BANCA D'ITALIA
EUROSISTEMA

Supplements to the Statistical Bulletin

Sample Surveys

Survey on Inflation and Growth Expectations

June 2016

New series
Year XXVI - 11 July 2016

Number 35

CONTENTS

This publication contains the main findings of the survey on inflation and growth expectations conducted by the Bank of Italy in collaboration with the newspaper Il Sole 24 Ore. The data were collected in June 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, Elisa Guglielminetti and Anna Maria Stellati.

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 31 May and 17 June 2016. A total of 1022 firms with 50 or more employees took part, of which 385 operate in industry excluding construction, 418 in services and 219 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, including as they relate to legislative measures providing for investment incentives and potential geopolitical risks. 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 were revised downwards across all time horizons, most markedly those six months ahead (from 0.4 per cent in March to 0.0 per cent). The expected inflation rate for the other periods fell by 0.2 percentage points to 0.3 and 0.6 per cent for one year ahead and two years ahead, and to 0.8 per cent for between three and five years ahead (Table 1 and Figure 1).

Firms reported a slight decline in their selling prices compared with a year earlier (-0.1 per cent), an improvement on the more marked decline reported in the previous survey (-0.5 in March), owing mainly to firms in the industrial sector (Table 2). Selling prices are expected to grow at a faster pace (of 0.9 per cent) over the next twelve months, up 0.5 percentage points on March, owing to the raised expectations among the largest firms (at least 1,000 employees) and among those belonging to industry excluding construction.

Competitors' pricing policies remain the main factor holding back the expected increase in selling prices, while other factors contribute about equally to an acceleration (Table 3).

Assessment of the general economic situation

The share of firms that view the general economic situation as stable grew to over 80 per cent (Table 4). The balance between reports of improvement and deterioration remains slightly positive, although it has been falling since September 2015. The average probability assigned to an improvement of the economic situation in the next three months remained essentially unchanged from three months ago at 15 per cent (15.6 per cent in March; Table 5).

Demand

Firms' views on changes in current demand have slightly improved, with a balance between those that expect an increase and those that expect a decrease coming to 6.0 percentage points (+0.6 per cent on the previous survey). This result reflects the improving trend reported by large firms (at least 1,000 employees) and those in industry (Table 6).

The balance between expectations of an increase or decrease in demand for their products in the next three months deteriorated slightly, coming at just above the levels reported in December (16.7 percentage points, from 25.3 points in March; Table 7). Assessments of current conditions in foreign demand also continue to be favourable, with the balance better than in the preceding three months

(Table 8). The balance of expectations over the next three months instead indicates a slight decrease, reflecting the decline for industry excluding construction (Table 9), while the share of those firms expecting conditions to remain unchanged rose. Around 40 per cent of exporting firms report that their expectations of foreign demand have been significantly influenced by geopolitical developments in target markets; compared with the start of 2015 the importance of these factors rose for 26.5 per cent of firms and declined for 8.6 per cent.

Assessment of business conditions

Firms' expectations of the economic conditions in which they will be operating over the next three months have deteriorated slightly, although they broadly continue to point towards stable conditions (81.0 per cent; Table 10 and Figure): the balance between positive and negative views is 4.9 percentage points, compared with 8.5 points in March. As in the previous survey economic activity is primarily bolstered by changes in demand and, to a more marginal extent, by improved credit access conditions and price developments; with respect to the previous survey, the negative effect of the uncertainty attributable to economic and political factors continues, while the positive effect of oil prices, which has become neutral, has waned (Table 11). Firms' expectations over the next three years remain broadly positive (Table 12).

Investment conditions

Assessments of investment conditions were stable for a rising share of firms (81.7 per cent, from 77.9 per cent). The balance between expectations of an improvement and a deterioration is still positive, but has narrowed since March to 6.1 per cent from 8.8 per cent (Table 13 and Figure 7).

However, firms have revised upwards their projected nominal expenditure on fixed investment for the first half of 2016 as compared with the second half of 2015 and for the year as a whole. The balance between expectations of an improvement and a deterioration is 12.1 per cent (from 7.7 in March; Table 14) for the first half of the year and 20.7 per cent (from 18.7 in March; Table 15) for the year as a whole. The improvement is expected in both the industrial and the service sectors, mainly for smaller companies (those with between 50 and 199 employees) and for those focusing more on the domestic market.

For the third time firms were asked whether the investment incentive on capital goods (*super ammortamento*) contained in the 2016 Stability Law had influenced their investment plans. Compared with the prior quarter the share of firms that considered it sufficient or very significant rose (15.4 per cent, from 12.1 per cent in March; Table 16), although the majority of firms continued to report that it had no appreciable effect or was not significant for them (84.6 per cent).

Compared with the previous survey, the number of firms in industry excluding construction that declared they had passed the most difficult stage of the economic downturn rose to 47.4 per cent (42.5 per cent in March), while the views of the service sector firms remained stable. The percentage of firms predicting a solid improvement in their future production rates fell slightly to 43.5 per cent (46.6 per cent in March; Table 20).

Liquidity and access to credit

The perception of firms' conditions of access to credit has continued to improve. In the last quarter the balance between firms reporting better conditions compared with the previous quarter and those indicating greater difficulties rose to 5.1 percentage points (from 3.7 points), particularly owing to the improvements for firms operating in the service sector; the balance has, however, narrowed for the largest firms (at least 1,000 employees; Table 17).

As to expectations concerning their liquidity position in the next quarter, both the share of firms that expect it to be insufficient (15.5 per cent, from 13.3 per cent in March), and the share of those that deem it to be broadly adequate for their needs (24.3 per cent, from 22.3 per cent in March) have risen marginally.

Employment

Expectations for employment in the short term continued to improve, albeit slightly: the balance between firms estimating an increase in staff numbers and those expecting a reduction rose to 6.2 percentage points (4.8 points in March; Table 19). The most favourable assessments come from industry excluding construction and the service sector, but only for the North and particularly among the smallest firms (less than 200 employees).

3. Construction firms

In June almost 80 per cent of construction firms view the general economic outlook as essentially unchanged. However, the balance between expectations of an improvement and a deterioration narrowed to an average of 0.7 percentage points, from 5.4 points in March (Table 4). This reflects the deterioration in expectations of improvement among firms that realized up to one third of their turnover from residential construction (10.9 per cent, from 17.6 per cent in March). The average probability assigned to an improvement in the scenario in the next three months slightly worsened at 10.7 per cent (from 12.5 per cent; Table 5).

Assessments of growth in demand for the reporting firms' own products mostly point towards it remaining stable, at 67.3 per cent, with the balance between firms reporting an improvement and those reporting a deterioration positive by 1.5 percentage points (from -3.3 percentage points in March; Table 6) for the first time since June of last year. The expectations for demand for the reporting firms' own products in the next quarter also remain stable; the deterioration reported by firms most heavily involved in residential construction (-2.4 per cent, from 7.4 per cent in March) stands in contrast to the greater optimism of other firms (Table 7).

The balance of firms' assessments of the economic conditions in which they will operate for the next three months is slightly more negative (-2.7 per cent from -1.9 per cent in March; Table 10). Firms expect to benefit in particular from the trend in demand for their own products (both new and pre-existing orders), albeit to a lesser extent than in the March survey, in part attributable to credit access conditions and developments in oil prices. Uncertainty generated by economic and political factors continues to be the main hindrance to business (Table 11).

Expectations three years ahead remained positive and basically stable compared to the last survey, at around the same levels, confirming the trend of improvement for residential construction firms: the balance between firms expecting better conditions and those instead expecting a deterioration came to 47.8 percentage points, just as in March (Table 12).

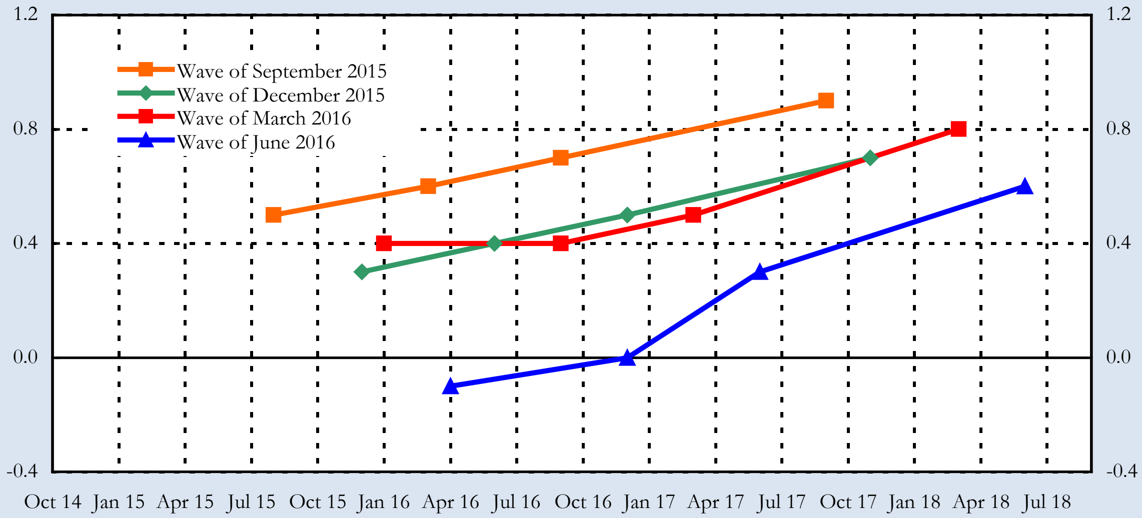
Firms' views on investment conditions remain favourable: the balance between those indicating an improvement and those instead expecting a deterioration with respect to the last quarter rose 2 percentage points to 5.5 percentage points (Table 13). The balance between firms indicating an increase in nominal expenditure on fixed investment in the second quarter of 2016 compared to the previous period and those expecting a decrease nevertheless worsened at 4.3 percentage points (from 9.7 percentage points in March; Table 14). The trend has also been confirmed for 2016 overall compared with 2015, with the balance showing a decrease of 11.3 percentage points (18.6 points in March; Table 15). The deterioration in investment expectations mainly reflects the decrease in the share of firms most heavily involved in residential construction that expect their expenditure to rise.

Assessments of credit access conditions improved marginally: the balance between firms expecting an easing of credit conditions compared with those expecting a tightening fell to -6.9 per cent (-7.6 per cent; Table 17). Expectations concerning firms' liquidity position over the next three months appear to be slightly more favourable: the share of firms that expect liquidity to be insufficient dropped to 29.2 per cent (from 30.1 per cent in March; Table 18). Pessimism over employment conditions over the next three months continued to subside: the negative balance between expectations of an improvement and a deterioration has slightly improved (-7.4 percentage points, from -9.1 points in March; Table 19).

Figure 1

Expectations of consumer price inflation in Italy

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

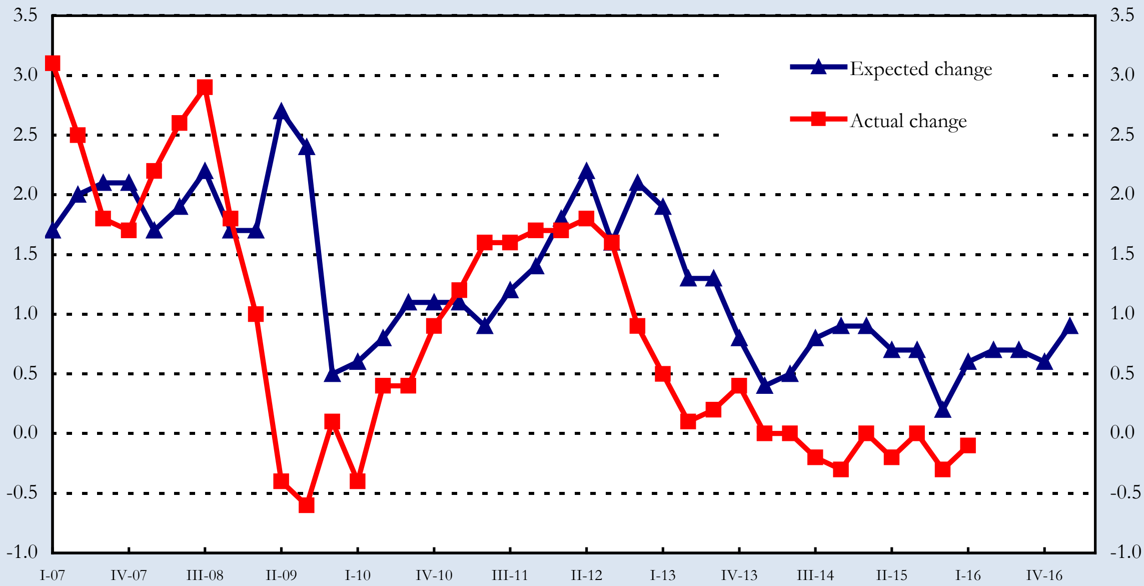


(1) The first point in each curve is the latest definitive inflation data available at the time of the survey, which is given to the interviewees in the questionnaire as a point of reference for expressing their expectations; the second point is the average of the interviewees' forecasts for the next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

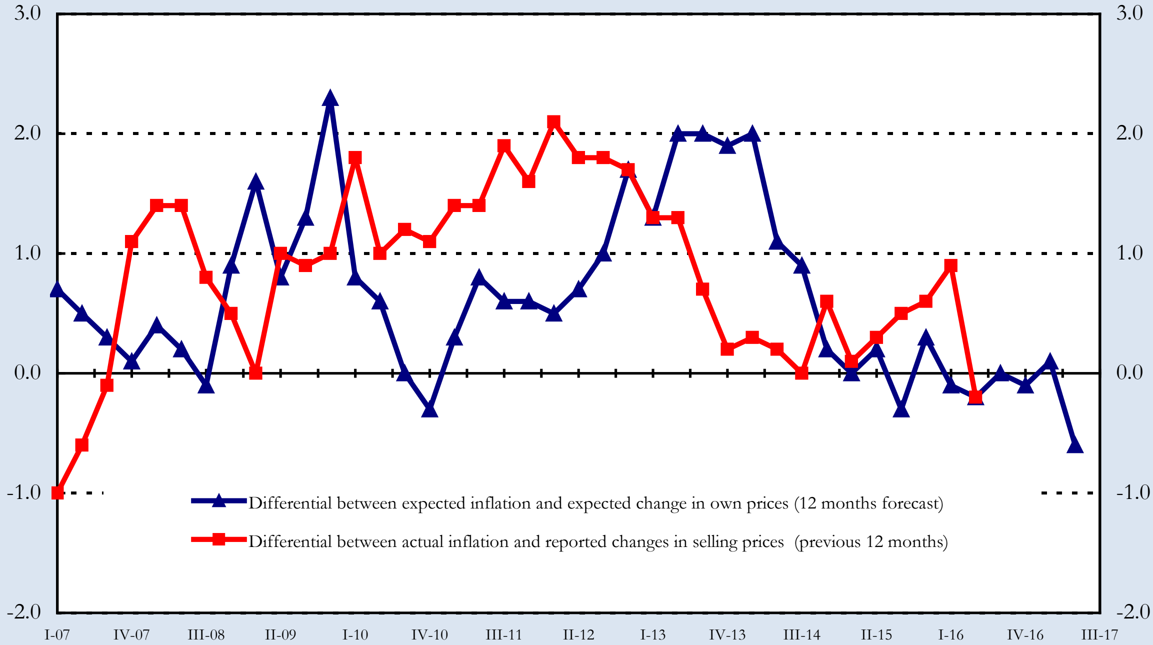


(1) Winsorized estimates: values outside the range between the 5th and the 95th percentiles are set at the threshold values of those percentiles.

Figure 3

Differential between price changes reported by firms and the inflation rate: forecasts and outcomes

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

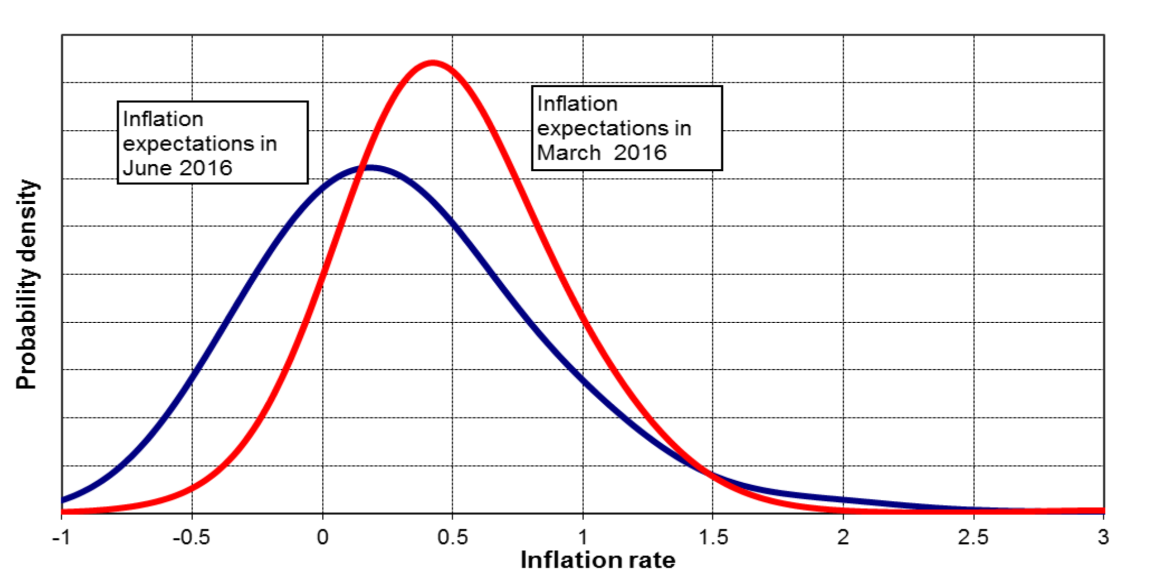


(1) Winsorized estimates: values outside the range between the 5th and the 95th percentiles are set at the threshold values of those percentiles.

Figure 4

Expectations of the inflation rate over the next 12 months

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

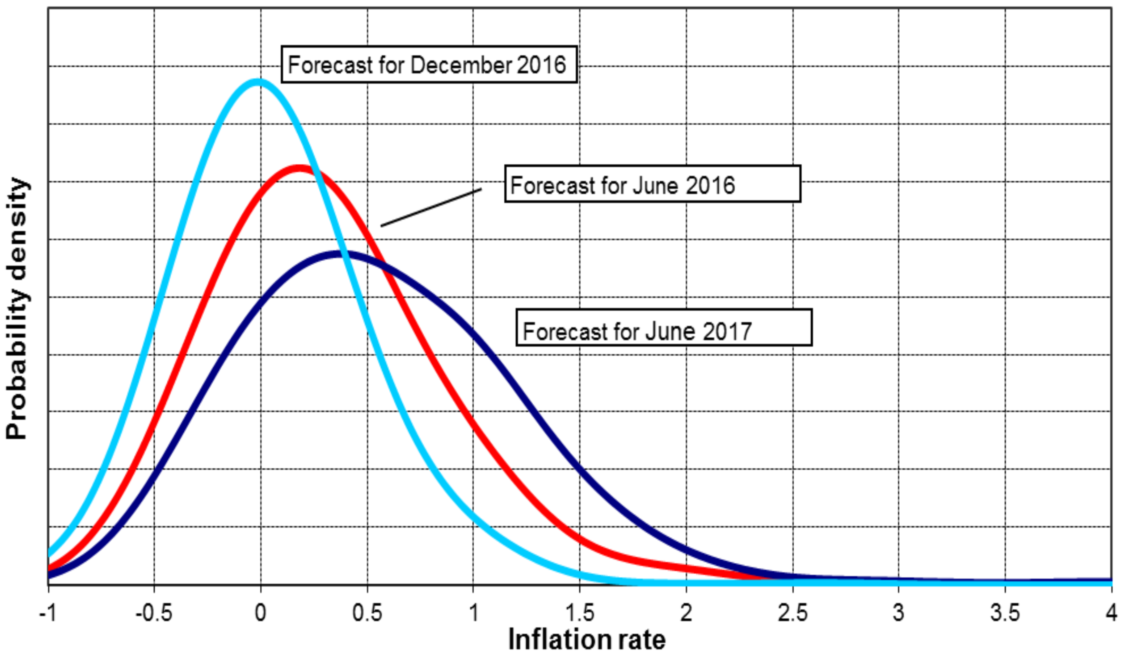


(1) The estimates are obtained using a Gaussian kernel density with a bandwith equal to 0.2.

Figure 5

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

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

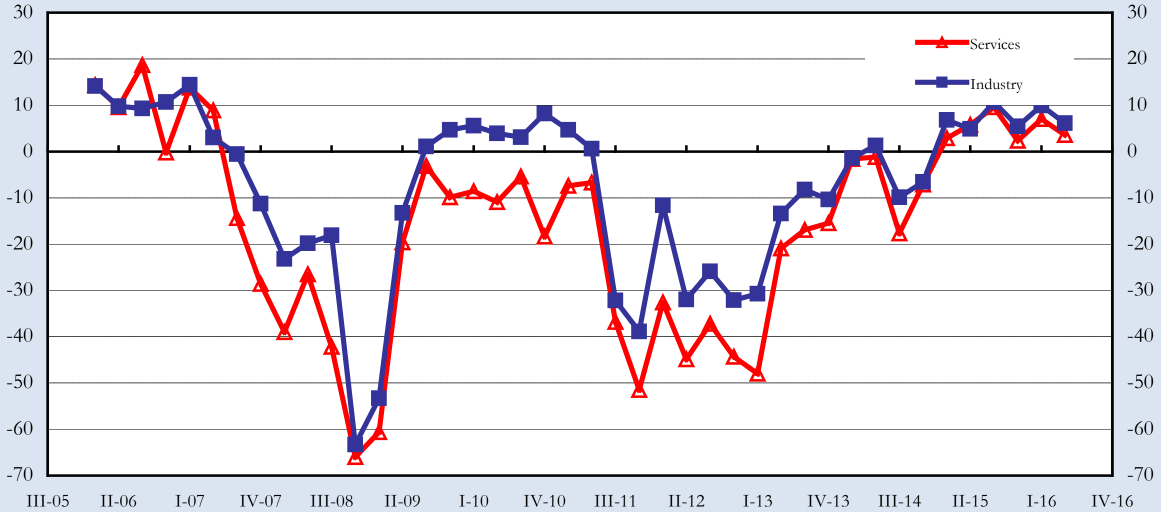


(1) The estimates are obtained using a Gaussian kernel density with a bandwith equal to 0.3. The light blue line indicates the forecast over the next 6 months. The red line indicates the forecast over the next 12 months. The dark blue line indicates the forecast over the next 24 months.

Figure 6

Three-month forecast of the firm's business conditions

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

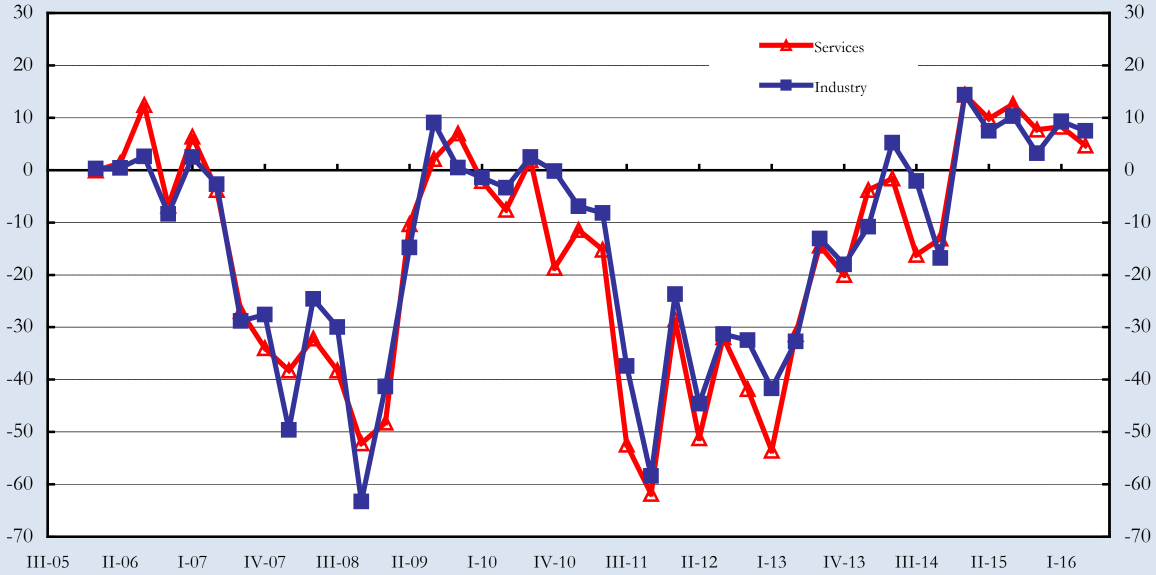


(1) Balance between expectations of an increase and expectations of a decrease.

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 Banca d'Italia–*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 second quarter of 2016 consisted of 1022 firms: 385 firms in industry excluding construction, 418 service firms and 219 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	417	16678	2.5	171	1092	15.6
200-999	260	3440	75.6	39	110	35.5
Over 999	126	519	24.3	9	9	100.0
Sector						
Industry	385	10537	3.7	–	–	–
Services	418	10100	4.1	–	–	–
Geographical area						
North-West	235	8108	2.9	68	384	17.7
North-East	228	5682	4.0	67	318	21.1
Centre	176	3819	4.6	35	226	15.5
South and Islands	164	3028	5.4	49	283	17.3
Total	**803**	**20637**	**3.9**	**219**	**1211**	**18.1**

(1) Istat (2013).

The estimates for inflation expectations for 6, 12 and 24 months ahead are calculated on a sub-sample of 540 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 47.2 per cent for industry and 42.0 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	1104	37.8	444	38.5
200-999	404	64.4	59	66.1
Over 999	194	64.9	19	47.4
Sector				
Industry	857	44.9	–	–
Services	845	49.5	–	–
Geographical area				
North West	572	41.1	162	42.0
North East	483	47.2	142	47.2
Centre	306	57.5	104	33.7
South and Islands	341	48.1	114	43.0
Total	**1702**	**47.2**	**522**	**42.0**

(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	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0
Consumer price inflation in Italy in the next 12 months	0.3	0.3	0.2	0.0	0.3	0.2	0.2	0.0
Consumer price inflation in Italy in the next 24 months	0.6	0.5	0.5	0.0	0.5	0.4	0.4	0.0
Change in own prices in the last 12 months	-0.6	-0.1	0.0	5.5	0.6	-0.3	0.0	5.9
Change in own prices in the next 12 months	1.1	0.9	0.3	5.5	0.7	0.6	0.0	6.4

Tab. A4 -Standard errors

(percentage)

	Industry excluding construction and Services	Construction
Consumer price inflation in Italy in the next 6 months	0.02	0.05
Consumer price inflation in Italy in the next 12 months	0.03	0.07
Consumer price inflation in Italy in the next 24 months	0.04	0.08
Change in own prices in the last 12 months..	0.65	1.57
Change in own prices in the last 12 months (robust)	0.28	1.03
Change in own prices in the next 12 months..	0.31	0.29
Change in own prices in the next 12 months (robust)	0.14	0.25

Appendix B:

Statistical Tables

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	0.0	0.3	0.5	0.8
200-999	0.1	0.4	0.7	1.0
Over 999	0.2	0.6	0.9	1.2
Sector				
Industry	0.1	0.3	0.6	0.9
Services	0.0	0.3	0.5	0.8
Geographical area				
North West	0.0	0.3	0.6	0.9
North East	0.0	0.3	0.6	0.9
Centre	0.1	0.3	0.6	0.8
South and Islands	0.0	0.3	0.4	0.6
Total Industry and services	**0.0**	**0.3**	**0.6**	**0.8**
Memorandum items:				
March 2016	0.4	0.5	0.8	1.0
December 2015	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
	Construction			
Fraction of revenue derived from residential building				
Less than one third	0.1	0.2	0.4	0.7
More than one third	0.1	0.4	0.7	0.8
Geographical area				
North	0.1	0.2	0.5	0.8
Center and South -Islands	0.1	0.3	0.5	0.7
Total construction	**0.1**	**0.3**	**0.5**	**0.7**
Memorandum items:				
March 2016	0.5	0.5	0.7	0.9
December 2015	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

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	0.3	0.8
200-999	0.2	0.6
Over 999	-0.5	1.0
Sector		
Industry	-0.3	1.4
Services	0.1	0.3
Geographical area		
North West	0.1	0.9
North East	0.1	0.5
Centre	-0.6	1.3
South and Islands	0.0	0.4
Total Industry and services	**-0.1**	**0.9**
Memorandum items:		
March 2016	-0.5	0.4
December 2015	-0.3	0.6
September 2015	0.0	0.7
June 2015	-0.2	0.7
	Construction	
Fraction of revenue derived from residential building		
Less than one third	-0.3	0.7
More than one third	-0.1	0.2
Geographical area		
North	-1.8	0.7
Centre and South-Islands	2.1	0.5
Total construction	**-0.3**	**0.6**
Memorandum items:		
March 2016	3.1	0.1
December 2015	1.1	0.3
September 2015	-0.3	-0.1
June 2015	0.6	-0.5

(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	Intermediate input
	Industry excluding construction and Services				
Number of employees					
50-199	0.1	0.5	0.5	-0.5	0.2
200-999	0.1	0.3	0.5	-0.7	0.3
Over 999	0.3	0.1	0.4	-0.5	0.5
Sector					
Industry	0.3	0.6	0.4	-0.3	0.4
Services	0.1	-0.1	0.5	-0.8	0.3
Geographical area					
North West	0.1	0.4	0.4	-0.5	0.3
North East	0.0	-0.2	0.5	-0.8	0.3
Centre	0.4	0.4	0.3	-0.4	0.5
South and Islands	0.1	0.5	0.5	-0.4	0.3
Total Industry and services	**0.2**	**0.3**	**0.4**	**-0.5**	**0.4**
Memorandum items:					
March 2016	0.2	0.2	0.4	-0.6	0.2
December 2015	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	….
	Construction				
Fraction of revenue derived from residential building					
Less than one third	0.8	0.7	0.7	0.0	0.6
More than one third	-0.2	0.3	0.6	-0.8	0.0
Geographical area					
North	0.8	1.0	1.2	0.3	0.9
Centre and South-Islands	0.5	0.1	-0.2	-0.5	0.0
Total construction	**0.7**	**0.7**	**0.7**	**-0.1**	**0.6**
Memorandum items:					
March 2016	0.0	0.3	0.2	-0.5	0.1
December 2015	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	….

(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	6.8	84.2	9.0	100.0	2.2
200-999	7.3	80.0	12.7	100.0	5.4
Over 999	8.8	73.0	18.2	100.0	9.4
Sector					
Industry	5.9	85.2	8.9	100.0	3.0
Services	7.9	81.2	10.9	100.0	3.0
Geographical area					
North-West	5.8	86.8	7.5	100.0	1.7
North-East	8.4	77.6	14.0	100.0	5.6
Centre	5.7	84.6	9.7	100.0	4.0
South and Islands	8.7	82.7	8.6	100.0	-0.1
Total industry and services	**6.9**	**83.2**	**9.9**	**100.0**	**3.0**
Memorandum items:					
March 2016	9.2	76.1	14.7	100.0	5.5
December 2015	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
	Construction				
Fraction of revenue derived from residential building					
Less than one third	12.0	77.1	10.9	100.0	-1.1
More than one third	5.2	83.1	11.7	100.0	6.5
Geographical area					
North	11.8	79.3	8.9	100.0	-2.9
Centre and South-Islands	8.6	77.3	14.1	100.0	5.5
Total construction	**10.4**	**78.5**	**11.1**	**100.0**	**0.7**
Memorandum items:					
March 2016	9.0	76.7	14.4	100.0	5.4
December 2015	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

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	33.2	50.2	11.3	4.9	0.4	100.0	14.3
200-999	29.4	47.4	15.3	6.9	1.0	100.0	17.2
Over 999	12.4	55.3	19.7	12.6	0.0	100.0	22.6
Sector							
Industry	31.3	51.1	13.3	4.2	0.2	100.0	14.5
Services	32.9	48.6	11.1	6.7	0.8	100.0	15.5
Geographical area							
North West	28.5	49.6	15.4	6.1	0.4	100.0	16.5
North East	29.8	51.1	10.4	8.0	0.7	100.0	16.3
Centre	39.2	47.9	11.4	1.6	0.0	100.0	11.5
South and Islands	37.0	50.6	8.1	3.5	0.9	100.0	12.6
Exports' share of sales							
From zero to 1/3	35.3	48.8	10.5	4.8	0.6	100.0	13.9
Between 1/3/ and 2/3	22.7	58.3	15.1	3.5	0.4	100.0	15.9
More than 2/3	31.8	42.2	15.1	10.9	0.0	100.0	18.1
Total Industry and services	**32.1**	**49.8**	**12.2**	**5.4**	**0.5**	**100.0**	**15.0**
Memorandum items:							
March 2016	30.0	50.4	13.6	5.8	0.3	100.0	15.6
December 2015	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
	Construction						
Fraction of revenue derived from residential building							
Less than one third	47.4	42.2	7.1	3.2	0.0	100.0	10.2
More than one third	34.9	52.4	9.3	3.4	0.0	100.0	12.5
Geographical area							
North	42.9	43.4	8.5	5.2	0.0	100.0	12.1
Centre and South-Islands	47.0	46.1	6.3	0.7	0.0	100.0	8.8
Total construction	**44.6**	**44.5**	**7.6**	**3.3**	**0.0**	**100.0**	**10.7**
Memorandum items:							
March 2016	32.0	56.7	8.1	3.2	0.0	100.0	12.5
December 2015	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

(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	15.6	63.6	20.9	100.0	5.3
200-999	14.1	63.3	22.5	100.0	8.4
Over 999	13.1	58.0	28.9	100.0	15.8
Sector					
Industry	14.5	59.4	26.1	100.0	11.6
Services	16.1	67.6	16.4	100.0	0.3
Geographical area					
North West	19.0	67.1	13.9	100.0	-5.1
North East	12.8	57.5	29.7	100.0	16.9
Centre	15.1	60.6	24.3	100.0	9.2
South and Islands	10.1	68.0	21.9	100.0	11.8
Exports' share of sales					
From zero to 1/3	15.7	67.2	17.1	100.0	1.4
Between 1/3/ and 2/3	13.0	59.2	27.8	100.0	14.8
More than 2/3	16.6	53.1	30.3	100.0	13.7
Total Industry and services	**15.3**	**63.4**	**21.3**	**100.0**	**6.0**
Memorandum items:					
March 2016	15.9	62.8	21.3	100.0	5.4
December 2015	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
	Construction				
Fraction of revenue derived from residential building					
Less than one third	16.1	64.6	19.3	100.0	3.2
More than one third	13.8	76.6	9.6	100.0	-4.2
Geographical area					
North	18.3	62.1	19.7	100.0	1.4
Centre and South-Islands	11.6	74.9	13.5	100.0	1.9
Total construction	**15.6**	**67.3**	**17.1**	**100.0**	**1.5**
Memorandum items:					
March 2016	19.2	64.9	15.9	100.0	-3.3
December 2015	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

(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	8.6	67.8	23.6	100.0	15.0
200-999	7.1	62.2	30.7	100.0	23.6
Over 999	7.4	62.4	30.2	100.0	22.8
Sector					
Industry	7.0	64.6	28.4	100.0	21.4
Services	9.7	69.0	21.3	100.0	11.6
Geographical area					
North West	10.0	68.7	21.3	100.0	11.3
North East	6.2	62.4	31.4	100.0	25.2
Centre	9.6	64.9	25.5	100.0	15.9
South and Islands	6.3	71.7	22.1	100.0	15.8
Exports' share of sales					
From zero to 1/3	9.8	69.5	20.7	100.0	10.9
Between 1/3/ and 2/3	3.4	64.7	31.9	100.0	28.5
More than 2/3	9.2	57.7	33.0	100.0	23.8
Total Industry and services	**8.3**	**66.7**	**25.0**	**100.0**	**16.7**
Memorandum items:					
March 2016	7.6	59.4	32.9	100.0	25.3
December 2015	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
	Construction				
Fraction of revenue derived from residential building					
Less than one third	7.4	68.7	23.8	100.0	16.4
More than one third	16.0	70.3	13.6	100.0	-2.4
Geographical area					
North	9.6	70.1	20.3	100.0	10.7
Centre and South-Islands	9.1	67.7	23.2	100.0	14.1
Total construction	**9.4**	**69.1**	**21.5**	**100.0**	**12.1**
Memorandum items:					
March 2016	11.9	63.7	24.4	100.0	12.5
December 2015	8.9	71.3	19.8	100.0	10.9
September 2015	12.6	65.0	22.4	100.0	9.8
June 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	13.5	59.1	27.5	100.0	14.0
200-999	11.7	48.5	39.8	100.0	28.1
Over 999	10.8	66.4	22.8	100.0	12.0
Sector					
Industry	14.2	55.8	30.1	100.0	15.9
Services	9.9	61.6	28.5	100.0	18.6
Geographical area					
North West	16.7	56.8	26.5	100.0	9.8
North East	9.7	56.2	34.1	100.0	24.4
Centre	14.2	58.7	27.0	100.0	12.8
South and Islands	4.2	60.0	35.8	100.0	31.6
Total Industry and services	**13.1**	**57.2**	**29.7**	**100.0**	**16.6**
Memorandum items:					
March 2016	12.1	62.2	25.8	100.0	13.7
December 2015	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

(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	4.2	65.7	30.1	100.0	25.9
200-999	4.0	54.8	41.2	100.0	37.2
Over 999	6.7	70.5	22.7	100.0	16.0
Sector					
Industry	5.1	64.1	30.8	100.0	25.7
Services	1.4	62.8	35.8	100.0	34.4
Geographical area					
North West	5.5	66.8	27.7	100.0	22.2
North East	0.8	61.7	37.5	100.0	36.7
Centre	8.8	58.5	32.7	100.0	23.9
South and Islands	0.0	65.2	34.8	100.0	34.8
Total Industry and services	**4.2**	**63.8**	**32.0**	**100.0**	**27.8**
Memorandum items:					
March 2016	4.4	60.0	35.6	100.0	31.2
December 2015	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

(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	6.6	81.4	12.0	100.0	5.4
200-999	8.9	79.5	11.6	100.0	2.7
Over 999	7.7	80.0	12.4	100.0	4.7
Sector					
Industry	5.9	82.1	12.0	100.0	6.1
Services	8.2	79.9	11.8	100.0	3.6
Geographical area					
North West	9.1	81.2	9.7	100.0	0.6
North East	5.0	79.7	15.3	100.0	10.3
Centre	5.6	83.7	10.6	100.0	5.0
South and Islands	7.1	79.6	13.3	100.0	6.2
Total Industry and services	**7.0**	**81.0**	**11.9**	**100.0**	**4.9**
Memorandum items:					
March 2016	6.7	78.1	15.2	100.0	8.5
December 2015	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
	Construction				
Fraction of revenue derived from residential building					
Less than one third	13.6	75.8	10.5	100.0	-3.1
More than one third	14.7	72.0	13.4	100.0	-1.3
Geographical area					
North	14.0	76.6	9.4	100.0	-4.6
Centre and South-Islands	13.7	72.7	13.6	100.0	-0.1
Total construction	**13.9**	**75.0**	**11.2**	**100.0**	**-2.7**
Memorandum items:					
March 2016	12.0	78.0	10.1	100.0	-1.9
December 2015	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

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	0.8	….	….	0.3	0.2	-0.7	-0.0	-0.0
200-999	0.7	….	….	0.3	0.4	-0.6	0.1	-0.1
Over 999	0.5	….	….	0.2	0.4	-0.7	0.1	0.0
Sector								
Industry	0.8	….	….	0.3	0.3	-0.8	0.0	0.1
Services	0.7	….	….	0.3	0.2	-0.7	-0.0	-0.1
Geographical area								
North West	0.7	….	….	0.3	0.3	-0.8	-0.1	0.0
North East	0.9	….	….	0.3	0.4	-0.7	0.0	-0.1
Centre	0.7	….	….	0.2	-0.1	-0.6	0.0	0.1
South and Islands	0.7	….	….	0.3	0.2	-0.6	-0.0	-0.1
Total Industry and services	**0.8**	**….**	**….**	**0.3**	**0.2**	**-0.7**	**-0.0**	**-0.0**
Memorandum items:								
March 2016	0.7	….	….	0.3	0.3	-0.7	0.0	0.2
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
	Construction							
Fraction of revenue derived from residential building								
Less than one third	….	1.2	0.9	-0.1	0.2	-0.9	-0.0	0.1
More than one third	….	1.6	1.0	0.0	0.1	-0.7	-0.1	0.0
Geographical area								
North	….	1.4	1.0	-0.2	0.1	-1.0	-0.1	0.2
Centre and South-Islands	….	1.2	0.8	0.0	0.3	-0.7	-0.0	-0.0
Total construction	**….**	**1.3**	**0.9**	**-0.1**	**0.2**	**-0.9**	**-0.1**	**0.1**
Memorandum items:								
March 2016	….	1.3	1.0	0.0	0.5	-0.7	-0.1	0.3
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

(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	11.1	31.2	57.7	100.0	46.6
200-999	8.7	28.2	63.1	100.0	54.4
Over 999	7.0	23.9	69.1	100.0	62.1
Sector					
Industry	8.2	28.3	63.5	100.0	55.3
Services	13.2	32.7	54.1	100.0	40.9
Geographical area					
North West	10.8	29.7	59.5	100.0	48.7
North East	12.2	26.3	61.6	100.0	49.4
Centre	10.2	34.8	55.0	100.0	44.8
South and Islands	8.0	34.7	57.3	100.0	49.3
Total Industry and services	**10.6**	**30.5**	**58.9**	**100.0**	**48.3**
Memorandum items:					
March 2016	11.0	27.3	61.7	100.0	50.7
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
	Construction				
Fraction of revenue derived from residential building					
Less than one third	10.6	30.6	58.9	100.0	48.3
More than one third	13.5	26.9	59.6	100.0	46.1
Geographical area					
North	11.8	33.0	55.2	100.0	43.4
Centre and South-Islands	10.5	25.3	64.2	100.0	53.7
Total construction	**11.2**	**29.7**	**59.0**	**100.0**	**47.8**
Memorandum items:					
March 2016	10.8	30.3	58.9	100.0	48.1
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

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	6.5	81.6	11.9	100.0	5.4
200-999	4.2	83.0	12.8	100.0	8.6
Over 999	3.2	79.2	17.6	100.0	14.4
Sector					
Industry	4.9	82.7	12.4	100.0	7.5
Services	7.3	80.7	12.0	100.0	4.7
Geographical area					
North West	5.7	84.6	9.7	100.0	4
North East	5.9	75.1	19.0	100.0	13.1
Centre	4.6	87.3	8.1	100.0	3.5
South and Islands	9.3	79.6	11.1	100.0	1.8
Total Industry and services	**6.1**	**81.7**	**12.2**	**100.0**	**6.1**
Memorandum items:					
March 2016	6.7	77.9	15.5	100.0	8.8
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
	Construction				
Fraction of revenue derived from residential building					
Less than one third	8.8	76.9	14.3	100.0	5.5
More than one third	4.5	85.6	9.9	100.0	5.4
Geographical area					
North	9.6	75.1	15.3	100.0	5.7
Centre and South-Islands	5.3	84.1	10.6	100.0	5.3
Total construction	**7.8**	**78.9**	**13.3**	**100.0**	**5.5**
Memorandum items:					
March 2016	10.4	75.8	13.8	100.0	3.4
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

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	18.8	51.0	30.2	100.0	11.4
200-999	21.6	42.0	36.4	100.0	14.8
Over 999	17.8	46.4	35.7	100.0	17.9
Sector					
Industry	22.4	43.7	33.8	100.0	11.4
Services	15.9	55.2	28.8	100.0	12.9
Geographical area					
North West	18.9	50.4	30.7	100.0	11.8
North East	18.8	46.7	34.5	100.0	15.7
Centre	19.1	50.3	30.6	100.0	11.5
South and Islands	21.0	51.0	28.0	100.0	7.0
Total Industry and services	**19.2**	**49.4**	**31.3**	**100.0**	**12.1**
	Construction				
Fraction of revenue derived from residential building					
Less than one third	13.3	64.1	22.5	100.0	9.2
More than one third	29.8	52.8	17.4	100.0	-12.4
Geographical area					
North	14.1	66.4	19.5	100.0	5.4
Centre and South-Islands	21.5	54.5	24.0	100.0	2.5
Total construction	**17.1**	**61.5**	**21.4**	**100.0**	**4.3**

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	15.7	49.6	34.7	100.0	19.0
200-999	18.5	35.8	45.7	100.0	27.2
Over 999	14.7	40.1	45.3	100.0	30.6
Sector					
Industry	18.2	40.2	41.6	100.0	23.4
Services	13.9	54.4	31.7	100.0	17.8
Geographical area					
North West	17.4	49.5	33.1	100.0	15.7
North East	12.5	43.0	44.5	100.0	32.0
Centre	17.4	48.1	34.5	100.0	17.1
South and Islands	18.1	47.2	34.6	100.0	16.5
Total Industry and services	**16.1**	**47.1**	**36.8**	**100.0**	**20.7**
	Construction				
Fraction of revenue derived from residential building					
Less than one third	14.7	54.8	30.5	100.0	15.8
More than one third	27.9	48.8	23.3	100.0	-4.6
Geographical area					
North	17.6	51.4	31.0	100.0	13.4
Centre and South-Islands	17.7	56.3	26.0	100.0	8.3
Total construction	**17.6**	**53.5**	**28.9**	**100.0**	**11.3**

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	46.9	37.1	15.0	1.0	100.0
200-999	41.3	45.9	11.5	1.2	100.0
Over 999	32.7	55.1	9.1	3.1	100.0
Sector					
Industry	44.4	38.2	16.2	1.2	100.0
Services	46.9	39.9	12.3	1.0	100.0
Geographical area					
North West	46.0	37.3	15.9	0.9	100.0
North East	40.2	39.9	18.0	1.8	100.0
Centre	50.9	42.8	5.5	0.8	100.0
South and Islands	48.2	37.2	14.0	0.7	100.0
Total Industry and services	**45.6**	**39.0**	**14.3**	**1.1**	**100.0**
Memorandum items:					
March 2016	45.3	42.6	10.2	1.9	100.0
December 2015	47.8	39.3	11.2	1.7	100.0
	Construction				
Fraction of revenue derived from residential building					
Less than one third	47.4	33.7	17.3	1.6	100.0
More than one third	46.3	41.1	12.6	0.0	100.0
Geographical area					
North	46.2	31.6	20.1	2.1	100.0
Centre and South-Islands	48.5	40.6	10.9	0.0	100.0
Total construction	**47.2**	**35.4**	**16.3**	**1.2**	**100.0**
Memorandum items:					
March 2016	43.5	43.9	11.0	1.5	100.0
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	6.4	83.5	10.1	100.0	3.7
200-999	1.9	84.6	13.5	100.0	11.6
Over 999	4.8	83.9	11.3	100.0	6.5
Sector					
Industry	5.2	85.6	9.2	100.0	4.0
Services	6.1	81.6	12.3	100.0	6.2
Geographical area					
North West	3.3	87.8	8.9	100.0	5.6
North East	6.1	77.4	16.5	100.0	10.4
Centre	7.9	86.5	5.6	100.0	-2.3
South and Islands	8.0	80.9	11.2	100.0	3.2
Total Industry and services	**5.6**	**83.7**	**10.7**	**100.0**	**5.1**
Memorandum items:					
March 2016	7.8	80.7	11.5	100.0	3.7
September 2015	6.3	83.8	9.9	100.0	3.6
June 2015	7.8	81.6	10.5	100.0	2.7
March 2015	6.6	79.0	14.4	100.0	7.8
			Construction		
Fraction of revenue derived from residential building					
Less than one third	15.4	74.3	10.3	100.0	-5.1
More than one third	19.6	73.5	6.9	100.0	-12.7
Geographical area					
North	15.5	73.9	10.6	100.0	-4.9
Centre and South-Islands	17.5	74.4	8.1	100.0	-9.4
Total construction	**16.4**	**74.1**	**9.5**	**100.0**	**-6.9**
Memorandum items:					
March 2016	17.1	73.4	9.5	100.0	-7.6
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

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	16.8	61.0	22.2	100.0
200-999 addetti	10.4	57.1	32.5	100.0
Oltre 999 addetti	7.1	55.7	37.2	100.0
Sector				
Industry	16.0	59.0	25.1	100.0
Services	15.1	61.5	23.4	100.0
Geographical area				
North West	10.2	62.8	27.0	100.0
North East	11.8	59.1	29.1	100.0
Centre	18.9	60.3	20.8	100.0
South and Islands	33.1	54.9	12.0	100.0
Total Industry and services	**15.5**	**60.2**	**24.3**	**100.0**
Memorandum items:				
March 2016	13.3	64.4	22.3	100.0
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
	Construction			
Fraction of revenue derived from residential building				
Less than one third	27.6	61.5	11.0	100.0
More than one third	34.9	55.1	10.0	100.0
Geographical area				
North	27.3	57.4	15.3	100.0
Centre and South-Islands	32.1	63.8	4.2	100.0
Total construction	**29.2**	**60.0**	**10.7**	**100.0**
Memorandum items:				
March 2016	30.1	61.6	8.3	100.0
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

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	10.3	73.2	16.5	100.0	6.2
200-999	11.2	70.3	18.5	100.0	7.3
Over 999	19.9	60.9	19.3	100.0	-0.6
Sector					
Industry	7.4	78.4	14.2	100.0	6.8
Services	14.1	66.1	19.8	100.0	5.7
Geographical area					
North West	10.2	75.4	14.4	100.0	4.2
North East	8.0	69.2	22.8	100.0	14.8
Centre	12.0	73.2	14.7	100.0	2.7
South and Islands	15.3	69.2	15.5	100.0	0.2
Total Industry and services	**10.7**	**72.4**	**16.9**	**100.0**	**6.2**
Memorandum items:					
March 2016	10.2	74.8	15.0	100.0	4.8
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
			Construction		
Fraction of revenue derived from residential building					
Less than one third	21.1	63.0	16.0	100.0	-5.1
More than one third	18.5	78.4	3.1	100.0	-15.4
Geographical area					
North	22.1	64.0	13.8	100.0	-8.3
Centre and South-Islands	18.2	69.8	12.0	100.0	-6.2
Total construction	**20.5**	**66.5**	**13.1**	**100.0**	**-7.4**
Memorandum items:					
March 2016	19.7	69.7	10.6	100.0	-9.1
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

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	55.7	44.3	100.0	56.9	43.1	100.0
200-999	47.9	52.1	100.0	54.4	45.6	100.0
Over 999	40.9	59.1	100.0	58.1	41.9	100.0
Sector						
Industry	52.6	47.4	100.0	55.6	44.4	100.0
Services	55.5	44.5	100.0	57.3	42.7	100.0
Geographical area						
North West	51.2	48.8	100.0	57.1	42.9	100.0
North East	50.5	49.5	100.0	55.6	44.4	100.0
Centre	62.4	37.6	100.0	55.1	44.9	100.0
South and Islands	57.4	42.6	100.0	58.0	42.0	100.0
Exports' share of sales						
From zero to 1/3	51.2	48.8	100.0	59.3	40.7	100.0
Between 1/3/ and 2/3	50.5	49.5	100.0	47.7	52.3	100.0
More than 2/3	62.4	37.6	100.0	57.3	42.7	100.0
Total Industry and services	**57.4**	**42.6**	**100.0**	**56.5**	**43.5**	**100.0**
	Construction					
Fraction of revenue derived from residential building						
Less than one third	60.4	39.6	100.0	55.1	44.9	100.0
More than one third	62.5	37.5	100.0	60.8	39.2	100.0
Geographical area						
North	63.1	36.9	100.0	57.3	42.7	100.0
Centre and South-Islands	57.8	42.2	100.0	55.1	44.9	100.0
Total construction	**60.9**	**39.1**	**100.0**	**56.4**	**43.6**	**100.0**

Table 21

Effects of geopolitical developments on foreign demand expectations

(percentages)

	Effects of geopolitical developments on foreign demand expectations			Changes with respect to 2015 of geopolitical developments' relevance regarding foreign demand expectations		
	No impact	Little impact	Some/strong impact	No variation	Yes, higher	Yes, lower
	Industry excluding construction and Services					
Number of employees						
50-199	19.9	42.3	37.8	64.9	26.8	8.4
200-999	10.8	47.2	42.0	65.0	25.0	10.0
Over 999	10.4	49.3	40.3	62.4	31.7	5.9
Sector						
Industry	15.8	44.3	39.9	63.8	27.8	8.4
Services	24.8	40.4	34.9	68.0	22.7	9.3
Geographical area						
North West	18.5	41.3	40.2	65.6	28.0	6.4
North East	10.9	49.6	39.5	63.2	25.4	11.4
Centre	27.0	35.9	37.1	66.9	26.0	7.1
South and Islands	21.9	47.0	31.0	62.3	24.2	13.4
Total Industry and services	**18.0**	**43.4**	**38.6**	**64.8**	**26.5**	**8.6**

Appendix C:

The questionnaire

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

JUNE 2016

Company Name ____

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

(1) MANIFACTURING

(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.)

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 December 2016?	...in June 2017?	...in June 2018?	... on average between June 2019 and June 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 -0.4 per cent in Italy and -0.2 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. <u>Compared with 3 months ago,</u> 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 <u>in the next 3 months?</u>
❑ 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 <u>for your company</u> will be:

C1. <u>in the next **3 months?**</u> ❑ Much better ❑ Better ❑ The same ❑ Worse ❑ Much worse

C2. <u>in the next **3 years**</u>? ❑ 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** <u>in the next 3 months</u>.

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*
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. <u>Compared with 3 month ago,</u> do you think conditions for investment are ... ? ❑ Better ❑ The same ❑ Worse

C9. What do you think your liquidity situation will be <u>in the next 3 months</u>. given the expected change in the conditions of access to credit? ❑ Insufficient ❑ Sufficient ❑ More than sufficient

C10. <u>Compared with three months ago</u>, is the **total** demand for your products ... ? ❑ Higher ❑ Unchanged ❑ Lower

C11. How will the **total** demand for your products vary <u>in the next 3 months</u>? ❑ 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. <u>Compared with three months ago,</u> is the **foreign** demand for your products ... ? ❑ Higher ❑ Unchanged ❑ Lower

C13. How will the **foreign** demand for your products vary <u>in the next 3 months</u>? ❑ Increase ❑ No change ❑ Decrease

C13bis. Effects of geopolitical developments (conflicts, political changes, commercial sanctions ect.) on foreign demand expectations ❑No impact ❑Little impact ❑ Some impact ❑ Strong impact

C13ter. Changes, with respect to 2015 of geopolitical developments relevance with respect to foreign demand expectations ❑Lower ❑ Unchanged ❑ Higher

C14. <u>Compared with three months ago</u>, 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 <u>in the next 12 months</u>:

Factors affecting your firm's **prices** <u>in the next 12 months</u>	***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

	Lower	*Unchanged*	*Higher*
E1. Your firm's TOTAL NUMBER of employees in the next 3 months will be:	1|__|	2|__|	3|__|

SEZIONE F – INVESTMENT TION 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? ❒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|__|

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 December 2016?	...in June 2017?	...in June 2018?	... on average between June 2019 and June 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 -0.4 per cent in Italy and -0.2 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*
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

	Lower	*Unchanged*	*Higher*
E1. Your firm's TOTAL NUMBER of employees in the next 3 months will be:	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 -