.4

Table 14

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

	Worse (a)	Unchanged	Better (b)	Total	Balance (b) – (a)
Industry excluding construction and Services					
Number of employees					
50-199	22.0	73.3	4.7	100.0	-17.3
200-999	10.5	86.5	3.0	100.0	-7.5
Over 999	10.8	85.3	4.0	100.0	-6.8
Sector					
Industry.....	21.3	74.7	4.0	100.0	-17.3
Services	18.0	77.1	4.9	100.0	-13.1
Geographical area					
North-West	13.4	83.4	3.2	100.0	-10.2
North-East	22.8	71.7	5.4	100.0	-17.4
Centre	26.4	70.7	2.9	100.0	-23.5
South and Islands.....	22.4	70.1	7.5	100.0	-14.9
Total industry and services	19.7	75.8	4.4	100.0	-15.3
<i>Memorandum items:</i>					
September 2013.....	20.8	76.0	3.3	100.0	-17.5
June 2013.....	26.9	69.4	3.7	100.0	-23.2
March 2013	28.8	70.1	1.1	100.0	-27.7
December 2012.....	30.5	66.3	3.2	100.0	-27.3
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	30.4	67.4	2.1	100.0	-28.3
More than one third	57.5	42.5	0.0	100.0	-57.5
Geographical area					
North	36.3	62.5	1.1	100.0	-35.2
Centre and South-Islands.....	39.1	58.8	2.1	100.0	-37.0
Total construction	37.5	60.9	1.6	100.0	-35.9
<i>Memorandum items:</i>					
September 2013.....	38.0	57.2	4.8	100.0	-33.2
June 2013.....	41.5	56.1	2.4	100.0	-39.1
March 2013	50.4	48.2	1.4	100.0	-49.0

Table 15

Overall liquidity position in the next three months
(percentages)

	Insufficient	Sufficient	More than sufficient	Total
Industry excluding construction and Services				
Number of employees				
50-199	21.8	64.1	14.1	100.0
200-999	10.0	67.4	22.7	100.0
Over 999	9.7	61.5	28.8	100.0
Sector				
Industry.....	22.4	60.0	17.5	100.0
Services	16.3	69.5	14.2	100.0
Geographical area				
North-West	14.6	65.8	19.6	100.0
North-East	17.0	66.1	16.9	100.0
Centre	21.5	67.1	11.4	100.0
South and Islands.....	34.6	55.8	9.7	100.0
Total industry and services	19.5	64.6	15.9	100.0
<i>Memorandum items:</i>				
September 2013	21.4	63.0	15.6	100.0
June 2013.....	25.6	61.2	13.2	100.0
March 2013	27.2	60.5	12.3	100.0
December 2012.....	28.6	58.8	12.5	100.0
Construction				
Fraction of revenue derived from residential building				
Less than one third.....	41.5	52.2	6.4	100.0
More than one third	68.2	29.2	2.6	100.0
Geographical area				
North	37.2	55.3	7.5	100.0
Centre and South-Islands.....	62.7	34.7	2.7	100.0
Total construction	48.6	46.1	5.4	100.0
<i>Memorandum items:</i>				
September 2013	48.9	48.2	2.9	100.0
June 2013.....	53.0	44.1	2.9	100.0
March 2013	46.6	49.2	4.2	100.0

Table 16

Payment of general government commercial credit arrears in the second half of 2013
(percentages)

	No commercial credit arrears	No payments received	Payments received	Total
Industry excluding construction and Services				
Number of employees				
50-199	66.9	22.8	10.3	100.0
200-999	57.9	29.2	13.0	100.0
Over 999	56.4	25.5	18.1	100.0
Sector				
Industry.....	72.6	21.9	5.4	100.0
Services	57.1	26.1	16.8	100.0
Geographical area				
North-West	67.5	22.4	10.1	100.0
North-East	64.9	25.4	9.7	100.0
Centre	63.1	23.6	13.3	100.0
South and Islands.....	61.8	25.5	12.7	100.0
Total industry and services	65.1	23.9	10.9	100.0
Construction				
Fraction of revenue derived from residential building				
Less than one third.....	38.0	33.3	28.7	100.0
More than one third	56.9	25.0	18.2	100.0
Geographical area				
North	40.1	30.7	29.2	100.0
Centre and South-Islands.....	46.1	31.8	22.0	100.0
Total construction	42.8	31.2	26.0	100.0

Table 17

**Prevalent use of payments received from general government for
commercial credit arrears**
(per cent)

	Provisions	Reduction of exposure to the financial system	Reduction of exposure to general government	Reduction of debt to employees or suppliers	Funding of new investments	Other	Total
Industry excluding construction and Services							
Number of employees							
50-199	6.8	44.2	5.6	29.7	3.4	10.3	100.0
200-999	5.3	32.3	4.7	30.0	19.1	8.6	100.0
Over 999	0.0	35.1	21.0	14.2	9.0	20.7	100.0
Sector							
Industry	10.5	47.9	2.5	21.9	5.3	11.9	100.0
Services	4.7	39.3	7.3	31.7	7.2	9.8	100.0
Geographical area							
North-West.....	14.3	42.6	7.5	24.2	4.7	6.6	100.0
North-East.....	2.5	52.0	8.7	18.0	4.1	14.7	100.0
Centre.....	0.0	48.7	3.6	23.2	11.0	13.4	100.0
South and Islands	2.4	15.5	2.4	62.4	9.3	8.2	100.0
Total industry and services.....	6.2	41.5	6.1	29.2	6.7	10.4	100.0
Construction							
Fraction of revenue derived from residential building							
Less than one third	0.5	57.8	5.2	33.3	0.0	3.2	100.0
More than one third	14.8	60.3	14.5	10.4	0.0	0.0	100.0
Geographical area							
North	0.6	58.4	8.1	32.9	0.0	0.0	100.0
Centre and South-Islands	7.0	58.0	4.9	23.2	0.0	7.0	100.0
Total construction.....	3.0	58.3	6.8	29.2	0.0	2.6	100.0

Table 18

Passing the worst stage of the economic situation and expectations for production rates

(per cent)

	The firm passed the most difficult stage of the economic situation during the second half of 2013			The firm expects a solid improvement of its production/work rates in the coming months		
	No	Yes	No	Yes	No	Yes
Industry excluding construction and Services						
Number of employees						
50-199	69.1	30.9	100.0	67.1	32.9	100.0
200-999	63.1	36.9	100.0	64.6	35.4	100.0
Over 999	53.7	46.3	100.0	69.4	30.6	100.0
Sector						
Industry	68.2	31.8	100.0	64.3	35.7	100.0
Services	67.3	32.7	100.0	69.3	30.7	100.0
Geographical area						
North-West	64.9	35.1	100.0	66.8	33.2	100.0
North-East	72.1	27.9	100.0	70.1	29.9	100.0
Centre	69.2	30.8	100.0	64.2	35.8	100.0
South and Islands	65.3	34.7	100.0	63.1	36.9	100.0
General government payments of commercial credit arrears						
No credit arrears	71.1	28.9	100.0	69.7	30.3	100.0
No payment received	63.2	36.8	100.0	62.8	37.2	100.0
Received payments	61.4	38.6	100.0	61.0	39.0	100.0
Total industry and services	67.7	32.3	100.0	66.7	33.3	100.0
Construction						
Fraction of revenue derived from residen building						
Less than one third	71.1	28.9	100.0	59.5	40.5	100.0
More than one third	85.5	14.5	100.0	81.6	18.4	100.0
Geographical area						
North	80.3	19.7	100.0	73.2	26.8	100.0
Centre and South-Islands	68.0	32.0	100.0	54.9	45.1	100.0
Total construction	74.8	25.2	100.0	65.0	35.0	100.0

Table 19

Three-month forecast of workforce
(percentages)

	Decrease (a)	No change	Increase (b)	Total	Balance (b) – (a)
Industry excluding construction and Services					
Number of employees					
50-199	21.8	68.8	9.4	100.0	-12.4
200-999	29.0	60.6	10.4	100.0	-18.6
Over 999	40.9	47.5	11.6	100.0	-29.3
Sector					
Industry.....	24.2	65.4	10.4	100.0	-13.8
Services	22.7	68.5	8.8	100.0	-13.9
Geographical area					
North-West	23.4	67.0	9.6	100.0	-13.8
North-East	21.7	67.6	10.7	100.0	-11.0
Centre	24.8	66.6	8.6	100.0	-16.2
South and Islands.....	25.5	65.7	8.8	100.0	-16.7
Total industry and services	23.5	66.9	9.6	100.0	-13.9
<i>Memorandum items:</i>					
September 2013	23.1	68.1	8.8	100.0	-14.3
June 2013.....	24.5	67.3	8.2	100.0	-16.3
March 2013	23.6	66.9	9.6	100.0	-14.0
December 2012.....	30.7	61.9	7.4	100.0	-23.3
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	31.6	59.4	9.0	100.0	-22.6
More than one third	55.7	42.0	2.4	100.0	-53.3
Geographical area					
North	31.4	59.6	9.0	100.0	-22.4
Centre and South-Islands.....	45.8	49.1	5.1	100.0	-40.7
Total construction	37.8	54.9	7.3	100.0	-30.5
<i>Memorandum items:</i>					
September 2013	31.7	62.1	6.2	100.0	-25.5
June 2013.....	30.3	65.0	4.6	100.0	-25.7
March 2013	32.6	59.8	7.6	100.0	-25.0

**Forecast changes in spending on fixed investment
between 2013 and 2014**

(percentages)

	Decrease (a)	No change	Increase (b)	Total	Balance (b) – (a)
Industry excluding construction and Services					
Number of employees					
50-199	24.6	51.2	24.1	100.0	-0.5
200-999	30.8	47.1	22.1	100.0	-8.7
Over 999	32.9	42.0	25.1	100.0	-7.8
Sector					
Industry	26.5	46.8	26.7	100.0	0.2
Services.....	25.2	54.2	20.6	100.0	-4.6
Geographical area					
North-West	27.4	50.9	21.7	100.0	-5.7
North-East.....	24.2	49.6	26.1	100.0	1.9
Centre	22.9	52.5	24.5	100.0	1.6
South and Islands.....	28.6	47.5	23.9	100.0	-4.7
Total industry and services.....	25.9	50.3	23.8	100.0	-2.1
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	22.3	50.6	27.1	100.0	4.8
More than one third.....	26.4	42.7	30.9	100.0	4.5
Geographical area					
North.....	21.2	52.6	26.2	100.0	5.0
Centre and South-Islands	25.9	43.7	30.4	100.0	4.5
Total construction	23.4	48.5	28.1	100.0	4.7

**Forecast changes in spending on fixed investment
between the second half of 2013 and the first half of 2014**

(percentages)

	Decrease (a)	No change	Increase (b)	Total	Balance (b) – (a)
Industry excluding construction and Services					
Number of employees					
50-199	21.7	54.4	23.9	100.0	2.2
200-999	27.8	48.7	23.5	100.0	-4.3
Over 999	29.8	45.8	24.4	100.0	-5.4
Sector					
Industry	23.7	52.7	23.6	100.0	-0.1
Services.....	22.1	53.9	24.0	100.0	1.9
Geographical area					
North-West	25.3	50.9	23.9	100.0	-1.4
North-East.....	18.0	59.2	22.8	100.0	4.8
Centre	22.8	52.7	24.5	100.0	1.7
South and Islands.....	26.1	49.1	24.8	100.0	-1.3
Total industry and services.....	22.9	53.2	23.8	100.0	0.9
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	23.6	52.1	24.3	100.0	0.7
More than one third.....	24.6	45.7	29.7	100.0	5.1
Geographical area					
North.....	19.5	59.3	21.2	100.0	1.7
Centre and South-Islands	29.2	39.6	31.1	100.0	1.9
Total construction	23.9	50.5	25.6	100.0	1.7

Portion of VAT increase passed through to prices
(percentages)

	None	A small part	Most	All	Total
Number of employees					
50-199	63.1	11.4	1.9	23.6	100.0
200-999	55.0	19.1	5.2	20.8	100.0
Over 999	53.1	19.5	7.8	19.6	100.0
Sector					
Industry	64.0	10.3	1.6	24.2	100.0
Services.....	58.8	15.6	3.7	21.9	100.0
Geographical area					
North-West	63.9	11.0	1.7	23.4	100.0
North-East.....	62.5	11.3	1.9	24.4	100.0
Centre	59.1	16.0	4.1	20.9	100.0
South and Islands.....	56.3	16.8	4.7	22.2	100.0
Total industry and services.....	61.5	12.9	2.6	23.0	100.0

Main factors in decision to pass VAT increase through

(percentages)

	State of demand for your products	Competitors' pricing	Difficulty in quickly adjusting price lists	Suppliers' pricing	Other
Number of employees					
50-199	34.0	18.1	14.5	13.8	34.4
200-999	38.3	17.5	13.2	7.0	35.1
Over 999	40.8	15.2	13.9	8.2	32.9
Sector					
Industry	39.7	18.7	17.0	12.0	30.4
Services.....	29.8	17.1	11.3	13.0	38.7
Geographical area					
North-West	39.5	20.9	16.3	14.0	27.3
North-East.....	32.1	13.8	14.3	8.1	43.6
Centre	33.9	17.3	14.5	11.6	34.8
South and Islands	29.6	19.3	8.3	18.7	34.2
Portion of the ordinary VAT rate increase passed through to sales prices					
None	38.0	20.4	16.7	4.9	32.6
A small part.....	38.2	25.0	15.2	24.1	17.6
Most.....	17.8	25.6	15.9	31.1	24.3
All.....	26.5	6.7	6.9	24.2	49.9
Total industry and services.....	34.9	17.9	14.2	12.5	34.5

Appendix C:
Questionnaire

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

DECEMBER 2013

Company Name _____

A0. Which is your firm's main sector? |__|

(1) MANUFACTURING

(2) OTHER INDUSTRY

- Mineral extraction from mines
- Elettrical, gas, vapour, air conditioning supply
- Water supply
- Sewerage, waste management, and redevelopment

(3) TRADING

(4) OTHER SERVICES

(5) CONSTRUCTION

- Buildings
- Engineering
- Special construction works
(demolition and preparation of building sites, plant installation, completion and finishing, etc.)

Fill in GREEN questionnaire

Fill in LIGHT BLUE questionnaire

INDUSTRY EXCLUDING CONSTRUCTION AND SERVICES

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

SEZIONE A – GENERAL INFORMATION

A1. Number of employees: |__|

A2. Share of sales revenues coming from exports: |__|

(1= more than 2/3; 2= Between 1/3 and 2/3; 3= Up to 1/3 and more than zero; 4=Zero)

SECTION B – GENERAL ECONOMIC SITUATION OF THE COUNTRY

	...in June 2014?	...in December 2014?	... in December 2015?
B1a. (about 2/3 of the sample) In October consumer price inflation, measured by the 12-month change in the HARMONIZED INDEX OF CONSUMER PRICES was 0.8 per cent in Italy and 0.7 per cent in the euro area. What do you think it will be in Italy...	|__| |__|_|.|__|%	|__| |__|_|.|__|%	|__| |__|_|.|__|%
B1b. (about 1/3 of the sample) What do you think consumer price inflation in Italy, measured by the 12-month change in the HARMONIZED INDEX OF CONSUMER PRICES, will be...	|__| |__|_|.|__|%	|__| |__|_|.|__|%	|__| |__|_|.|__|%
B2. 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			
B3. 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 C – YOUR FIRM'S BUSINESS CONDITIONS

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

C1. in the next 3 months? Much better Better The same Worse Much worse

C2. 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		
C3. in the next 3 months	|__|	|__|	|__|	|__|	|__|	|__|	|__|	|__|	|__|	1	0	0
C4. 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
C5. changes in DEMAND	1|__|	2|__|	3|__|	1|__|	2|__|	3|__|
C6. changes in YOUR PRICES	1|__|	2|__|	3|__|	1|__|	2|__|	3|__|
C7. AVAILABILITY and the COST OF CREDIT	1|__|	2|__|	3|__|	1|__|	2|__|	3|__|

C8. Compared with 3 month ago, do you think conditions for investment are ... ? Better The same Worse

C9. 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

C10. Compared with three months ago, is the total demand for your products ... ? Higher Unchanged Lower

C11. How will the total demand for your products vary in the next 3 months? Increase No change Decrease

(Answer to questions C12-C13 only if the share of sales revenues coming from exports is positive, otherwise go to C14)

C12. Compared with three months ago, is the foreign demand for your products ... ? Higher Unchanged Lower

C13. How will the foreign demand for your products vary in the next 3 months? Increase No change Decrease

C14. Compared with three months ago, are credit conditions for your company ... ? Better Unchanged Worse

C15 Overall, do you think your firm passed the most difficult stage of the economic situation during the second half of 2013? No Yes

C16 Do you expect a solid improvement of your production/work rates in the coming months? No Yes

SECTION D – CHANGES IN YOUR FIRM'S SELLING PRICES

D1. In the last 12 months, what has been the average change in your firm's prices? |__| |__|_|.|__|%

D2. 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
	__	__	__	__	__	__

D3. TOTAL DEMAND	1|_|	2|_|	3|_|	1|_|	2|_|	3|_|
D4. RAW MATERIALS PRICES	1|_|	2|_|	3|_|	1|_|	2|_|	3|_|
D5. LABOUR COSTS	1|_|	2|_|	3|_|	1|_|	2|_|	3|_|
D6. PRICING POLICIES of your firm's main competitors	1|_|	2|_|	3|_|	1|_|	2|_|	3|_|

SECTION E – WORKFORCE

E1. 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|_|

SECTION F – GENERAL GOVERNMENT PAYMENTS

F1. In the second half of 2013, have you received a sizeable sum from general government in payment of commercial credit arrears? No, I was not due any arrears from general government No, I have not received any arrears Yes

F2. If yes, what use have you made or do you plan to make, in the next three months, of the arrears you have received?

- Provisions; Reduction of exposure to the financial system; Reduction of exposure to general government; Reduction of debt to employees or suppliers; Funding of new investments; Other.

SEZIONE G – INVESTMENT

G1. What do you expect will be the nominal expenditure on (tangible and intangible) fixed investment in 2014 compared with that in 2013? Much higher A little higher About the same A little lower Much lower

G2. And what do you expect will be the nominal expenditure in the first half of 2014 compared with that in the second half of 2013: Much higher A little higher About the same A little lower Much lower

NOTE: The responses "much higher" and "much lower" also apply when, in the two periods compared, investments are zero.

SECTION H – INCREASE IN ORDINARY VAT RATE

H1. What portion of the ordinary VAT rate increase from 21 to 22 per cent on 1 October 2013 have you passed through to sales prices in the fourth quarter? None A small part Most All Not applicable.

H2. What were the main factors in the decision? (Maximum of two choices) State of demand for your products Competitors' pricing Difficulty in quickly adjusting price lists Suppliers' pricing Other.

CONSTRUCTION

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

SEZIONE A – GENERAL INFORMATION

A1. Number of employees: |__|

A2. Share of sales revenues coming from exports: |__|

(1= more than 2/3; 2= Between 1/3 and 2/3; 3= Up to 1/3 and more than zero; 4=Zero)

A3. Share of revenue from residential building: |__|

(1= more than 2/3; 2= Between 1/3 and 2/3; 3= Up to 1/3 and more than zero; 4=Zero)

SECTION B – GENERAL ECONOMIC SITUATION OF THE COUNTRY

	...in June 2014?	...in December 2014?	... in December 2015?
B1a. (about 2/3 of the sample) In October consumer price inflation, measured by the 12-month change in the HARMONIZED INDEX OF CONSUMER PRICES was 0.8 per cent in Italy and 0.7 per cent in the euro area. What do you think it will be in Italy...	|__| |__|_|,|__|%	|__| |__|_|,|__|%	|__| |__|_|,|__|%
B1b. (about 1/3 of the sample) What do you think consumer price inflation in Italy, measured by the 12-month change in the HARMONIZED INDEX OF CONSUMER PRICES, will be...	|__| |__|_|,|__|%	|__| |__|_|,|__|%	|__| |__|_|,|__|%
B2. 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			
B3. 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 C – YOUR FIRM'S BUSINESS CONDITIONS

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

C1. in the next 3 months? Much better Better The same Worse Much worse

C2. 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		
C3. in the next 3 months	|__|	|__|	|__|	|__|	|__|	|__|	|__|	|__|	|__|	1	0	0
C4. 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
C5a. trend in NEW SITES	1|__|	2|__|	3|__|	1|__|	2|__|	3|__|
C5b. trend in existing SITES	1|__|	2|__|	3|__|	1|__|	2|__|	3|__|
C6. changes in YOUR PRICES	1|__|	2|__|	3|__|	1|__|	2|__|	3|__|
C7. AVAILABILITY and the COST OF CREDIT	1|__|	2|__|	3|__|	1|__|	2|__|	3|__|

C8. Compared with 3 month ago, do you think conditions for investment are ... ? Better The same Worse

C9. 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

C10. Compared with three months ago, is the total demand for your products ... ? Higher Unchanged Lower

C11. How will the total demand for your products vary in the next 3 months? Increase No change Decrease

(Answer to questions C12-C13 only if the share of sales revenues coming from exports is positive, otherwise go to C14)

C12. Compared with three months ago, is the foreign demand for your products ... ? Higher Unchanged Lower

C13. How will the foreign demand for your products vary in the next 3 months? Increase No change Decrease

C14. Compared with three months ago, are credit conditions for your company ...? Better Unchanged Worse

C15 Overall, do you think your firm passed the most difficult stage of the economic situation during the second half of 2013? No Yes

C16 Do you expect a solid improvement of your production/work rates in the coming months? No Yes

SECTION D – CHANGES IN YOUR FIRM'S SELLING PRICES

D1. In the last 12 months, what has been the average change in your firm's prices?

|__| |__|_|,|__|%

D2. 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 <u>in the next 12 months</u>	Effect on firm's selling prices			Intensity (if not nil)		
	<i>Downward</i>	<i>Neutral</i>	<i>Upward</i>	<i>Low</i>	<i>Average</i>	<i>High</i>
D3. TOTAL DEMAND	1|__|	2|__|	3|__|	1|__|	2|__|	3|__|
D4. RAW MATERIALS PRICES	1|__|	2|__|	3|__|	1|__|	2|__|	3|__|
D5. LABOUR COSTS	1|__|	2|__|	3|__|	1|__|	2|__|	3|__|
D6. PRICING POLICIES of your firm's main competitors	1|__|	2|__|	3|__|	1|__|	2|__|	3|__|

SECTION E – WORKFORCE

E1. 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|__|

SECTION F – GENERAL GOVERNMENT PAYMENTS

F1. In the second half of 2013, have you received a sizeable sum from general government in payment of commercial credit arrears? No, I was not due any arrears from general government No, I have not received any arrears Yes

F2. If yes, what use have you made or do you plan to make, in the next three months, of the arrears you have received?

- Provisions; Reduction of exposure to the financial system; Reduction of exposure to general government;
 Reduction of debt to employees or suppliers; Funding of new investments; Other.

SEZIONE G – INVESTMENT

G1. What do you expect will be the nominal expenditure on (tangible and intangible) fixed investment in 2014 compared with that in 2013? Much higher A little higher About the same A little lower Much lower

G2. And what do you expect will be the nominal expenditure in the first half of 2014 compared with that in the second half of 2013: Much higher A little higher About the same A little lower Much lower

NOTE: The responses "much higher" and "much lower" also apply when, in the two periods compared, investments are zero.

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 (half yearly)

Household Wealth in Italy (annual)

Sample Surveys (irregular)

Methodological Notes (irregular)

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