



Business Outlook Survey of Industrial and Service Firms

6 November 2025

Main results

The assessments of sales by firms with 20 or more employees point to further growth in non-financial private services and to a renewed contraction in manufacturing, although less pronounced than in the previous survey, over the first nine months of 2025. The outlook for turnover in the next six months is positive overall, on both the domestic and foreign markets. The impact of US tariffs on sales is reported to have been negative but, on the whole, moderate in the first nine months of the year, with a slight deterioration expected in the fourth quarter.

The balance between the share of firms reporting an increase in hours worked and that of firms reporting a reduction remains positive, although it is down from the previous survey. The employment outlook for 2025 as a whole remains positive.

Firms' assessments point to an increase in demand for bank loans and a further improvement in credit access conditions in 2025.

Two-thirds of firms delivered on their investment plans for 2025, which included higher expenditure overall. Where investment plans were revised, the decision was driven mainly by internal organizational factors; upward revisions were partly related to product or process innovations, while downward revisions were also due to weak demand and uncertainty. Firms expect a further expansion in investment spending in 2026.

Construction activity picked up in 2025, buoyed by public works, and the assessments for 2026 point to further growth.

Main trends as reported by firms (1)
(percentage shares)

	2024		2025	
	Negative	Positive	Negative	Positive
Non-construction industry and non-financial services				
Change in turnover (2)	26.2	42.2	24.1	42.6
Change in expected turnover (3)	15.9	33.6	12.9	37.8
Discrepancy between actual and planned investment	15.2	15.6	15.6	17.8
Change in headcount (4)	15.2	37.3	15.8	34.8
Profit or loss for the year (5)	9.9	80.6	10.7	79.9
Construction				
Change in output (4)	19.4	42.0	16.1	40.2
Change in headcount (4)	14.0	35.8	10.6	34.3
Profit or loss for the year (5)	5.1	87.6	3.5	87.5

(1) Weighted by the number of workers. – (2) First nine months of the year compared with the same period a year earlier. – (3) Forecast six months ahead. – (4) For the year as a whole compared with the previous year. – (5) Firms reporting a loss or profit for the year.

Reference period: 2025

Business Outlook Survey of Industrial and Service Firms¹

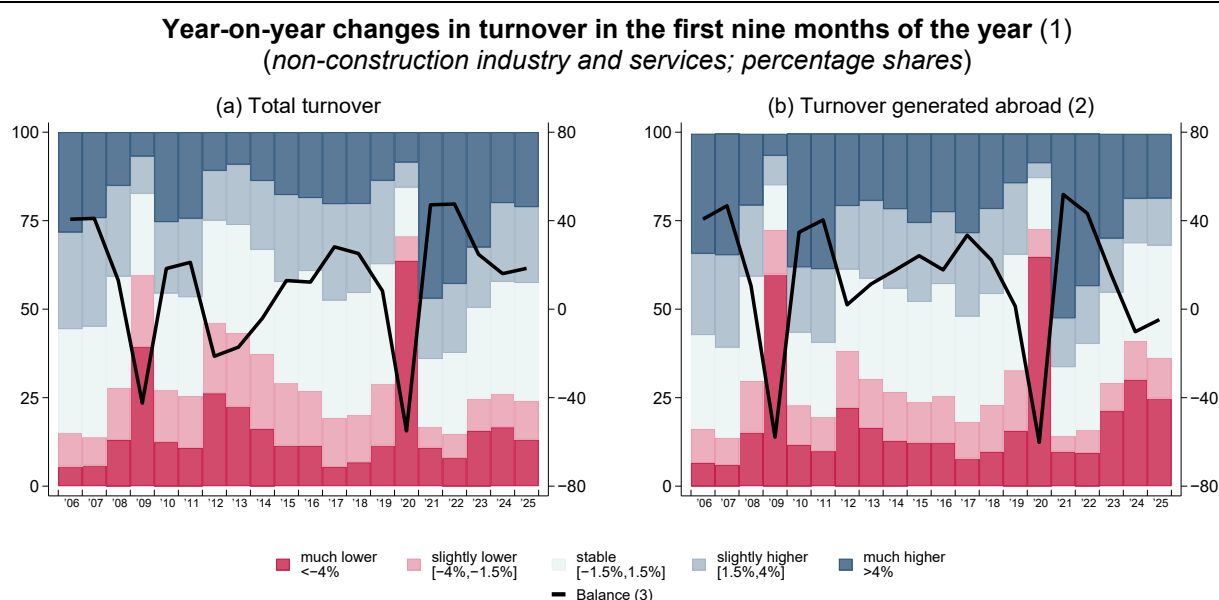
Non-construction industry and non-financial private services

Sales assessments remain positive in services and are less negative in manufacturing

The balance between the share of firms that reported a year-on-year increase in turnover in the first nine months of 2025 and those that saw a reduction is 18 percentage points, in line with last year (Figure 1a). The positive balance is still high in services (30 percentage points, from 32), especially in transport, storage and communications, while it remains negative, but significantly less so than in the previous survey, in manufacturing (-4 percentage points, from -12), particularly in fashion and in metalworking (-13 and -8 percentage points, from -43 and -15, respectively). Sales assessments were more favourable for firms producing capital goods than for those selling predominantly intermediate or consumer goods.

In manufacturing, the balance is negative for both non-exporting and exporting firms, which continue to be affected by weak production in Europe, the exchange rate appreciation in the early months of the year and the uncertainty surrounding international trade policies (see the box 'The impact of trade tensions and US tariffs on business operations'). The balance between assessments of an increase and of a decrease in exports is only moderately negative (-5 percentage points; Figure 1b).

Figure 1



(1) The bars indicate the share of firms by change in turnover. – (2) The chart refers to exporting firms in industry excluding construction. – (3) The line indicates the balance between assessments of an increase and those of a decrease; right-hand scale. Data weighted by the number of workers.

Expectations for turnover in the coming months are positive overall

Some 38 per cent of firms expect turnover to grow over the next six months, while 13 per cent expect a reduction (Figure 2a). Foreign turnover expectations are slightly less favourable, with 34 per cent of firms pointing to an increase and 16 per cent to a decline (Figure 2b).

The share of firms expecting to close the year with a profit is 77 per cent in industry and 82 per cent in services, while the share of those anticipating a loss is 13 and 9 per cent, respectively.

¹ This report was prepared by Lucia Modugno, Elena Mattevi, Marco Bottone, Lorenzo De Masi and Matteo Mongardini. The survey was conducted by Banca d'Italia's branches from 15 September to 10 October 2025.

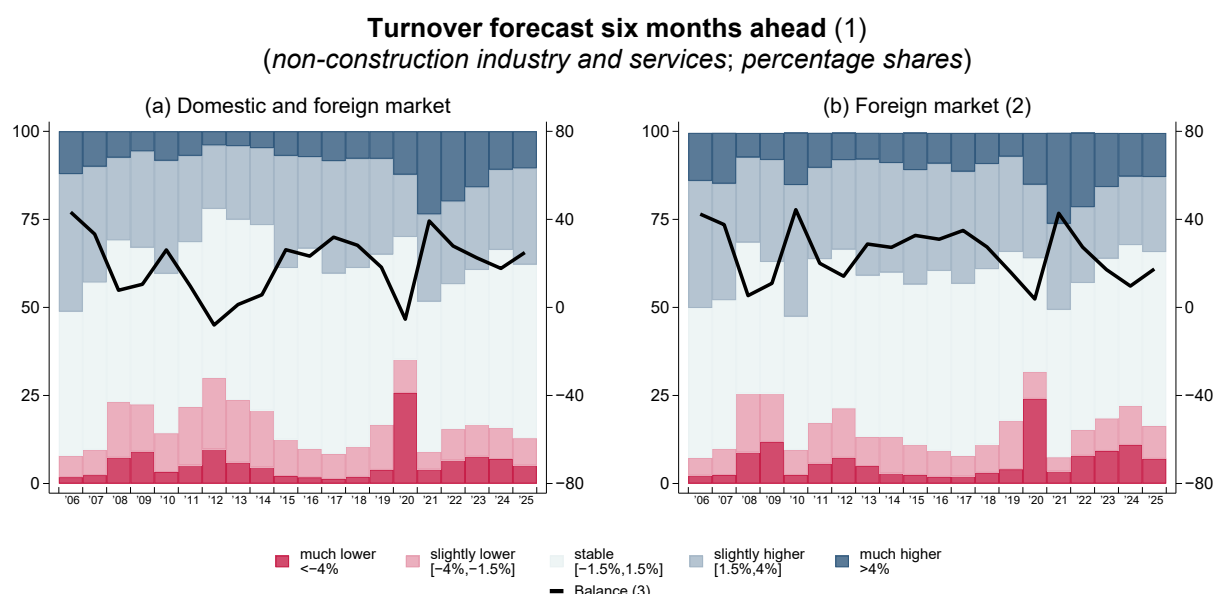
The data are used exclusively for the purpose of economic analysis and have been processed in aggregate form. We would like to thank all the firms that agreed to take part in the survey.

The shares referred to in the text are weighted by the number of workers.

The statistical appendix and the methodological notes are available on the following webpages:

https://www.bancaditalia.it/pubblicazioni/sondaggio-imprese/2025-sondaggio-imprese/dati_2025_eng.zip?language_id=1
http://www.bancaditalia.it/pubblicazioni/metodi-e-fonti-note/metodi-note-2017/metodologia_sondaggio_impr_industr_serv.pdf

Figure 2

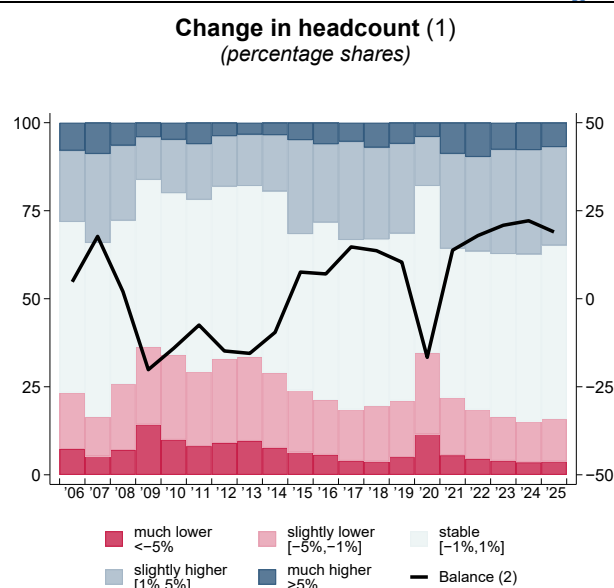


(1) The bars indicate the share of firms by change in turnover. – (2) The chart refers to exporting firms in industry excluding construction. – (3) The line indicates the balance between assessments of an increase and those of a decrease; right-hand scale. Data weighted by the number of workers.

Figure 3

Hours worked and headcount continue to grow

According to firms, hours worked increased in the first nine months of 2025, although at a slower pace than in the previous year (the balance of assessments was 12 percentage points overall, from 16 percentage points in 2024). The increase was broad-based across industries, with the exception of the textile, clothing and footwear sector, which continued to record a negative balance, albeit improving (to -5 percentage points, from -20 in the previous survey). Overall, firms' responses point to a further increase in the number of persons employed in 2025 (Figure 3), with a stronger expansion in services than in manufacturing.



(1) The bars indicate the share of firms by change in headcount. – (2) The line indicates the balance between assessments of an increase and those of a decrease; right-hand scale. Data weighted by the number of workers.

Credit access conditions improve further

The share of firms reporting an increase in bank loan applications is 4 percentage points higher than the share of those reporting a decrease, for both the first and the second half of 2025. Demand is largely driven by higher funding needs for fixed investment and working capital, despite the increased use of internal financing.

Credit access conditions continued to improve across all size classes: 70 per cent of firms assessed supply conditions as stable in the first half of 2025 and 24 per cent reported an improvement (from 15 per cent in the survey on the first half of 2024), mostly due to lower interest rates. Some 74 per cent of firms expect borrowing conditions to hold stable in the second half of 2025, though with a slight reduction in the balance between expectations of an improvement and of a deterioration (14 percentage points). As in the 2024

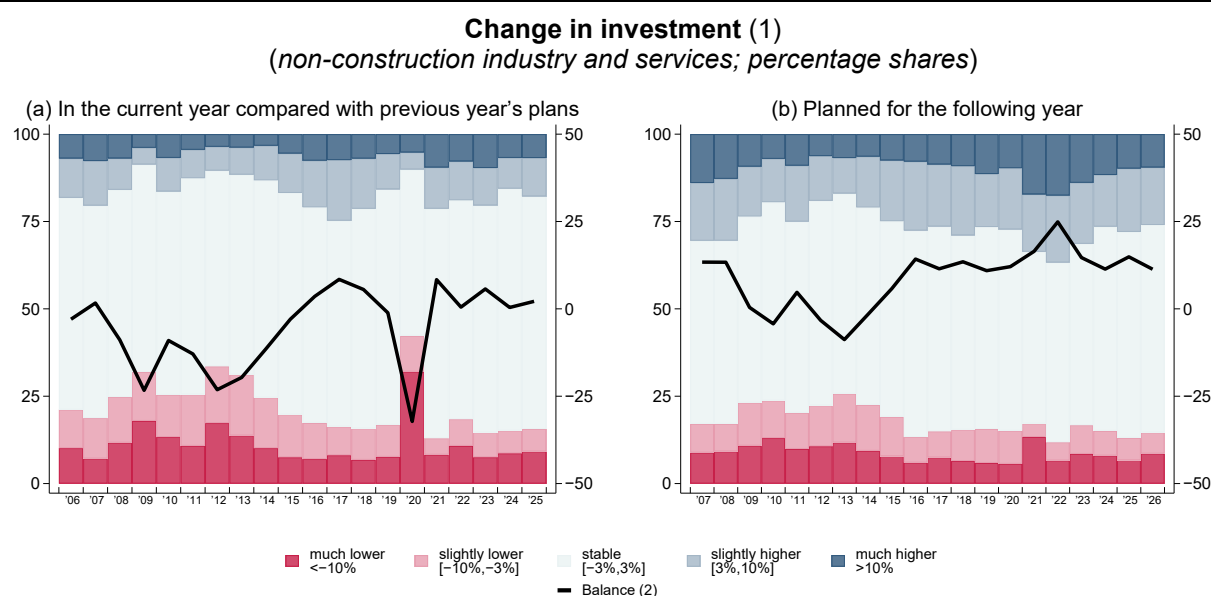
survey, almost three-quarters of firms said that liquidity was more than sufficient to cover operational needs until the end of the year, with only 3 per cent of firms reporting a liquidity shortfall. A small share of firms pointed to a moderate impact of international trade tensions on credit supply and demand.

Overall, firms deliver on their investment plans for 2025 ...

Two-thirds of firms implemented their investment plans in 2025, which included higher expenditure overall (Figure 4a).² The share of firms that invested more than expected is 2 percentage points higher than the share of those that cut investment spending, with differences across business sectors: the balance is positive by 5 percentage points in services, while it is negative among industrial firms (-3 percentage points), especially in fashion (-12 percentage points). Internal organizational factors were reported to be the main reason for revising corporate investment plans. Product and process innovation

was reported to be the second reason for upward revisions, while downward revisions were also influenced by changes in demand expectations and uncertainty stemming from regulatory issues or international tensions.

Figure 4



(1) The bars indicate the share of firms by change in investment. – (2) The line indicates the balance between assessments of an increase and those of a decrease; right-hand scale. Data weighted by the number of workers.

... and expect to expand them further in 2026

The balance between the share of firms anticipating an increase in investment spending in 2026 compared with the current year and the share of those expecting a reduction remains positive, albeit lower than in the previous survey (11 percentage points, from 15 percentage points; Figure 4b). All sectors show a positive balance, with the exception of the textile, clothing, leather and footwear sector (-4 percentage points).

THE IMPACT OF TRADE TENSIONS AND US TARIFFS ON BUSINESS OPERATIONS

The survey included questions to assess the impact of the new US tariffs and the resulting trade policy uncertainty.¹

Overall, 20 per cent of firms reported that total sales were negatively affected by higher tariffs in the first nine months of 2025, with the impact being generally assessed as moderate (see the figure). The higher the exposure to protectionist policies, the higher the share of firms that reported a tariff-related decline in sales: 45 per cent for firms exporting to the United States (one fifth of the total),² 16 per cent for other exporters and 11 per cent for non-exporting firms. The share is higher in export-oriented sectors, such as manufacturing (particularly fashion and metalworking), than in energy and services.

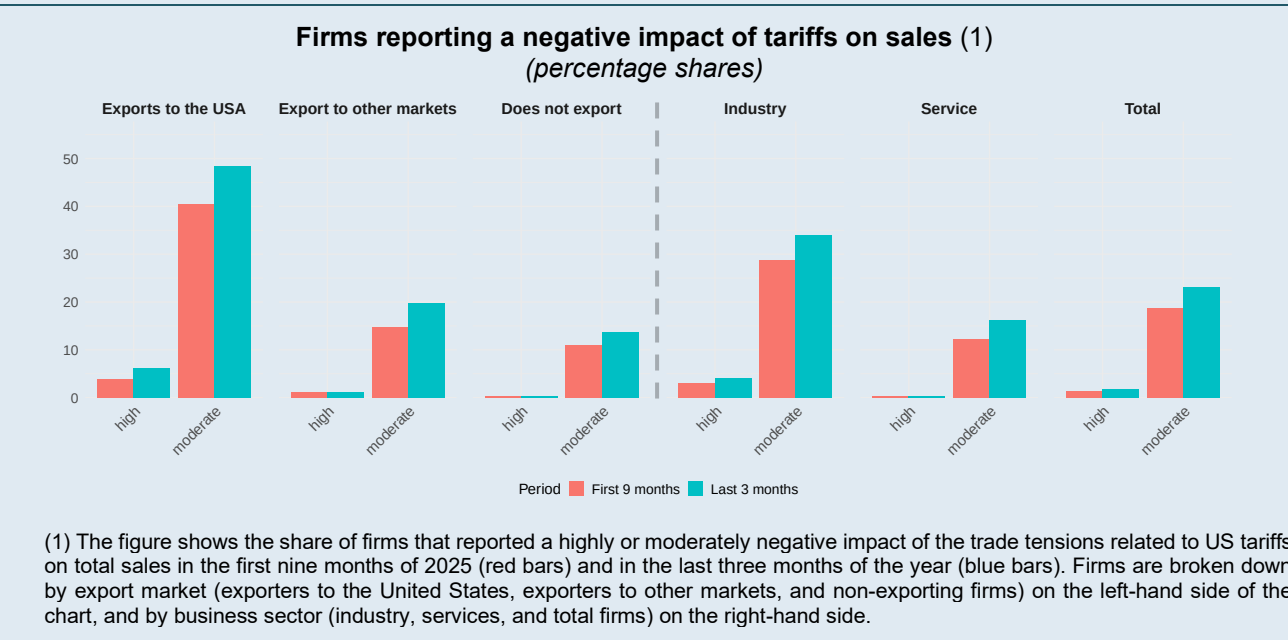
² According to our spring survey (see 'Survey of Industrial and Service Firms for 2024', Banca d'Italia, Statistics Series, 1 July 2025), the overall forecast change in investment at constant prices was 1.9 per cent for 2025 (4.9 per cent in industry and -0.8 per cent in services).

Sales forecasts for the fourth quarter are more unfavourable than the assessments for the first nine months of the year. The share of firms expecting a reduction rises to 25 per cent, although this increase largely relates to assessments of a moderate direct or indirect tariff impact.³

Although the assessments of a reduction in sales due to international tensions are associated with worsening profitability expectations compared with the previous year, 75 per cent of firms that reported a negative tariff impact still expect to close the year with a profit (against 81 per cent of those that did not report any negative effects); 10 per cent of firms anticipate breaking even.

Uncertainty over international trade policies could hinder investment by more globally integrated firms. The share of firms that reported investment spending in 2025 to be in line with or to exceed the investment plans laid out in 2024 is greater among those that said they were not affected by trade tensions and that do not expect any impact for the next quarter either (86 per cent, against 79 per cent among the remaining firms). With regard to 2026 investment plans, the percentage of firms intending to ramp up their investment spending or to keep it unchanged from the current year shows a smaller difference between the firms that did not report any negative tariff-related effects and the remaining firms (86 and 82 per cent respectively).

Figure



¹ The trade deals signed by the United States and the EU last July impose a 15 per cent base tariff on most European goods exports to the US, more than 13 percentage points higher than the average rate prevailing at the beginning of this year.

² Some 27 per cent of firms exporting to the United States saw an increase in orders from the US in anticipation of the new tariffs (front-loading). However, the share of firms that reported a reduction in sales is not lower among them than among the other firms.

³ See the box 'The impact of the US tariffs on the supply chains of Italian firms', Banca d'Italia, *Economic Bulletin*, 4, 2025.

Construction firms

Construction output continues to grow in 2025 ...

In 2025, the share of construction firms that recorded an increase in output exceeded that of firms that reported a reduction by more than 24 percentage points, in line with 2024 (Figure 5a). The assessments are similar for public works contracts, where the NRRP contributed to an increase in orders according to almost half of firms. With regard to residential construction, more than half of firms pointed to broad stability compared with 2024 (with a positive balance of 2 percentage points).

Almost 90 per cent of firms expect to close the year with a profit, a share that is in line with the last two years and higher than the average for the previous decade.

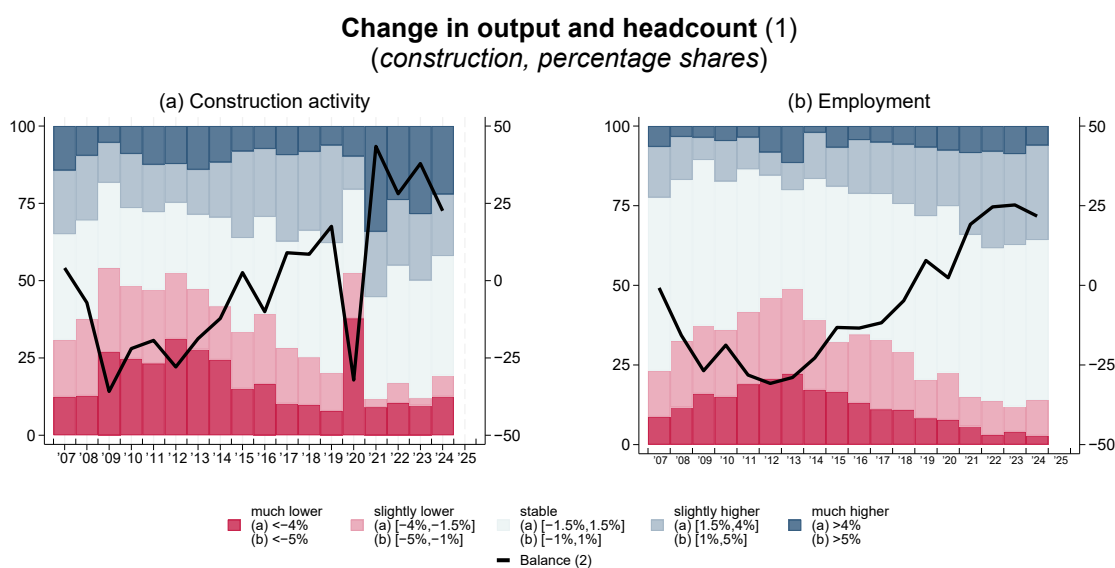
... amid higher employment

One in three firms increased their staff compared with 2024, while one in ten reduced it (Figure 5b). Over three-quarters of firms reported difficulties in finding highly skilled workers, an issue that, in most cases, has carried over from previous years.

In the first half of 2025, there was an equal share of assessments of an increase and of a contraction in bank loan applications (16 per cent), in line with the same period of 2024. Meanwhile, the balance of assessments of borrowing conditions remained positive and improved to 13 percentage points, from 8 percentage points in the same period of 2024, after plummeting to strongly negative levels over the previous two years.

Output is expected to grow in 2026 as well: the balance between the share of firms expecting an expansion and those expecting a contraction is 25 percentage points overall (almost 17 percentage points in public works and around 9 percentage points in housing).

Figure 5



(1) The bars indicate the share of firms by change in output (a) and in headcount (b). – (2) The line indicates the balance between assessments of an increase and those of a decrease; right-hand scale. Data weighted by the number of workers.

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