

Assolombarda Business Survey of the Manufacturing Sector in the Milan Area January 2011¹

"Studi e Analisi" presents surveys and analyses carried out by the Research Department in its areas of interest

by Valeria Negri

After the downward trend of the end of 2010, in January 2011 manufacturing confidence in the Milan Area gained ground and jumped to its highest level for the last five years. At the same time, the strong recovery in demand together with inventories below standard levels reflected on extremely positive forecasts on production. Therefore, the improvement was important and spread to all the others variables of the survey: turnover, employment and order expectations grew, and also opinion on the general economy recovery further.

Confidence climate index rose from 104.8 in December 2010 to 110.3 in January 2011, reaching its maximum value since the end of 2005. The growth of the indicator was connected to the strong increase in national and foreign orders and to the increase in production short-term expectations; inventories continued to decrease, remaining below the normal levels.

In terms of assessments, after the slowdown in the last three months of 2010, production rose to its highest balance for more than three years. Also turnover grew on both national and foreign market, and employment rose for the second consecutive period. industrial production went down on its minimum value for the second half of 2010 and turnover reduced on both national and foreign side. On the contrary, employment improved: the relative balance grew up to zero after three months of negative values.

With reference to forecasts for the next 3-4 months, orders forecasts continued to improve, and opinions on the Italian economic situation bettered (they increased for the second consecutive month).

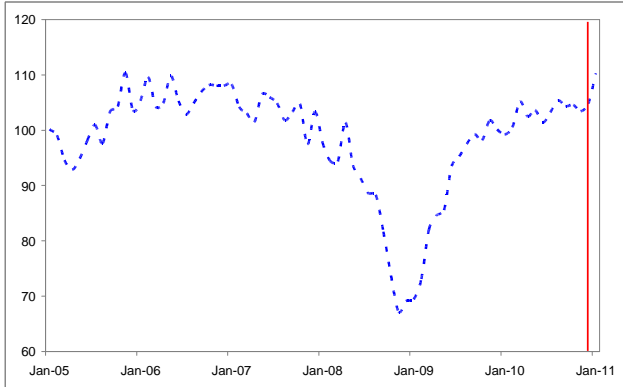
¹ Since January 2011 the sample of the survey has been revised and expanded: the number of the firms interviewed grew from 220 to 350, with a statistical significance of 95% and a standard error of 0,05%. However, the new data are consistent and comparable with the historical series.

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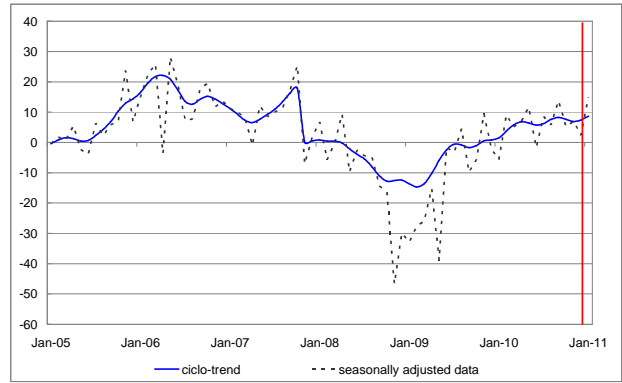


1 Graphs²

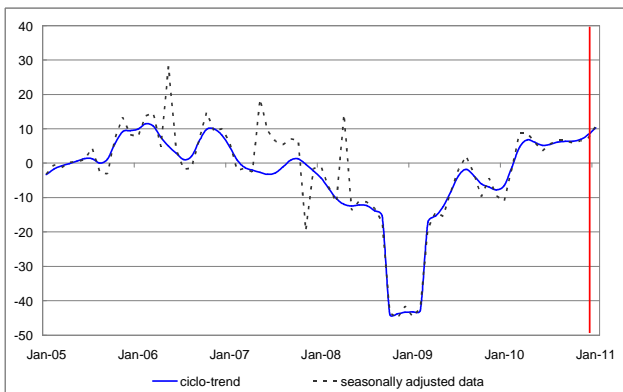
Graph 1 - Confidence Climate¹



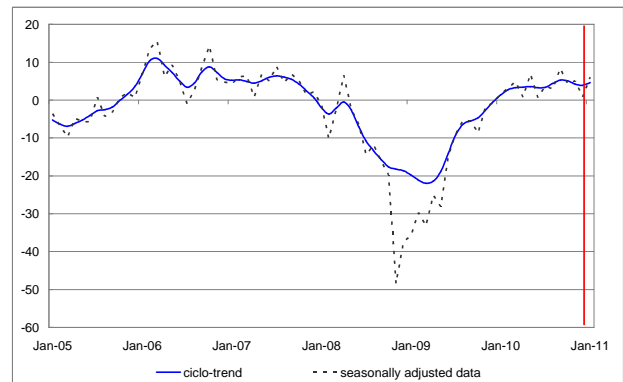
Graph 2 - Production assessment



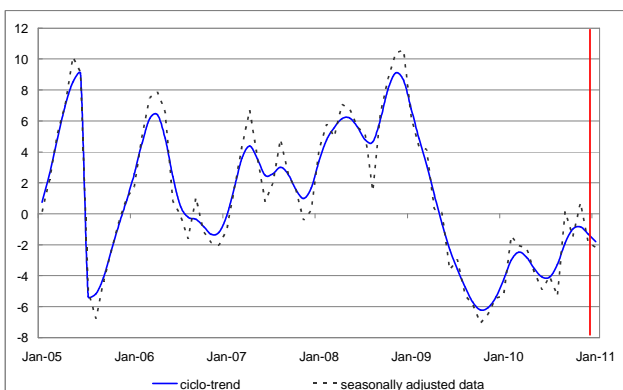
Graph 3 - Assessment on domestic orders



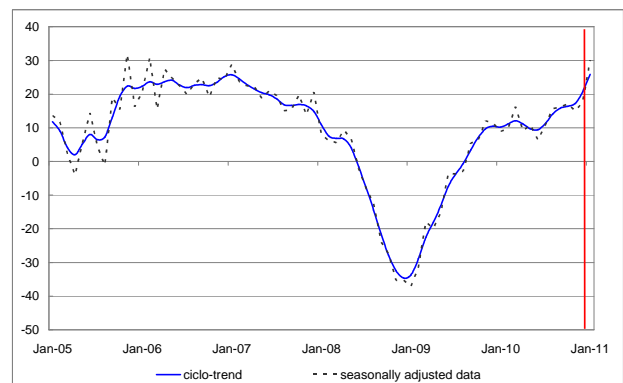
Graph 4 - Assessment on foreign orders



Graph 5 - Inventories



Graph 6 - Production expectations



² In the graphs a red vertical line is drawn next to January 2011, month in which the sample of the survey has been revised and expanded.

2 Data

Table 1 - Confidence climate¹

Reference period	Index (2005=100)
October-10	104.6
November-10	103.4
December-10	104.8
January-11	110.3

Table 2 - Production

Reference period	Assessment seasonally adj. data	Assessment raw data	Expectations seasonally adj. data	Expectations raw data
October-10	5	-2	17	3
November-10	7	6	15	2
December-10	2	-39	18	17
January-11	15	13	30	37

Table 3 - Domestic orders

Reference period	Assessment seasonally adj. data	Assessment raw data	Expectations seasonally adj. data	Expectations raw data
October-10	6	1	12	-1
November-10	7	4	10	0
December-10	7	-20	13	18
January-11	11	15	19	28

Table 4 - Foreign orders

Reference period	Assessment seasonally adj. data	Assessment raw data	Expectations seasonally adj. data	Expectations raw data
October-10	4	-3	11	0
November-10	5	3	16	6
December-10	1	-27	19	23
January-11	6	12	23	33

Table 5 - Domestic turnover

Reference period	Assessment seasonally adj. data	Assessment raw data
October-10	2	-7
November-10	12	8
December-10	-1	-35
January-11	16	9

Table 6 - Foreign turnover

Reference period	Assessment seasonally adj. data	Assessment raw data
October-10	4	1
November-10	6	2
December-10	-7	-38
January-11	9	5

Table 7 - Other balances

Reference period	Inventories seasonally adj. data	Inventories raw data	Employment seasonally adj. data	Employment raw data	Expectations on economic situation seasonally adj. data	Expectations on economic situation raw data
October-10	-1	-2	-6	-5	-13	-14
November-10	1	1	-4	-4	-13	-12
December-10	-2	-1	1	-6	-6	-6
January-11	-2	-2	6	0	-1	-1

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¹ The industrial confidence indicator is the arithmetic average of the seasonally adjusted data on production expectations, order books and stocks of finished products (with inverted sign). The index base is 2005=100.