



Survey on Inflation and Growth Expectations

8 July 2025

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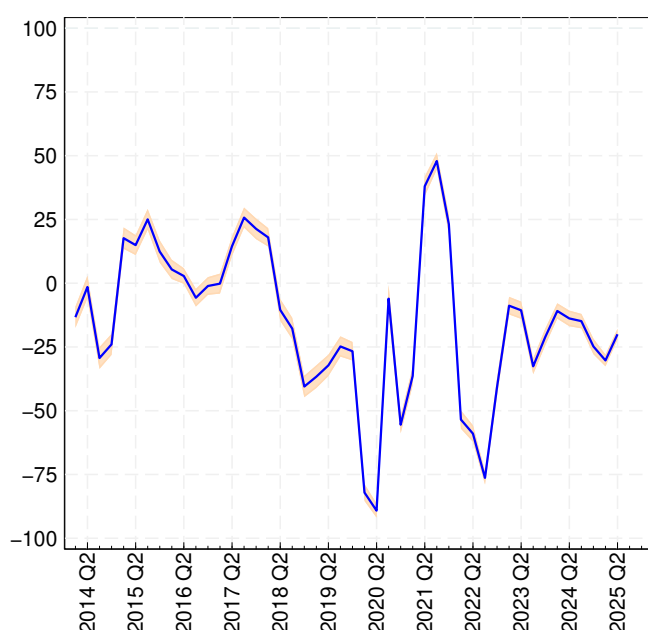
Main results

According to the survey conducted between 19 May and 12 June 2025 among Italian industrial and service firms with 50 or more employees, opinions regarding the general state of the economy remained unfavourable overall in the second quarter of this year but the negative balance between assessments of an improvement and those of a deterioration narrowed significantly. Compared with the previous quarter, both the assessments of current sales, especially on the domestic market, and the outlook for short-term business conditions improved. However, they are being affected by the negative effects of the tariffs imposed by the United States. Firms expect employment growth across all sectors in the third quarter.

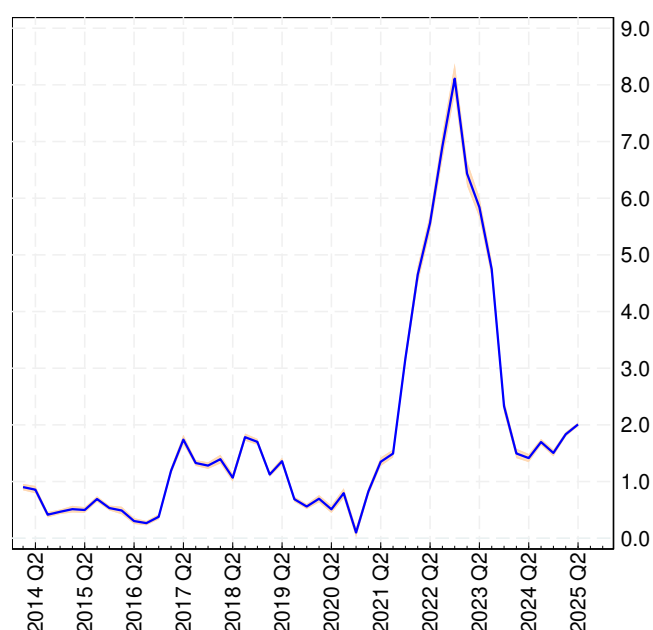
Assessments of investment conditions were also less unfavourable. Firms reported that they expected a slightly higher growth in investment in 2025 than was recorded in the spring. Assessments of access to credit improved marginally in the second quarter.

Compared with the previous survey, firms' selling prices over the last 12 months rose at a moderate and almost unchanged pace, in both industry and services; prices are expected to slow down across all sectors over the next 12 months. Firms' expectations for consumer price inflation went up slightly across all forecasting horizons, standing at 2.0 per cent for the 6-, 12- and 24-month horizons.

General state of the economy (1)
(balance between positive and negative assessments
with respect to the previous quarter)



**Consumer price inflation expectations
over the next 12 months (1)**
(percentage changes on the preceding 12 months)



(1) The shaded areas represent the 95% confidence intervals of the estimates. See Tables s1 and s4 of the statistical appendix.

Survey on Inflation and Growth Expectations¹

Assessments of the state of the economy improve, but remain negative	In the second quarter of 2025, the balance between assessments of an improvement (expressed by 6 per cent of firms, just above the level recorded in the last survey) and of a deterioration in Italy's overall economic environment stood at -20 percentage points, up from -30 percentage points in March (see Table 1), and was less negative across all business sectors, size classes and geographical areas.
Demand recovers, driven by the domestic component	The share of firms reporting an increase in demand for their products exceeded that of those reporting a decrease by 8 percentage points (compared with -1 per cent in the previous quarter), the best balance since the beginning of 2023 and the first positive value after three quarters. However, firms with 1,000 or more employees reported a slight deterioration. The recovery was stronger among service firms (the balance went from -2 to 11 percentage points) and those that mainly focus on the domestic market (from -2 to 10 percentage points). The balance improved by just 4 percentage points in construction, where it has been clearly positive since the first half of 2021. Assessments of foreign demand also improved, but to a much lesser extent: the balance between positive and negative responses was 6 percentage points (from 3 percentage points), buoyed by the progress of industrial (up from 0 to 5 percentage points) and small firms. However, the balance fell by 10 percentage points among large firms, cancelling itself out; among firms that export at least one third of their sales, the balance remained basically stable at 7 percentage points.
The outlook for the next three months is expected to remain stable overall ...	Expectations regarding the trend for sales in the next quarter remained positive, with a balance of 25 percentage points between the responses of an increase and those of a decrease, which was only 1 percentage point higher than in the March survey. Just 13 per cent of firms expected their sales to fall, the lowest figure since the end of 2021. However, the expectations of firms with a strong focus on exports deteriorated (those with more than two thirds of turnover earned abroad), with the balance falling from 26 to 18 percentage points. The overall outlook for exports remained stable compared with the previous quarter; the balance was positive by 18 percentage points for the largest firms, 6 percentage points lower than in the March survey.
... but tariffs weaken business conditions for manufacturing firms	Expectations for business conditions over the next three months improved slightly, from -7 to -3 percentage points, almost entirely owing to the more favourable assessments of firms with fewer than 200 employees and, geographically, of firms in the South and North-East of Italy. However, high trade uncertainty continued to have a negative impact: in the second quarter of 2025, 32 per cent of manufacturing firms and 12 per cent of service firms reported spillover effects because of US announcements and application of tariffs. The impact was mainly indirect for service firms (78 per cent of those that reported effects), while for manufacturing firms, the direct channel for orders from US firms was barely prevalent (54 per cent). The outlook remained more robust for construction firms, among which the share expecting to benefit from measures under the National Recovery and Resilience Plan (NRRP) in 2025 remained close to 60 per cent.
Employment expectations remain favourable	Employment is expected to continue expanding in the third quarter: the balance between firms that reported forecasts of an increase in the labour force and those that anticipated a contraction was 15 percentage points (from 16 percentage points in March). The outlook remained more favourable in construction (from 23 to 25 percentage points) than in industry excluding construction (stable at 10 percentage points) and in services (down from 20 to 17 percentage points). The growth expected in hourly wages for employees remained broadly unchanged from the previous quarter.

¹ The survey report was prepared by Luigi Palumbo and Marco Bottone.

The survey data were collected exclusively for the purpose of economic analysis and have been processed in aggregate form, in compliance with privacy regulations. We would like to thank the 2,485 firms with 50 or more employees (of which 1,091 in industry excluding construction, 1,146 in services and 248 in construction) that participated in the survey. The survey questionnaire, the statistical appendix and the methodological note are available on the Bank's website:

https://www.bancaditalia.it/statistiche/basi-dati/bird/inflazione-e-crescita/questionario-inflazione/documenti/en_quest_II_trim_2025.pdf?language_id=1
https://www.bancaditalia.it/pubblicazioni/indagine-inflazione/2025-indagine-inflazione/06/dati_2025_06_eng.zip?language_id=1
https://www.bancaditalia.it/pubblicazioni/metodi-e-fonti-note/metodi-note-2025/IAI_methods_and_sources.pdf?language_id=1

Investment conditions are judged to be less unfavourable	<p>The balance between favourable and unfavourable assessments of investment conditions improved from -17 to -12 percentage points, returning to the levels recorded at the end of last year, and remained negative in all business sectors (Figure 3). The improvement was more pronounced for service firms, where the balance rose from -17 to -10 percentage points, and for small firms. Spending on fixed investment is expected to grow overall in 2025, with the balance between assessments of an increase and of a decrease up to 17 percentage points, from 13 percentage points in March. In construction, the balance increased by 8 percentage points (to 18), while there was a smaller improvement for service firms (from 14 to 18) and for firms in industry excluding construction (from 11 to 13).</p>
Opinions on credit access conditions being stable continue to prevail	<p>Credit access conditions improved in the second quarter for 8 per cent of firms, compared with the 6 per cent that reported a worsening (the lowest figure since the end of 2021). The balance between positive and negative responses increased significantly among construction firms (from -3 to 3 percentage points), thanks to the sharp rise in the assessments of the firms most active in the non-residential sector and despite the deterioration for the remaining firms in the sector. Expectations for the next quarter remained broadly in line with the previous survey, with assessments pointing to stability prevailing.</p>
Price growth remains broadly stable and at moderate levels	<p>In the second quarter of 2025, the growth in firms' selling prices remained broadly stable in industry (at 1.6 per cent against the previous year) and in services (at 1.9 per cent). Growth in selling prices is likely to remain unchanged compared with the last survey across all sectors over the next 12 months (1.6 per cent in industry, 1.8 per cent in services and 3.4 per cent in construction). The main factors affecting prices are the increases in labour costs and in commodity prices, although they are both lower than in the previous survey. At the same time, signs of greater competitive pressure are emerging. Some 34 per cent of manufacturing firms and 24 per cent of service firms expect an increase in the supply of Chinese products in the markets where they operate as a result of US trade policies, resulting in downward pressures on prices. Firms that only operate in the domestic market were less affected by this trend: four fifths of firms do not expect a significant impact.</p>
Inflation expectations rise slightly, to 2 per cent	<p>Firms' expectations for consumer price inflation rose slightly across all forecast horizons, standing slightly below 2.0 per cent at 6, 12 and 24 months ahead (from 1.8, 1.8 and 1.9 per cent respectively), and at 2.1 per cent at 48 months ahead (from 1.9 per cent). Expectations were confirmed as being uniform across sectors and firm size classes, as well as in different areas of the country.</p>

Table 1

Main findings (1)								
<i>(per cent and percentage points)</i>								
	Industry exc. const.		Services		Construction		Total	
	2025 Q1	2025 Q2	2025 Q1	2025 Q2	2025 Q1	2025 Q2	2025 Q1	2025 Q2
	per cent							
Inflation expectation 6 months ahead	1.8	2.0	1.8	2.0	1.8	2.0	1.8	2.0
Inflation expectation 12 months ahead	1.8	2.0	1.8	2.0	1.9	2.0	1.8	2.0
Change in own prices 12 months ahead	1.7	1.6	1.9	1.8	3.7	3.4	1.9	1.8
Balance between reports of improvement and deterioration (percentage points)								
<i>Judgments on the previous quarter</i>								
General economic situation	-32.3	-20.5	-29.4	-20.3	-23.4	-14.9	-30.3	-20.0
Total demand	-3.8	2.3	-1.8	11.4	20.0	24.4	-1.3	8.2
Foreing demand	0.5	4.6	9.8	9.4	—	—	3.1	6.0
Investment conditions	-17.1	-12.8	-17.2	-10.5	-14.1	-13.0	-17.0	-11.7
<i>Forecast 3 months ahead</i>								
Total demand	21.7	21.3	24.2	26.3	32.0	33.4	23.6	24.5
Foreing demand	17.8	18.3	18.8	18.4	—	—	18.1	18.3
Firms' economic conditions	-8.0	-5.0	-6.3	-1.7	1.1	2.3	-6.6	-2.9
Employment	10.4	10.2	20.0	17.2	23.3	25.0	16.0	14.6
<i>Forecast of investment expenditure</i>								
H2 2025 on H1 2025	10.1	20.3	14.7	18.5	19.4	27.4	13.0	19.9
2025 on 2024	12.6	14.8	14.1	18.5	10.2	17.6	13.2	16.8

(1) The statistical appendix is available at

http://www.bancaditalia.it/pubblicazioni/indagine-inflazione/2025-indagine-inflazione/06/dati_2025_06.zip?language_id=1

Figure 1.1

Expected and actual changes in selling prices and demand (1)
(industry excluding construction)

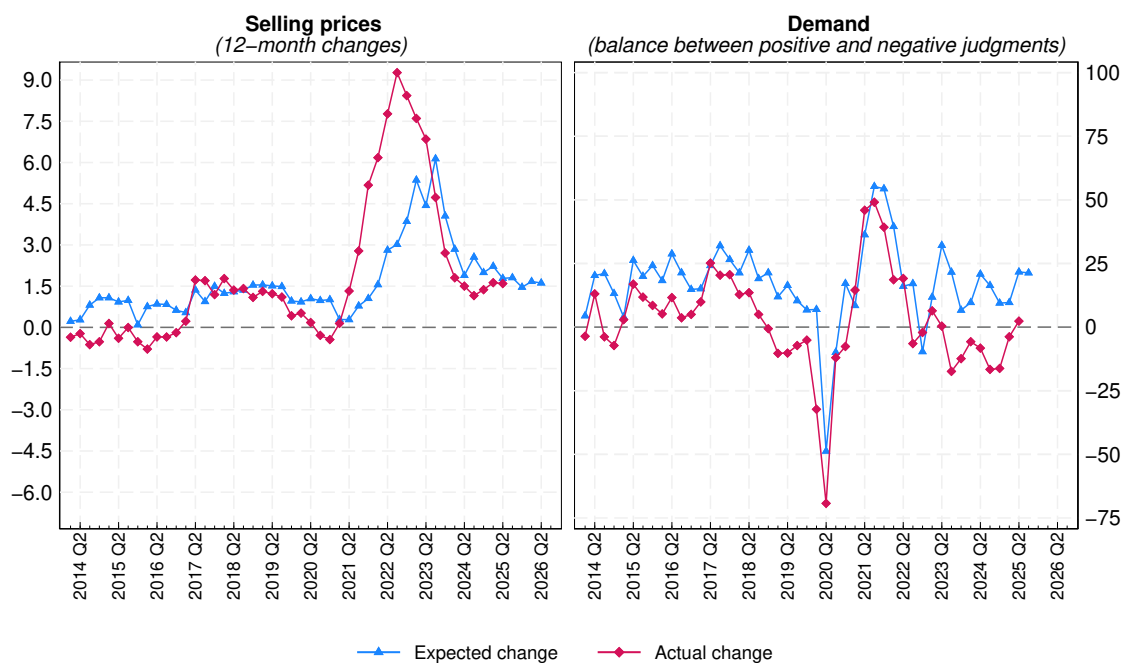


Figure 1.2

Expected and actual changes in selling prices and demand (1)
(services)

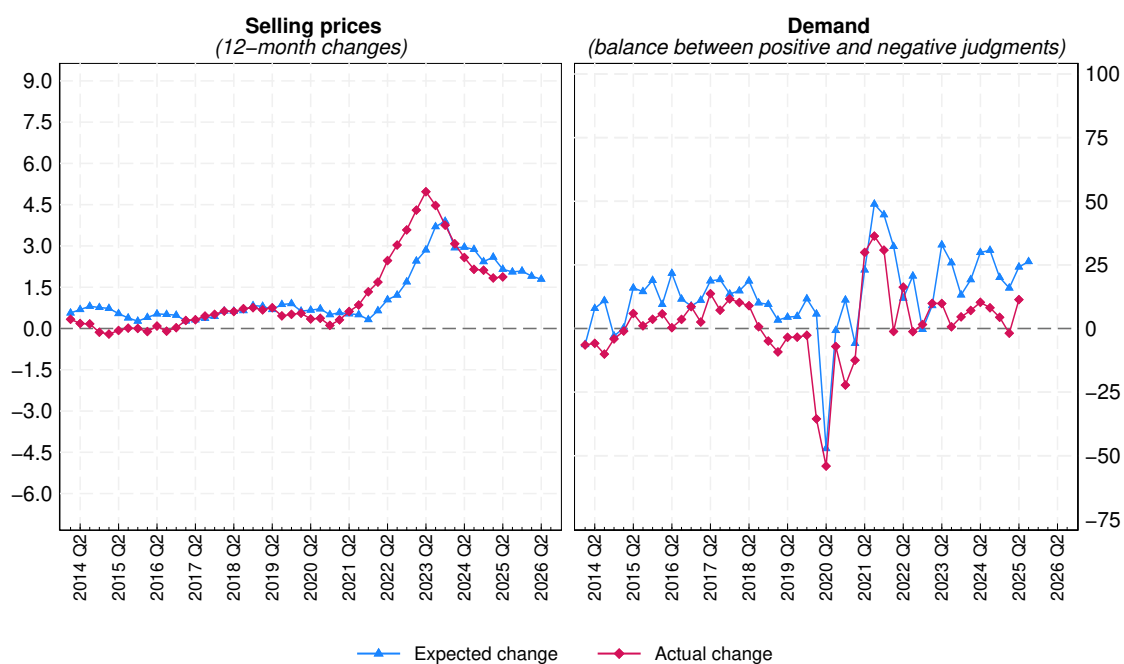
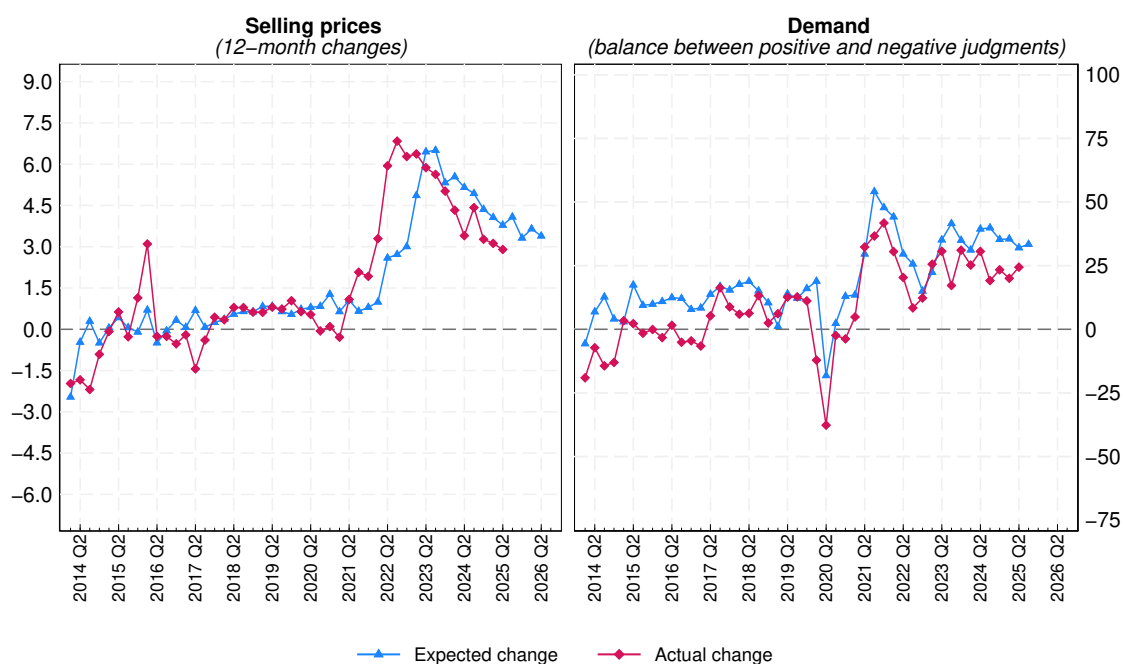


Figure 1.3

Expected and actual changes in selling prices and demand (1)
(Construction)



(1) Winsorized estimates: values outside the range between the 5th and the 95th percentiles are set at the threshold values of those percentiles. For selling prices, the actual change (red line) refers to price changes in the previous 12 months, while the expected change (blue line) refers to forecasts over a 12-month horizon, made in the same quarter of the previous year. For demand, the balances refer to changes observed over the reference quarter (red line) and to the forecasts made in the current quarter for the following three months (blue line).

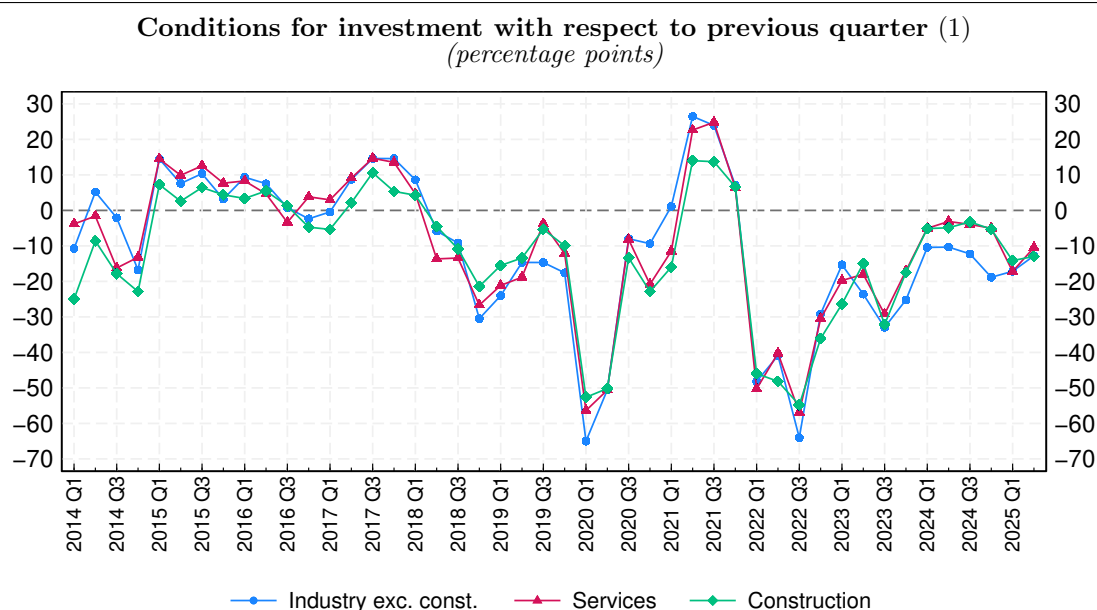
Figure 2.3

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



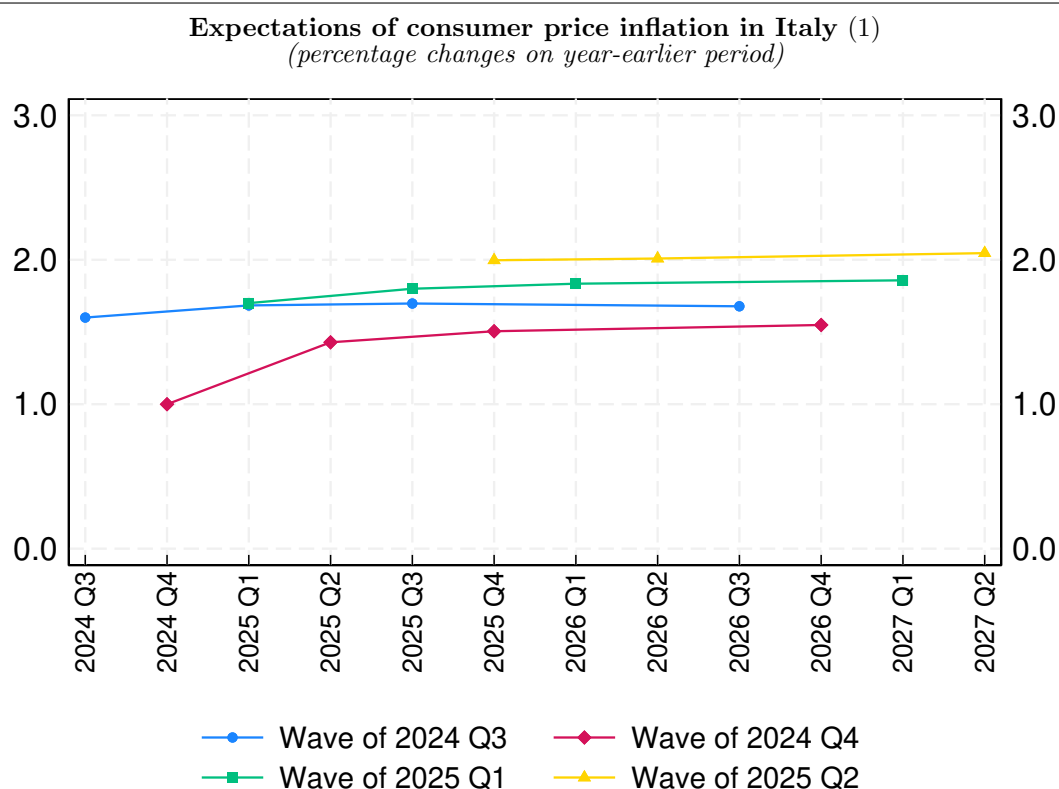
(1) Balance between expectations of an increase and expectations of a decrease.

Figure 3



(1) Balance between positive and negative judgments.

Figure 4



(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 5

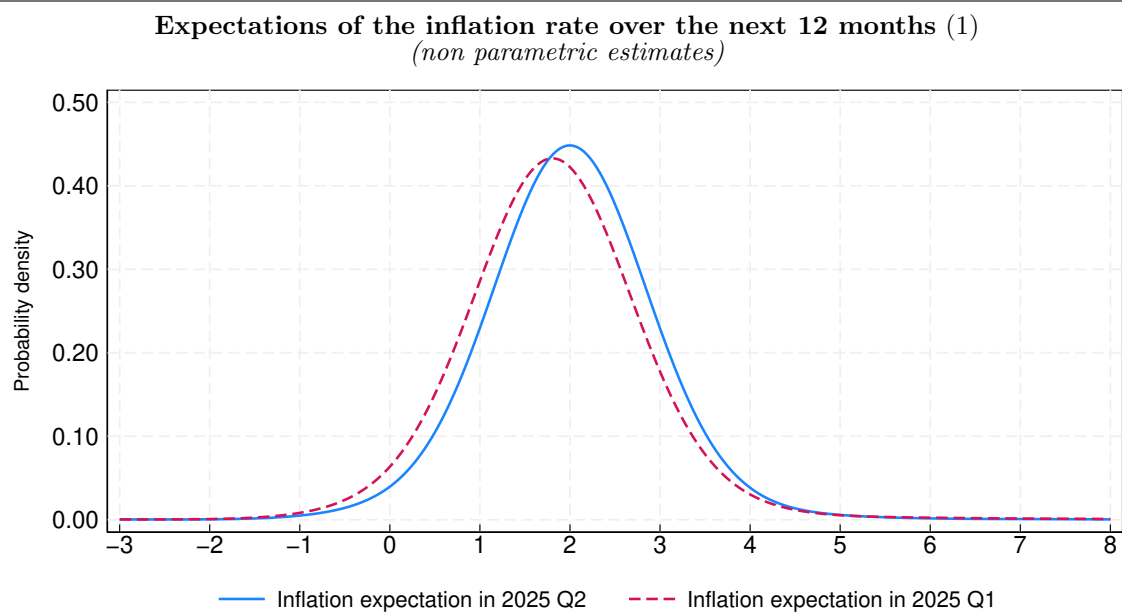
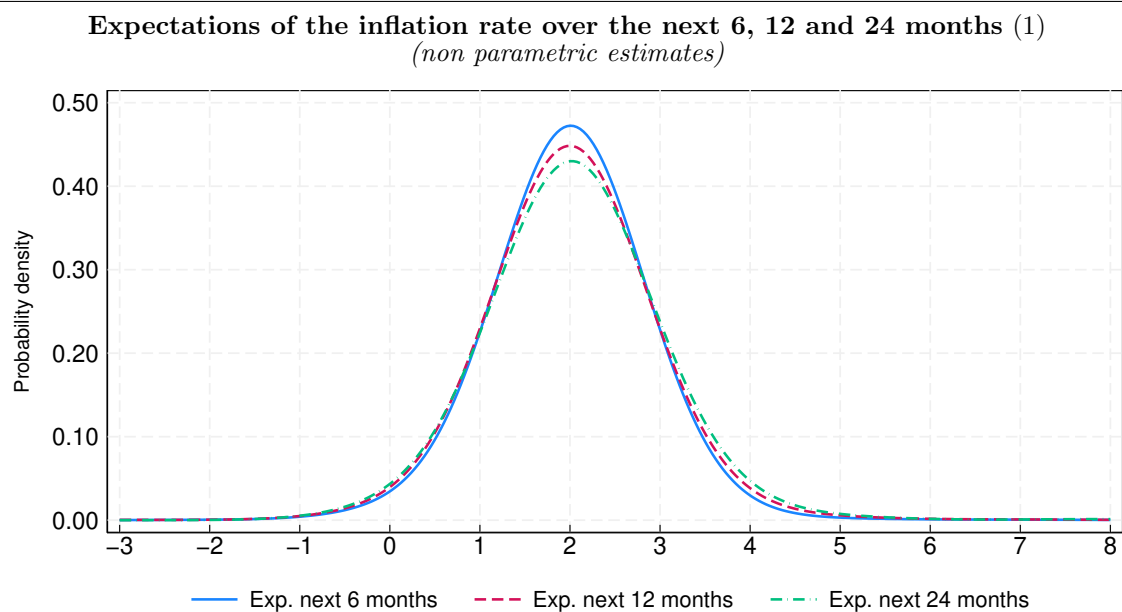


Figure 6



(1) The estimates are obtained using a Gaussian kernel density with a bandwidth equal to 0.75.

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