



BANCA D'ITALIA
EUROSISTEMA

Supplements to the Statistical Bulletin

Sample Surveys

Survey on Inflation and Growth Expectations

March 2016

New series
Year XXVI - 11 April 2016

Number

17

CONTENTS

1. Introduction	3
2. The main results for firms in services and industry excluding construction	3
3. Construction firms	5
Appendix A: Methodological Notes	11
Appendix B: Statistical Tables.....	17
Appendix C: Questionnaire.....	41

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 2016 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 Marco Bottone, Tatiana Cesaroni and Cristina Conflitti

We would like to thank all the companies that agreed to take part.

SURVEY ON INFLATION AND GROWTH EXPECTATIONS

1. Introduction

The interviews for the Banca d'Italia–*Il Sole 24 Ore* quarterly survey on inflation and growth expectations were carried out between 1 and 16 March 2016. A total of 1000 firms with 50 or more employees took part, of which 376 operate in industry excluding construction, 415 in services and 209 in construction (Table A1).

The firms were asked to provide forecasts both on macroeconomic matters, such as developments in 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. Appendices A, B and C contain the methodological notes, 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' selling prices

Consumer inflation expectations six months ahead and one year ahead were unchanged from the previous survey (at 0.5 and 0.5 per cent, respectively), as were expectations between three and five years ahead (at 1.0 per cent); only expectations two years ahead were revised up slightly to 0.8 per cent, from 0.7 per cent in December (Table 1 and Figure 1).

Firms reported a 0.5 per cent decline in their selling prices compared with a year earlier (-0.3 per cent in December; Table 2), owing above all to trends at the largest firms (1,000 or more employees) and at those belonging to the industrial sector. Selling prices are expected to grow a little in the next twelve months (0.4 per cent), both in industry excluding construction and in services.

The expected increase is mostly attributable to rising labour costs and, to a lesser extent, indications of a pick-up in demand, while competitors' pricing policies are instead holding selling prices down (Table 3).

Assessment of the general economic situation

The overwhelming majority (over 70 per cent) of the firms interviewed expected the general economic situation to remain stable (Table 4). However, the balance between reports of improvement and deterioration, while still positive, narrowed to 5.5 percentage points from 12.5 points in the previous quarter. The average probability assigned to an improvement of the economic situation in the next three months continued to decline, reaching 15.6 per cent (compared with 17.5 per cent in the previous quarter; Table 5).

Demand

Firms' views on changes in current demand, though they have been on a downward trend since June 2015, nonetheless remain positive: the balance between those that expect an increase and those that expect a decrease came to 5.4 percentage points (from 6.2 percentage points in December; Table 6). The balance of firms' expectations of an increase or decrease in demand for their products instead improved markedly (25.3 percentage points, from 14.0 points in December), both for firms in industry excluding construction and in services.

Assessments of current conditions in foreign demand also continue to be favourable, recording a slight improvement with respect to December (Table 8). Even more positive indications come from firms' expectations over the next three months; in both cases the increase compared to the last quarter is attributable to the services sector (Table 9).

Assessment of business conditions

Firms' expectations of the economic conditions in which they will be operating over the next three months have improved slightly. The balance between positive and negative views is 8.5 percentage points (from 3.9 points in December), though by far the largest share of responses pointed to stable conditions (78.1 per cent; Table 10 and Figure 6). The balance increased in industry excluding construction and in services. Firms' activities continue to be bolstered by low oil prices and above all by trends in demand, as well as by more favourable credit conditions; with respect to December's survey, the uncertainty attributable to economic and political factors continues, while the positive effect of exchange rate dynamics has waned (Table 11).

Investment conditions

A majority of firms (77.9 per cent of those interviewed) are of the opinion that investment conditions will remain stable. The balance between expectations of an improvement and a deterioration is 8.8 percentage points (Table 13 and Figure 7), up slightly from December's survey.

The share of firms expecting an increase in nominal expenditure on fixed investment in the first six months of 2016 is now 7.7 percentage points greater than those expecting a decrease (14.5 percentage points in December). Expectations are particularly favourable among medium-large firms (200 to 999 employees) and those operating in the South and Islands. (Table 14); about half of the firms expect nominal expenditure on fixed investment to remain unchanged compared with the second half of 2015.

For 2016 as a whole the balance between firms forecasting an increase in investment expenditure and those forecasting a decrease is slightly greater than that of the previous survey (18.7 percentage points compared with 16.8 points in 2015). It was especially favourable for the most export-oriented firms (32.8 per cent). Some 48.3 per cent of firms forecast that investment expenditure will hold constant compared to 2015, barely above the share recorded in the previous survey (Table 15).

Firms were once again asked whether the investment incentive on capital goods ('super ammortamento') contained in the 2016 Stability Law had influenced their investment plans. A little over half of the firms reported that it had had an appreciable effect but of these only one fifth believed it to be sufficient or very significant.

The share of firms reporting a positive impact of the investment incentive is higher in industry excluding construction, especially among large firms (1,000 or more workers).

Some 43.5 per cent of the respondents declared they had passed the most difficult stage of the economic downturn, slightly lower than the 47.6 per cent share recorded previously; the percentage of firms predicting a solid improvement in their production rates in the coming months rose to 46.6 per cent, from 44.1 per cent in December (Table 20).

Liquidity and access to credit

The conditions of access to credit have eased further, continuing a trend under way since the end of 2012. In the last quarter the balance between firms reporting better conditions compared with the previous quarter and those indicating greater difficulties remained basically unchanged at 3.7 percentage points (Table 17). The share of firms reporting an improvement in access to credit came to 11.5 per cent (9.9 per cent in December); conditions improved both for industrial firms and for those operating in the services sector.

The share of firms expecting their liquidity position to be insufficient fell to 13.3 per cent from 16.6 per cent, while those who considered it more than adequate rose to 22.3 per cent (from 17.6 per cent; Table 18).

Employment

Expectations for employment in the short term improved. The share of firms estimating an increase in staff numbers in the next three months is now greater than that of firms expecting a decline (4.8 percentage points; from -0.9 percentage points in December; Table 19), while the share of those expecting it to remain basically unchanged rose to 74.8 percentage points from 66.3 points in December. The balance rose above all owing to the increase recorded among firms operating in the Centre and among medium-sized firms.

3. Construction firms

The optimistic views of construction firms concerning the general economic outlook were confirmed in March, although they darkened slightly compared with the previous survey. The balance between expectations of an improvement and a deterioration is 5.4 percentage points, compared with 10.1 points in December (Table 4). The probability assigned to an improvement in the scenario in the next three months is stable overall at 12.5 per cent (Table 5).

Assessments of growth in demand for the reporting firms' own products mostly pointed towards it remaining stable, at 64.9 per cent, with the balance between firms reporting an improvement and those reporting a deterioration negative by 3.3 percentage points (from 0.0 points in December; Table 6). The negative balance reflected the worsening of assessments by the firms which are most active in the residential segment (-4.6 percentage points, from 12.6 points in December). For the firms most heavily involved in residential construction, the likelihood of there being a positive scenario in the next three months has risen to 12.5 per cent (from 10.9 per cent in December; Table 7).

The balance of firms' assessments of the economic conditions in which they will operate for the next three months turned slightly negative (-1.9 per cent; Table 10), after entering positive territory three months ago for the first time since December 2012. Uncertainty generated by economic and political factors appears to be hindering an improvement while positive stimuli are instead expected to come from increased demand for the firms' own products (both new and pre-existing orders) and an easing of the terms of access to credit (Table 11).

Expectations three years ahead remained positive and basically stable compared to the last survey: the balance between firms expecting better conditions and those instead expecting a deterioration came to 48.1 percentage points (from 52.7 points in December; Table 12).

Firms' views on investment conditions remain favourable: the balance between those indicating an improvement and those instead expecting a deterioration with respect to the last quarter remains positive at 3.4 percentage points (Table 13). The balance between firms indicating an increase in nominal expenditure on fixed investment in the first half of 2016 compared to the previous period, and those expecting a decrease, remained basically unchanged at 9.7 percentage points (Table 14). The trend is also positive for 2016 overall compared with 2015, with the balance showing a considerable increase, at 18.6 percentage points (9 points in December, Table 15).

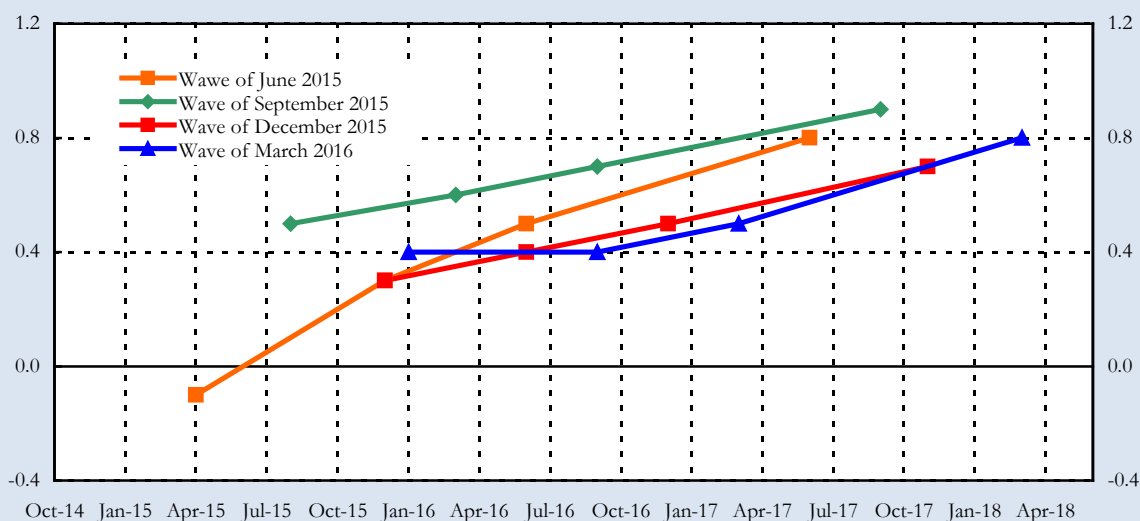
The share of firms reporting that in the previous months they had overcome the most difficult phase of the economic downturn is basically stable at 38.1 per cent (Table 20). The percentage expecting a 'substantial increase' in output in the months to come fell to 45.1 per cent (from 49.7 per cent in December).

Pessimism over employment conditions has subsided somewhat compared to the last survey. The negative balance between expectations of an improvement and a deterioration has narrowed and is now at -9.1 per cent, from -15.6 per cent in December (Table 19). Assessments on the conditions of access to credit are improving: the balance between firms reporting an easing of credit conditions compared with those reporting a tightening rose to -7.6 per cent, from -10.2 per cent in December (Table 17). Expectations concerning firms' liquidity position over the next three months also improved slightly.

Figure 1

Expectations of consumer price inflation in Italy

(Industry excluding construction and Services; percentage changes on year-earlier period) ⁽¹⁾

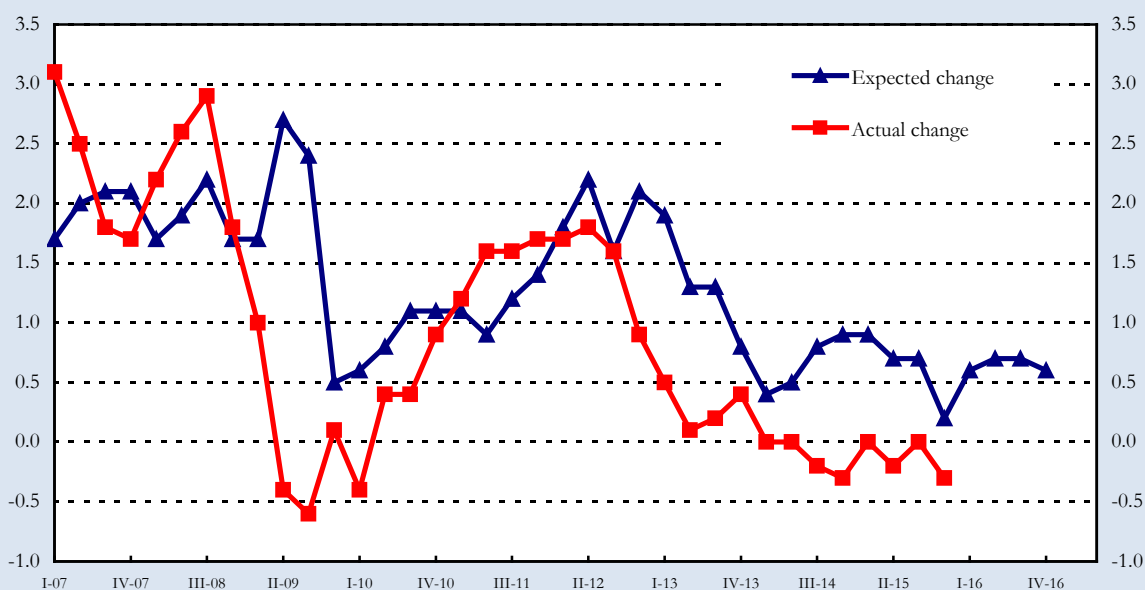


(1) The first point in each curve is the latest definitive inflation data available at the time of the survey, which is given to the interviewees in the questionnaire as a point of reference for expressing their expectations; the second point is the average of the interviewees' forecasts for the next 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

Expected and actual changes in selling prices

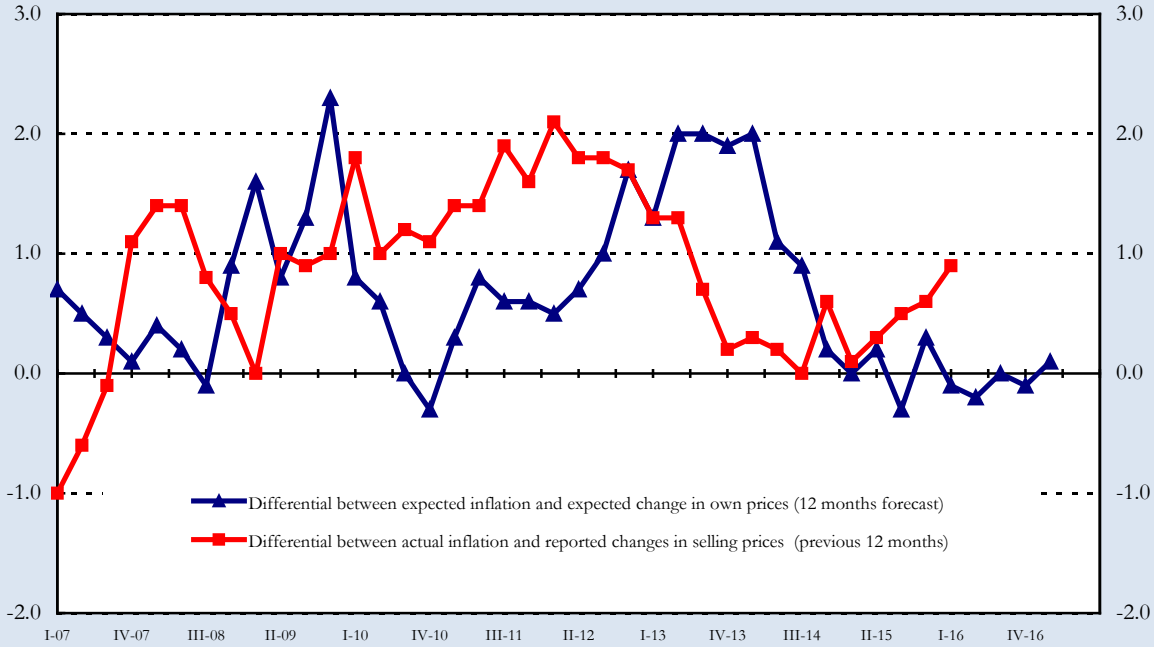
(Industry excluding construction and Services; percentage changes) ⁽¹⁾



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

Figure 3

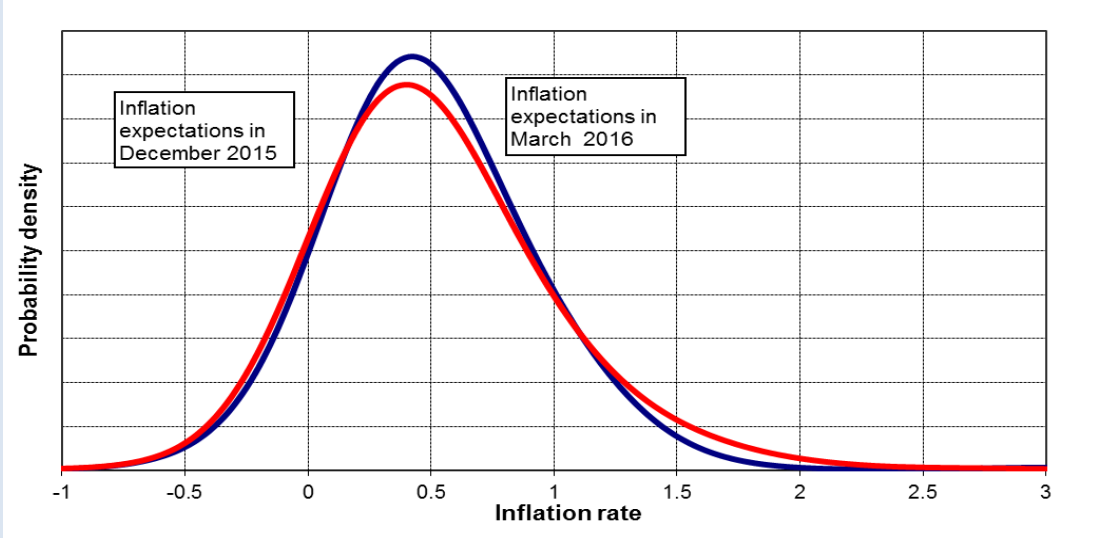
Differential between price changes reported by firms and the inflation rate:
forecasts and outcomes
(Industry excluding construction and Services; percentage points) ⁽¹⁾



(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
(Industry excluding construction and Services; kernel density) ⁽¹⁾

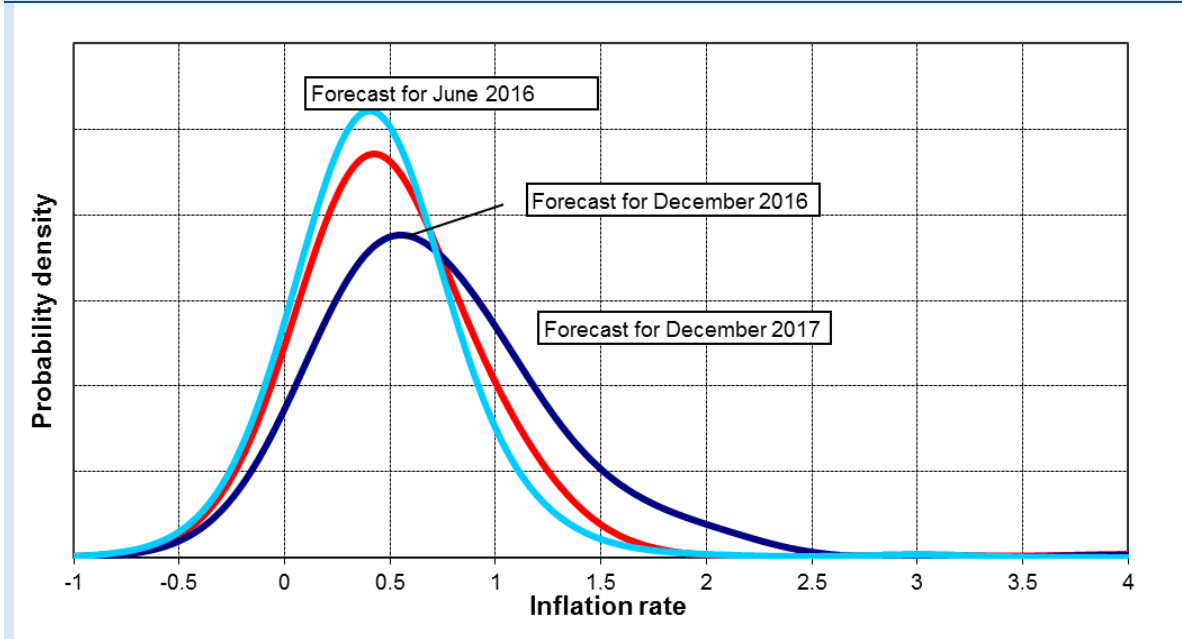


(1) The estimates are obtained using a Gaussian kernel density with a bandwidth equal to 0.2.

Figure 5

Expectations of the inflation rate
over the next 6, 12 and 24 months

(Industry excluding construction and Services, non parametric estimates)⁽¹⁾

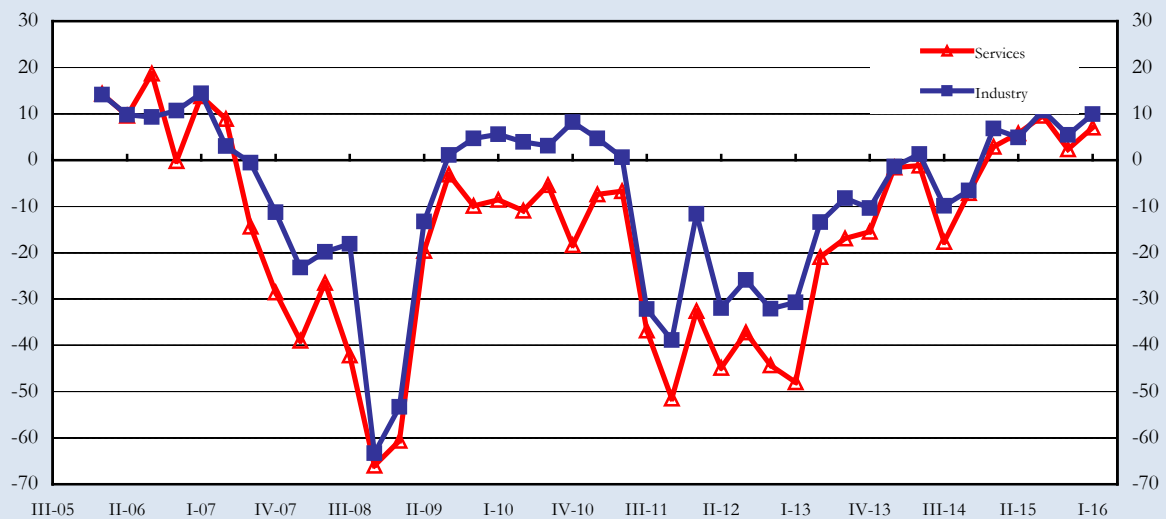


(1) The estimates are obtained using a Gaussian kernel density with a bandwidth equal to 0.3. The light blue line indicates the forecast over the next 6 months. The red line indicates the forecast over the next 12 months. The dark blue line indicates the forecast over the next 24 months.

Figure 6

Three-month forecast of the firm's business conditions

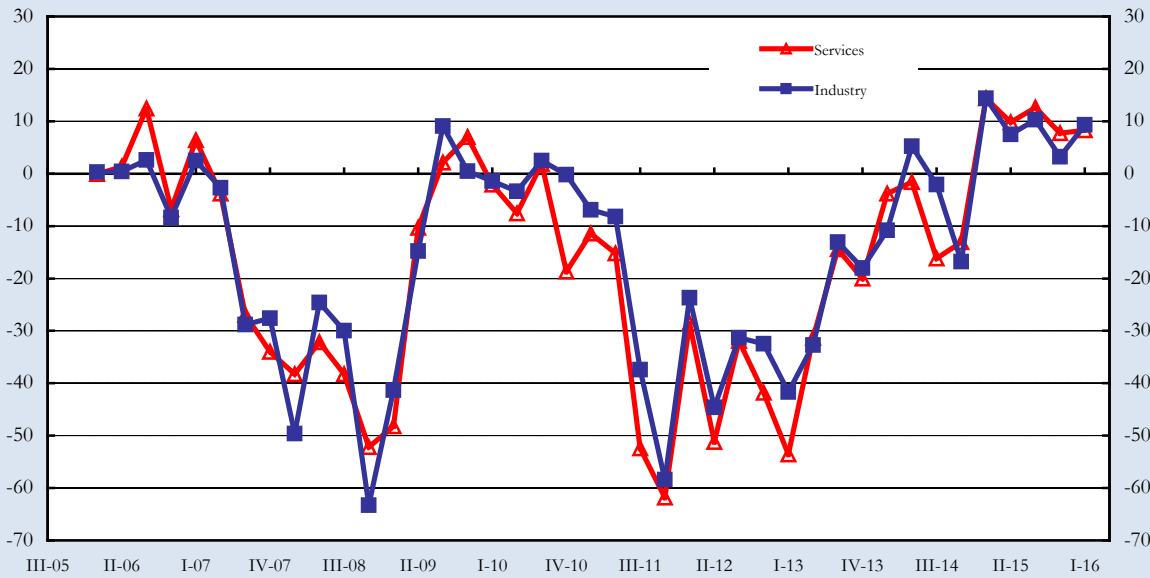
(Industry excluding construction and Services; percentage points)⁽¹⁾



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

Figure 7

Conditions for investment with respect to previous quarter
(Industry excluding construction and Services; 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 first quarter of 2016 consisted of 1000 firms: 376 firms in industry excluding construction, 415 service firms and 209 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. A1).

Tab. 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	420	16,678	2.5	170	1,094	15.5
200-999	241	3,440	7.0	33	110	30.0
Over 999.....	130	519	25.0	6	7	85.7
Sector						
Industry.....	376	10,537	3.6	–	–	–
Services	415	10,100	4.1	–	–	–
Geographical area						
North-West.....	220	8,108	2.7	54	384	14.1
North-East.....	230	5,682	4.0	62	318	19.5
Centre.....	169	3,819	4.4	41	226	18.1
South and Islands	172	3,028	5.7	52	283	18.4
Total.....	791	20,637	3.8	209	1,211	17.3

(1) Istat (2013).

The estimates for inflation expectations for 6, 12 and 24 months ahead are calculated on a sub-sample of 535 industrial firms and service firms, and 134 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).

The response rate is equal to 45.6 per cent for industry and 36.9 for construction (tab A2).

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.

Tab. 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	1129	36.9	491	34.8
200-999	405	59.8	57	57.9
Over 999	199	66.3	18	27.8
Sector				
Industry	881	43.7	–	–
Services	852	47.7	–	–
Geographical area				
North West	577	38.0	174	31.6
North East	492	47.0	155	39.4
Centre.....	310	54.5	114	36.0
South and Islands	354	48.6	123	42.3
Total.....	1733	45.6	566	36.9

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

Tab. 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.....	0.4	0.4	0.3	0.0	0.5	0.4	0.3	0.0
Consumer price inflation in Italy in the next 12 months	0.5	0.5	0.5	0.0	0.2	0.5	0.4	0.0
Consumer price inflation in Italy in the next 24 months	0.7	0.7	0.6	0.0	0.5	0.7	0.5	0.0
Change in own prices in the last 12 months.....	-1.1	-0.3	0.0	5.7	1.7	1.1	0.0	5.3
Change in own prices in the next 12 months.....	0.4	0.6	0.1	6.2	0.5	0.3	0.0	6.7

Tab. A4 -Standard errors*(percentage)*

	Industry excluding construction and Services	Construction
Consumer price inflation in Italy in the next 6 months	0.05	0.03
Consumer price inflation in Italy in the next 12 months	0.04	0.05
Consumer price inflation in Italy in the next 24 months	0.04	0.06
Change in own prices in the last 12 months.....	0.69	1.43
Change in own prices in the last 12 months (robust)	0.28	1.02
Change in own prices in the next 12 months.....	0.34	0.28
Change in own prices in the next 12 months (robust)	0.14	0.21

Appendix B:
Statistical Tables

Tab. 1 Consumer price inflation expectations in Italy.....21

Tab. 2 Change in companies' selling prices.....22

Tab. 3 Factors that will affect firms' selling prices.....23

Tab. 4 Assessment of the general state of the economy with respect to previous quarter.....24

Tab. 5 Likelihood of an improvement in the general economic situation in the next three months.....25

Tab. 6 Trend in total demand for firm's product/work ⁽¹⁾ with respect to previous quarter.....26

Tab. 7 Three-month forecast of total demand for the firm's products/works⁽¹⁾27

Tab. 8 Foreign demand for the firm's products with respect to previous quarter.....28

Tab. 9 Three-month forecast of the foreign demand for the firm's products.....29

Tab.10 Three-month forecast of the firm's business conditions30

Tab.11 Factors which will affect the firm's business conditions31

Tab.12 Three-year forecast of the firm's business conditions.....32

Tab.13 Assessment of conditions for investment with respect to previous quarter.....33

Tab.14 Forecast changes on fixed investment between first half 2016 and second half of 2015.....34

Tab.15 Forecast changes on fixed investment excluding investment in property between 2016 and 2015.35

Tab.16 Impact of the investment incentive on future investment plans36

Tab.17 Assessment of credit conditions for firms with respect to previous quarter.....37

Tab.18 Overall liquidity position in the next three months.....38

Tab.19 Three-month forecast of workforce39

Tab.20 Passing the worst stage of the economic situation and expectations for production rates40

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	... between 3 and 5 years
Industry excluding construction and Services				
Number of employees				
50-199	0.4	0.5	0.8	1.0
200-999	0.4	0.5	0.8	1.1
Over 999	0.6	0.7	1.0	1.4
Sector				
Industry.....	0.5	0.6	0.9	1.1
Services	0.3	0.4	0.7	0.9
Geographical area				
North West	0.4	0.5	0.8	0.9
North East	0.4	0.5	0.8	1.1
Centre.....	0.4	0.5	0.7	1.1
South and Islands	0.5	0.5	0.8	0.9
Total Industry and services	0.4	0.5	0.8	1.0
<i>Memorandum items:</i>				
December 2016.....	0.4	0.5	0.7	1.0
September 2015.....	0.6	0.7	0.9	1.1
June 2015.....	0.3	0.5	0.8	1.0
March 2015.....	0.2	0.5	0.8	1.2
Construction				
Fraction of revenue derived from residential building				
Less than one third.....	0.5	0.6	0.7	1.0
More than one third.....	0.2	0.2	0.4	0.7
Geographical area				
North.....	0.5	0.5	0.7	0.8
Center and South -Islands.....	0.4	0.4	0.6	0.9
Total construction.....	0.5	0.5	0.7	0.9
<i>Memorandum items:</i>				
December 2016.....	0.4	0.5	0.7	0.9
September 2015.....	0.5	0.7	0.8	0.9
June 2015.....	0.2	0.4	0.6	0.7
March 2015.....	0.2	0.4	0.7	0.9

Table 2

Change in companies' selling prices

(percentages) ⁽¹⁾

	Rate of change in own prices ...	
	... in last 12 months	... in next 12 months
	Mean (robust) ⁽²⁾	Mean (robust) ⁽²⁾
Industry excluding construction and Services		
Number of employees		
50-199	-0.1	0.6
200-999	0.1	0.4
Over 999	-1.0	0.3
Sector		
Industry	-0.8	0.5
Services	-0.1	0.3
Geographical area		
North West	-0.5	0.3
North East	-0.1	0.4
Centre	-0.9	0.4
South and Islands	0.2	0.6
Total Industry and services	-0.5	0.4
<i>Memorandum items:</i>		
December 2016	-0.3	0.6
September 2015	0.0	0.7
June 2015	-0.2	0.7
March 2015	-0.0	0.6
Construction		
Fraction of revenue derived from residential building		
Less than one third	3.6	-0.1
More than one third	-0.5	1.3
Geographical area		
North	1.5	-0.5
Centre and South-Islands	4.9	0.7
Total construction	3.1	0.1
<i>Memorandum items:</i>		
December 2016	1.1	0.3
September 2015	-0.3	-0.1
June 2015	0.6	-0.5
March 2015	-0.1	0.7

(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	Intermediate input
Industry excluding construction and Services					
Number of employees					
50-199	0.1	0.3	0.5	-0.5	0.2
200-999	0.2	0.0	0.4	-0.7	0.1
Over 999	0.3	0.3	0.3	-0.5	0.2
Sector					
Industry.....	0.2	0.4	0.3	-0.4	0.2
Services	0.2	0.1	0.4	-0.7	0.1
Geographical area					
North West.....	0.2	0.2	0.4	-0.7	0.1
North East	0.1	0.0	0.5	-0.7	0.2
Centre.....	0.3	0.6	0.2	-0.3	0.3
South and Islands	0.2	0.2	0.5	-0.3	0.2
Total Industry and services	0.2	0.2	0.4	-0.6	0.2
<i>Memorandum items:</i>					
December 2016.....	0.1	0.1	0.4	-0.6	0.2
September 2015.....	0.1	0.4	0.4	-0.5	....
June 2015.....	0.1	0.5	0.4	-0.6	....
March 2015.....	0.0	0.5	0.4	-0.6	....
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	0.1	0.3	0.2	-0.6	0.1
More than one third.....	-0.6	0.4	0.8	-0.4	0.4
Geographical area					
North.....	0.4	0.7	0.2	-0.4	0.2
Centre and South-Islands.....	-0.5	-0.2	0.3	-0.7	0.1
Total construction.....	0.0	0.3	0.2	-0.5	0.1
<i>Memorandum items:</i>					
December 2016.....	0.2	0.2	0.1	-0.7	0.1
September 2015.....	0.0	0.3	0.5	-0.9	....
June 2015.....	0.1	0.5	0.5	-0.8	....
March 2015.....	0.5	0.6	0.8	-0.6	....

(1) I 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**

(percentage)

	Worse (a)	Unchanged	Better (b)	Total	Balance (b) – (a)
Industry excluding construction and Services					
Number of employees					
50-199	10.0	76.6	13.5	100.0	3.5
200-999	6.5	74.1	19.4	100.0	12.9
Over 999	4.1	74.2	21.7	100.0	17.6
Sector					
Industry	9.7	78.1	12.2	100.0	2.5
Services	8.7	74.0	17.3	100.0	8.6
Geographical area					
North-West	6.6	77.8	15.6	100.0	9.0
North-East	13.5	75.5	11.0	100.0	-2.5
Centre	8.2	76.1	15.7	100.0	7.5
South and Islands	9.6	72.5	17.9	100.0	8.3
Total industry and services	9.2	76.1	14.7	100.0	5.5
<i>Memorandum items:</i>					
December 2016	9.4	68.7	21.9	100.0	12.5
September 2015	4.0	66.1	29.9	100.0	25.9
June 2015	6.2	71.8	22.0	100.0	15.8
March 2015	7.4	66.6	26.0	100.0	18.6
Construction					
Fraction of revenue derived from residential building					
Less than one third	8.3	74.1	17.6	100.0	9.3
More than one third	10.7	83.0	6.3	100.0	4.4
Geographical area					
North	9.9	76.4	13.7	100.0	3.8
Centre and South-Islands	7.7	77.0	15.3	100.0	7.6
Total construction	9.0	76.7	14.4	100.0	5.4
<i>Memorandum items:</i>					
December 2016	8.1	73.7	18.2	100.0	10.1
September 2015	10.7	67.0	22.3	100.0	11.6
June 2015	11.1	75.7	13.2	100.0	2.1
March 2015	13.0	71.0	16.0	100.0	3.0

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	30.9	50.9	12.8	5.1	0.3	100.0	15.0
200-999	28.2	47.8	16.1	7.8	0.0	100.0	17.3
Over 999	12.8	50.1	22.2	14.5	0.4	100.0	24.5
Sector							
Industry.....	30.6	47.7	14.4	7.3	0.0	100.0	16.3
Services	29.4	53.1	12.8	4.1	0.6	100.0	14.9
Geographical area							
North West	27.2	49.4	14.4	8.4	0.7	100.0	17.8
North East	26.3	53.5	15.2	5.0	0.0	100.0	15.9
Centre.....	38.0	48.6	10.7	2.8	0.0	100.0	12.1
South and Islands	34.4	49.3	12.3	3.9	0.1	100.0	13.6
Exports' share of sales							
From Zero to 1/3	33.6	49.7	11.1	5.0	0.5	100.0	14.3
Between 1/3/ and 2/3	24.1	53.4	16.4	6.1	0.0	100.0	17.0
More than 2/3.....	24.5	48.3	19.2	8.1	0.0	100.0	18.7
Total Industry and services	30.0	50.4	13.6	5.8	0.3	100.0	15.6
<i>Memorandum items:</i>							
December 2016.....	27.0	50.6	13.7	8.0	0.7	100.0	17.5
September 2015.....	22.5	51.9	14.6	9.2	1.7	100.0	19.7
June 2015.....	27.6	50.2	12.4	8.3	1.6	100.0	17.9
March 2015.....	25.0	52.3	12.9	8.5	1.3	100.0	18.2
Construction							
Fraction of revenue derived from residential building							
Less than one third	31.9	59.1	5.5	3.5	0.0	100.0	12.0
More than one third	32.4	50.5	14.8	2.3	0.0	100.0	13.6
Geographical area							
North.....	32.7	55.0	7.8	4.5	0.0	100.0	13.0
Centre and South-Islands	31.1	59.0	8.6	1.3	0.0	100.0	11.8
Total construction	32.0	56.7	8.1	3.2	0.0	100.0	12.5
<i>Memorandum items:</i>							
December 2016.....	35.6	52.0	8.5	3.4	0.5	100.0	12.6
September 2015.....	34.4	49.9	10.5	4.0	1.3	100.0	14.2
June 2015.....	36.4	52.1	6.1	4.3	1.1	100.0	12.8
March 2015.....	34.1	52.1	8.9	3.8	1.1	100.0	13.6

(1) The average likelihood of an improvement is computed by assigning the central 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	16.5	61.8	21.7	100.0	5.2
200-999	13.7	66.4	19.9	100.0	6.2
Over 999.....	11.2	70.2	18.6	100.0	7.4
Sector					
Industry.....	17.5	59.9	22.7	100.0	5.2
Services	14.2	65.9	19.9	100.0	5.7
Geographical area					
North West	18.5	61.7	19.8	100.0	1.3
North East	13.5	62.3	24.3	100.0	10.8
Centre.....	17.2	60.1	22.8	100.0	5.6
South and Islands	11.8	70.1	18.1	100.0	6.3
Exports' share of sales					
From Zero to 1/3	16.1	65.2	18.6	100.0	2.5
Between 1/3/ and 2/3	19.1	57.5	23.4	100.0	4.3
More than 2/3.....	10.1	61.2	28.7	100.0	18.6
Total Industry and services.....	15.9	62.8	21.3	100.0	5.4
<i>Memorandum items:</i>					
December 2016.....	15.0	63.8	21.2	100.0	6.2
September 2015	13.8	65.8	20.4	100.0	6.6
June 2015.....	13.3	61.9	24.8	100.0	11.5
March 2015.....	19.5	60.0	20.5	100.0	1.0
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	18.6	65.6	15.8	100.0	-2.8
More than one third.....	20.8	63.0	16.2	100.0	-4.6
Geographical area					
North.....	21.1	60.0	18.8	100.0	-2.3
Centre and South-Islands.....	16.6	71.4	12.0	100.0	-4.6
Total construction.....	19.2	64.9	15.9	100.0	-3.3
<i>Memorandum items:</i>					
December 2016.....	17.9	64.2	17.9	100.0	0.0
September 2015	16.6	68.4	15.1	100.0	-1.5
June 2015.....	15.9	66.0	18.1	100.0	2.2
March 2015.....	17.2	62.1	20.6	100.0	3.4

(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)

	Decreased (a)	Unchanged	Increased (b)	Total	Balance (b) – (a)
Industry excluding construction and Services					
Number of employees					
50-199	8.2	58.0	33.8	100.0	25.6
200-999	4.8	66.3	28.8	100.0	24.0
Over 999	6.7	61.1	32.3	100.0	25.6
Sector					
Industry.....	7.7	55.9	36.4	100.0	28.7
Services	7.6	63.2	29.2	100.0	21.6
Geographical area					
North West	7.7	60.4	31.9	100.0	24.2
North East	7.3	60.1	32.6	100.0	25.3
Centre.....	7.4	58.6	34.0	100.0	26.6
South and Islands	8.2	56.6	35.2	100.0	27.0
Exports' share of sales					
From Zero to 1/3	9	63.7	27.3	100.0	18.3
Between 1/3/ and 2/3	3.6	49.6	46.8	100.0	43.2
More than 2/3	8.3	57.7	34	100.0	25.7
Total Industry and services	7.6	59.4	32.9	100.0	25.3
<i>Memorandum items:</i>					
December 2016.....	10.9	64.2	24.9	100.0	14.0
September 2015	7.2	64.0	28.8	100.0	21.6
June 2015.....	8.7	65.3	26.0	100.0	17.3
March 2015.....	9.1	60.6	30.3	100.0	21.2
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	12.0	61.5	26.5	100.0	14.5
More than one third	11.7	69.3	19.1	100.0	7.4
Geographical area					
North.....	13.6	61.3	25.1	100.0	11.5
Centre and South-Islands.....	9.5	67.1	23.4	100.0	13.9
Total construction.....	11.9	63.7	24.4	100.0	12.5
<i>Memorandum items:</i>					
December 2016.....	8.9	71.3	19.8	100.0	10.9
September 2015	12.6	65.0	22.4	100.0	9.8
June 2015.....	10.9	68.8	20.3	100.0	9.4
March 2015.....	9.8	62.9	27.3	100.0	17.5

(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	12.5	63.4	24.1	100.0	11.6
200-999	10.8	55.6	33.5	100.0	22.7
Over 999	6.3	73.3	20.4	100.0	14.1
Sector					
Industry.....	13.3	59.9	26.8	100.0	13.5
Services	8.9	68.2	22.9	100.0	14.0
Geographical area					
North West	12.7	66.3	21.0	100.0	8.3
North East	10.8	55.4	33.8	100.0	23.0
Centre.....	14.3	63.4	22.3	100.0	8.0
South and Islands	8.6	61.9	29.5	100.0	20.9
Total Industry and services	12.1	62.2	25.8	100.0	13.7
<i>Memorandum items:</i>					
December 2016.....	13.7	61.9	24.3	100.0	10.6
September 2015	13.5	60.9	25.6	100.0	12.1
June 2015.....	11.4	58.1	30.5	100.0	19.1
March 2015.....	13.1	56.8	30.0	100.0	16.9

(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	4.3	61.0	34.7	100.0	30.4
200-999	4.3	55.1	40.6	100.0	36.3
Over 999.....	7.3	64.5	28.1	100.0	20.8
Sector					
Industry.....	5.4	58.4	36.1	100.0	30.7
Services	1.6	64.2	34.2	100.0	32.6
Geographical area					
North West	3.3	65.6	31.1	100.0	27.8
North East	6.8	53.4	39.7	100.0	32.9
Centre.....	4.7	59.4	35.9	100.0	31.2
South and Islands	1.4	55.4	43.3	100.0	41.9
Total Industry and services.....	4.4	60.0	35.6	100.0	31.2
<i>Memorandum items:</i>					
December 2016.....	8.2	60.2	31.6	100.0	23.4
September 2015.....	4.9	62.2	32.9	100.0	28.0
June 2015.....	6.7	61.4	31.9	100.0	25.2
March 2015.....	6.0	51.0	43.1	100.0	37.1

(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	6.8	77.4	15.8	100.0	9.0
200-999	6.2	81.9	11.8	100.0	5.6
Over 999	5.4	78.0	16.6	100.0	11.2
Sector					
Industry.....	4.9	80.2	14.8	100.0	9.9
Services	8.5	76.0	15.5	100.0	7.0
Geographical area					
North West	7.6	75.9	16.5	100.0	8.9
North East	7.7	79.8	12.5	100.0	4.8
Centre.....	3.8	81.9	14.3	100.0	10.5
South and Islands	6.1	76.3	17.6	100.0	11.5
Total Industry and services	6.7	78.1	15.2	100.0	8.5
<i>Memorandum items:</i>					
December 2016.....	9.2	77.7	13.1	100.0	3.9
September 2015.....	7.6	74.6	17.8	100.0	10.2
June 2015.....	7.8	78.9	13.2	100.0	5.4
March 2015.....	11.7	71.6	16.6	100.0	4.9
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	11.6	76.0	12.4	100.0	0.8
More than one third.....	12.9	83.0	4.0	100.0	-8.9
Geographical area					
North.....	14.2	75.5	10.3	100.0	-3.9
Centre and South-Islands.....	9.0	81.3	9.7	100.0	0.7
Total construction.....	12.0	78.0	10.1	100.0	-1.9
<i>Memorandum items:</i>					
December 2016.....	7.5	77.8	14.7	100.0	7.2
September 2015.....	11.0	80.5	8.5	100.0	-2.5
June 2015.....	12.1	77.8	10.1	100.0	-2.0
March 2015.....	12.2	77.6	10.2	100.0	-2.0

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	Economic and political factors uncertainty	Exchange Rate dynamics	Oil Price
Industry excluding construction and Services								
Number of employees								
50-199.....	0.7	....	....	0.3	0.3	-0.7	-0.1	0.2
200-999.....	0.7	....	....	0.3	0.4	-0.8	0.1	0.3
Over 999	0.7	....	....	0.1	0.5	-0.7	0.1	0.2
Sector								
Industry.....	0.8	....	....	0.3	0.3	-0.8	0.0	0.3
Services.....	0.7	....	....	0.4	0.3	-0.7	0.0	0.2
Geographical area								
North West.....	0.7	....	....	0.3	0.2	-0.8	0.0	0.3
North East.....	0.7	....	....	0.2	0.4	-0.7	0.0	0.2
Centre.....	0.7	....	....	0.3	0.2	-0.7	-0.1	0.1
South and Islands.....	0.9	....	....	0.4	0.4	-0.8	0.0	0.3
Total Industry and services.....	0.7	....	....	0.3	0.3	-0.7	0.0	0.2
<i>Memorandum items:</i>								
December 2016.....	0.7	....	....	0.3	0.1	-0.8	0.1	0.2
September 2015.....	0.8	....	....	0.4	0.3	-0.7	0.2	0.2
June 2015.....	0.7	....	....	0.3	0.2	-0.6	0.2	0.0
March 2015.....	0.6	....	....	0.3	0.2	-0.6	0.3	....
Construction								
Fraction of revenue derived from residential building								
Less than one third.....	....	1.2	0.9	-0.1	0.5	-0.7	-0.1	0.3
More than one third.....	....	1.4	1.1	0.0	0.6	-0.7	0.0	0.2
Geographical area								
North.....	....	1.4	1.0	0.0	0.6	-0.7	-0.1	0.3
Centre and South-Islands.....	....	1.1	0.9	0.0	0.5	-0.8	-0.0	0.1
Total construction.....	....	1.3	1.0	0.0	0.5	-0.7	-0.1	0.3
<i>Memorandum items:</i>								
December 2016.....	....	1.2	0.9	0.0	0.3	-0.7	0.0	0.3
September 2015.....	....	1.1	1.0	-0.1	0.2	-0.9	0.0	0.3
June 2015.....	....	1.2	0.9	0.1	0.2	-0.9	-0.1	-0.1
March 2015.....	....	1.2	0.8	0.1	0.2	-0.9	0.2	....

(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	11.7	27.7	60.5	100.0	48.8
200-999	8.3	25.5	66.2	100.0	57.9
Over 999	5.2	24.9	69.8	100.0	64.6
Sector					
Industry.....	8.9	26.9	64.2	100.0	55.3
Services	13.2	27.7	59.1	100.0	45.9
Geographical area					
North West	11.8	24.8	63.4	100.0	51.6
North East	12.3	29.1	58.6	100.0	46.3
Centre.....	11.1	26.7	62.2	100.0	51.1
South and Islands	6.2	31.5	62.4	100.0	56.2
Total Industry and services	11.0	27.3	61.7	100.0	50.7
<i>Memorandum items:</i>					
December 2016.....	10.4	26.4	63.2	100.0	52.8
September 2015	9.5	24.8	65.7	100.0	56.2
June 2015.....	11.8	25.6	62.5	100.0	50.7
March 2015.....	10.9	23.0	66.1	100.0	55.2
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	10.0	29.3	60.7	100.0	50.7
More than one third.....	12.9	33.0	54.2	100.0	41.3
Geographical area					
North.....	12.0	32.3	55.7	100.0	43.7
Centre and South-Islands.....	9.1	27.6	63.3	100.0	54.2
Total construction.....	10.8	30.3	58.9	100.0	48.1
<i>Memorandum items:</i>					
December 2016.....	7.2	32.9	59.9	100.0	52.7
September 2015	9.9	30.7	59.3	100.0	49.4
June 2015.....	10.4	30.1	59.5	100.0	49.1
March 2015.....	11.1	17.8	71.1	100.0	60.0

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	6.9	78.2	14.9	100.0	8.0
200-999	5.9	77.0	17.1	100.0	11.2
Over 999	3.8	73.2	23.0	100.0	19.2
Sector					
Industry.....	6.1	78.5	15.4	100.0	9.3
Services	7.2	77.2	15.5	100.0	8.3
Geographical area					
North West	5.5	76.1	18.4	100.0	12.9
North East	7.8	79.4	12.8	100.0	5.0
Centre.....	5.3	81.2	13.5	100.0	8.2
South and Islands	9.3	75.5	15.2	100.0	5.9
Total Industry and services	6.7	77.9	15.5	100.0	8.8
<i>Memorandum items:</i>					
December 2016.....	9.5	75.7	14.8	100.0	5.3
September 2015	7.3	73.9	18.8	100.0	11.5
June 2015.....	7.9	75.6	16.6	100.0	8.7
March 2015.....	6.9	71.6	21.4	100.0	14.5
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	11.7	75.0	13.4	100.0	1.7
More than one third.....	7.2	78.0	14.8	100.0	7.6
Geographical area					
North.....	13.6	70.1	16.2	100.0	2.6
Centre and South-Islands.....	6.0	83.5	10.5	100.0	4.5
Total construction.....	10.4	75.8	13.8	100.0	3.4
<i>Memorandum items:</i>					
December 2016.....	6.7	82.2	11.1	100.0	4.4
September 2015	8.5	76.6	14.9	100.0	6.4
June 2015.....	12.4	72.5	15.0	100.0	2.6
March 2015.....	9.4	73.9	16.7	100.0	7.3

Table 14

Forecast changes on fixed investment between first half 2016 and second half of 2015

(percentages)

	Decrease (a)	No change	Increase (b)	Total	Balance (b) – (a)
Industry excluding construction and Services					
Number of employees					
50-199	19.4	55.6	25.1	100.0	5.7
200-999	14.6	54.8	30.7	100.0	16.1
Over 999	14.2	50.0	35.9	100.0	21.7
Sector					
Industry.....	20.8	50.1	29.1	100.0	8.3
Services	16.1	60.6	23.3	100.0	7.2
Geographical area					
North West	20.9	54.8	24.3	100.0	3.4
North East	17.4	55.9	26.7	100.0	9.3
Centre.....	17.5	55.6	26.9	100.0	9.4
South and Islands	15.2	54.9	29.8	100.0	14.6
Total Industry and services	18.5	55.3	26.2	100.0	7.7
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	20.6	51.2	28.2	100.0	7.6
More than one third.....	16.8	51.6	31.6	100.0	14.8
Geographical area					
North.....	22.5	46.4	31.1	100.0	8.6
Centre and South-Islands.....	15.6	57.8	26.6	100.0	11.0
Total construction.....	19.5	51.3	29.2	100.0	9.7

Table 15

**Forecast changes on fixed investment excluding investment in property
between 2016 and 2015**

(percentages)

	Decrease (a)	No change	Increase (b)	Total	Balance (b) – (a)
Industry excluding construction and Services					
Number of employees					
50-199	17.3	49.2	33.5	100.0	16.2
200-999	13.8	44.3	41.8	100.0	28.0
Over 999	8.4	47.1	44.5	100.0	36.1
Sector					
Industry.....	17.3	44.0	38.7	100.0	21.4
Services	15.7	52.8	31.5	100.0	15.8
Geographical area					
North West	16.2	47.5	36.3	100.0	20.1
North East	17.6	49.5	32.9	100.0	15.3
Centre.....	16.9	48.6	34.5	100.0	17.6
South and Islands	15.0	47.9	37.2	100.0	22.2
Total Industry and services	16.5	48.3	35.2	100.0	18.7
Construction					
Fraction of revenue derived from residential building					
Da zero a un terzo.....	12.9	55.9	31.2	100.0	18.3
Oltre un terzo.....	18.5	43.8	37.7	100.0	19.2
Geographical area					
North.....	15.8	50.3	33.9	100.0	18.1
Centre and South-Islands.....	12.5	55.7	31.7	100.0	19.2
Total construction.....	14.4	52.6	33.0	100.0	18.6

Table 16

Impact of the investment incentive on future investment plans⁽¹⁾

(percentages)

	No impact	Little impact	Some impact	Strong impact	Total
Industry excluding construction and Services					
Number of employees					
50-199	45.9	42.1	9.8	2.2	100.0
200-999	44.8	42.3	12.4	0.6	100.0
Over 999	28.2	59.4	9.6	2.8	100.0
Sector					
Industry	44.1	44.6	9.4	1.9	100.0
Services	46.5	40.5	11.1	1.9	100.0
Geographical area					
North West	41.9	42.2	13.3	2.6	100.0
North East	45.7	42.2	9.2	2.9	100.0
Centre	51.6	42.1	6.3	0.0	100.0
South and Islands	45.6	44.7	8.8	0.9	100.0
Total Industry and services	45.3	42.6	10.2	1.9	100.0
<i>per memoria:</i>					
December 2015	47.8	39.3	11.2	1.7	100.0
Construction					
Fraction of revenue derived from residential building					
Da zero a un terzo	40.8	44.1	13.8	1.4	100.0
Oltre un terzo	50.9	43.4	3.6	2.0	100.0
Geographical area					
North	42.0	43.5	14.5	0.0	100.0
Centre and South-Islands	45.5	44.6	6.2	3.7	100.0
Total construction	43.5	43.9	11.0	1.5	100.0
<i>per memoria:</i>					
December 2015	50.8	39.8	9.1	0.3	100.0

(1) Tax investment incentive on capital goods (known as the 'super ammortamento', or 'super amortization') provided for by the Stability Law for 2016

Table 17

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

	Deterioration (a)	No change	Improvement (b)	Total	Balance (b) – (a)
Industry excluding construction and Services					
Number of employees					
50-199	8.9	80.2	11.0	100.0	2.1
200-999	2.9	83.7	13.4	100.0	10.5
Over 999	3.9	78.7	17.4	100.0	13.5
Sector					
Industry.....	9.1	77.9	13.0	100.0	3.9
Services	6.4	83.6	10.0	100.0	3.6
Geographical area					
North West	4.2	82.5	13.3	100.0	9.1
North East	10.4	76.9	12.7	100.0	2.3
Centre.....	8.3	86.5	5.2	100.0	-3.1
South and Islands	11.5	75.6	13.0	100.0	1.5
Total Industry and services	7.8	80.7	11.5	100.0	3.7
<i>Memorandum items:</i>					
December 2016.....	6.3	83.8	9.9	100.0	3.6
September 2015	7.8	81.6	10.5	100.0	2.7
June 2015.....	6.6	79.0	14.4	100.0	7.8
March 2015.....	7.6	80.1	12.3	100.0	4.7
Construction					
Fraction of revenue derived from residential building					
Da zero a un terzo.....	14.9	77.4	7.7	100.0	-7.2
Oltre un terzo.....	23.0	62.8	14.3	100.0	-8.7
Geographical area					
North.....	18.0	71.0	11.0	100.0	-7.0
Centre and South-Islands.....	16.0	76.8	7.3	100.0	-8.7
Total construction.....	17.1	73.4	9.5	100.0	-7.6
<i>Memorandum items:</i>					
December 2016.....	18.9	72.3	8.7	100.0	-10.2
September 2015	17.2	75.8	6.9	100.0	-10.3
June 2015.....	13.6	74.5	11.9	100.0	-1.7
March 2015.....	17.0	70.6	12.3	100.0	-4.7

Table 18

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 addetti.....	15.3	65.1	19.7	100.0
200-999 addetti	4.7	61.9	33.4	100.0
Oltre 999 addetti	4.8	59.6	35.6	100.0
Sector				
Industry.....	14.3	61.2	24.5	100.0
Services	12.1	67.8	20.1	100.0
Geographical area				
North West	9.6	64.5	25.9	100.0
North East	13.0	58.5	28.5	100.0
Centre.....	15.4	66.9	17.7	100.0
South and Islands	21.1	71.9	7.0	100.0
Total Industry and services	13.3	64.4	22.3	100.0
<i>Memorandum items:</i>				
December 2016.....	16.6	65.9	17.6	100.0
September 2015.....	14.9	64.0	21.1	100.0
June 2015.....	15.6	62.2	22.2	100.0
March 2015.....	15.5	62.8	21.6	100.0
Construction				
Fraction of revenue derived from residential building				
Less than one third.....	25.6	66.2	8.3	100.0
More than one third.....	41.8	50.0	8.2	100.0
Geographical area				
North.....	29.7	59.7	10.6	100.0
Centre and South-Islands.....	30.7	64.4	5.0	100.0
Total construction	30.1	61.6	8.3	100.0
<i>Memorandum items:</i>				
December 2016.....	33.9	58.5	7.6	100.0
September 2015.....	38.5	55.9	5.6	100.0
June 2015.....	37.4	55.8	6.8	100.0
March 2015.....	36.2	55.6	8.3	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	9.6	76.4	14.0	100.0	4.4
200-999	11.7	69.4	18.9	100.0	7.2
Over 999	19.4	59.9	20.7	100.0	1.3
Sector					
Industry.....	8.4	79.4	12.2	100.0	3.8
Services	12.1	70.0	17.9	100.0	5.8
Geographical area					
North West	9.3	78.8	11.9	100.0	2.6
North East	9.8	71.5	18.7	100.0	8.9
Centre.....	10.1	74.8	15.1	100.0	5.0
South and Islands	13.6	70.3	16.1	100.0	2.5
Total Industry and services	10.2	74.8	15.0	100.0	4.8
<i>Memorandum items:</i>					
December 2016.....	17.3	66.3	16.4	100.0	-0.9
September 2015	14.4	69.1	16.5	100.0	2.1
June 2015.....	14.9	66.0	19.1	100.0	4.2
March 2015	14.4	67.4	18.2	100.0	3.8
Construction					
Fraction of revenue derived from residential building					
Less than one third.....	19.8	68.7	11.5	100.0	-8.3
More than one third.....	19.4	72.5	8.2	100.0	-11.2
Geographical area					
North.....	22.4	63.7	14.0	100.0	-8.4
Centre and South-Islands.....	15.9	78.2	5.9	100.0	-10.0
Total construction.....	19.7	69.7	10.6	100.0	-9.1
<i>Memorandum items:</i>					
December 2016.....	25.1	65.4	9.5	100.0	-15.6
September 2015	24.0	69.6	6.5	100.0	-17.5
June 2015.....	28.1	68.2	3.8	100.0	-24.3
March 2015	26.4	61.3	12.3	100.0	-14.1

Table 20

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

(percentages)

	The firm passed the most difficult stage of the economic situation during the second half of 2015			The firm expects a solid improvement of its production/work rates in the coming months		
	No	Yes	Total	No	Yes	Total
Industry excluding construction and Services						
Number of employees						
50-199	58.8	41.2	100.0	52.8	47.2	100.0
200-999	48.3	51.7	100.0	55.2	44.8	100.0
Over 999	33.6	66.4	100.0	58.4	41.6	100.0
Sector						
Industry.....	57.5	42.5	100.0	53.8	46.2	100.0
Services	55.4	44.6	100.0	52.9	47.1	100.0
Geographical area						
North West	52.5	47.5	100.0	54.6	45.4	100.0
North East	57.9	42.1	100.0	55.9	44.1	100.0
Centre.....	59.4	40.6	100.0	53.5	46.5	100.0
South and Islands	60.7	39.3	100.0	45.1	54.9	100.0
Exports' share of sales						
From zero to 1/3.....	58.6	41.4	100.0	53.8	46.2	100.0
Between 1/3/ and 2/3	57.4	42.6	100.0	55.7	44.3	100.0
More than 2/3.....	46.3	53.7	100.0	48.2	51.8	100.0
Total Industry and services	56.5	43.5	100.0	53.4	46.6	100.0
Construction						
Fraction of revenue derived from residential building						
Less than one third.....	59.0	41.0	100.0	52.2	47.8	100.0
More than one third.....	69.4	30.6	100.0	61.8	38.2	100.0
Geographical area						
North.....	60.4	39.6	100.0	56.0	44.0	100.0
Centre and South-Islands.....	63.8	36.2	100.0	53.3	46.7	100.0
Total construction.....	61.9	38.1	100.0	54.9	45.1	100.0

Appendix C:

The questionnaire

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

MARCH 2016

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 September 2016?	...in March 2017?	...in March 2018?	... on average between March 2019 and March 2021?
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 -0.1 per cent in Italy and 0.0 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 ...? Better The same Worse

B3. What do you think is the probability of an improvement in Italy's general economic situation in the next 3 months?

Zero 1-25 per cent 26-50 per cent 51-75 per cent 76-99 per cent 100 per cent

SECTION 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|_|
C7.Bis UNCERTAINTY DUE TO ECONOMIC AND POLITICAL FACTORS	1|_|	2|_|	3|_|	1|_|	2|_|	3|_|
C7.Ter EXCHANGE RATE DYNAMICS	1|_|	2|_|	3|_|	1|_|	2|_|	3|_|
C7. Quarter OIL PRICE DYNAMICS	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? 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. <u>In the last 12 months</u> , what has been the average change in your firm's prices?				|_| |_| |_| |_| %			
D2. <u>For the next 12 months</u> , 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. INTERMEDIATE OUTPUT	1|_|	2|_|	3|_|	1|_|	2|_|	3|_|	
D6. LABOUR COSTS	1|_|	2|_|	3|_|	1|_|	2|_|	3|_|	
D7. 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:				Lower	Unchanged	Higher	
				1|_|	2|_|	3|_|	
SEZIONE F – INVESTMENT SECTION F – EXCHANGE RATE EFFECT							
F1. What do you expect will be the nominal expenditure on (tangible and intangible) fixed investment in 2016 compared with that in 2015? <input type="checkbox"/> Much higher <input type="checkbox"/> A little higher <input type="checkbox"/> About the same <input type="checkbox"/> A little lower <input type="checkbox"/> Much lower							
F2. And what do you expect will be the nominal expenditure in the first half of 2016 compared with that in the second half of 2015: <input type="checkbox"/> Much higher <input type="checkbox"/> A little higher <input type="checkbox"/> About the same <input type="checkbox"/> A little lower <input type="checkbox"/> Much lower							
NOTE: The responses "much higher" and "much lower" also apply when, in the two periods compared, investments are zero.							
				No impact	Little impact	Some impact	Strong impact
F3. What was the impact of the incentive for investment on capital goods (known as the 'maxi-amortization') provided for by the 2016 Stability Law on your future investment plans?				1|_|	2|_|	3|_|	4|_|

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 sales revenues coming from residential sector: |_|_|

(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 September 2016?	...in March 2017?	...in March 2018?	... on average between March 2019 and March 2021?
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 -0.1 per cent in Italy and 0.0 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 ...?

Better The same Worse

B3. What do you think is the probability of an improvement in Italy's general economic situation in the next 3 months?

Zero 1-25 per cent 26-50 per cent 51-75 per cent 76-99 per cent 100 per cent

SECTION 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 <u>In the next 3 months</u>	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|_|
C7.Bis UNCERTAINTY DUE TO ECONOMIC AND POLITICAL FACTORS	1|_|	2|_|	3|_|	1|_|	2|_|	3|_|
C7.Ter EXCHANGE RATE DYNAMICS	1|_|	2|_|	3|_|	1|_|	2|_|	3|_|
C7. Quarter OIL PRICE DYNAMICS	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. INTERMEDIATE OUTPUT	1|__|	2|__|	3|__|	1|__|	2|__|	3|__|
D6. LABOUR COSTS	1|__|	2|__|	3|__|	1|__|	2|__|	3|__|
D7. 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:	Lower	Unchanged	Higher
	1|__|	2|__|	3|__|

SECTION F – INVESTMENT

F1. What do you expect will be the nominal expenditure on (tangible and intangible) fixed investment in 2016 compared with that in 2015? Much higher A little higher About the same A little lower Much lower

F2. And what do you expect will be the nominal expenditure in the first half of 2016 compared with that in the second half of 2015:
 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.

	No impact	Little impact	Some impact	Strong impact
F3. What was the impact of the incentive for investment on capital goods (known as the ‘maxi-amortization’) provided for by the 2016 Stability Law on your future investment plans?	1|__|	2|__|	3|__|	4|__|

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 (half yearly)

Local Government Debt (half yearly)

Household Wealth in Italy (annual)

Sample Surveys (irregular)

Methodological Notes (irregular)

All the supplements are available on the Bank of Italy's site (www.bancaditalia.it).

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

Printed by the Printing and Publishing Division of the Bank of Italy

Registration with the Court of Rome No. 24/2008, 25 January 2008 - *Director: EUGENIO GAIOTTI* -