



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

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

by Valeria Negri

In February 2011 manufacturing confidence in the Milan Area moved back after the jump in the previous month, but it remained on historically very high levels. In fact, excepting the peak in January 2011, the index showed its highest level for the last 5 years, and it remained widely above 2010's average.

To summarize all data collected by the survey, the acceleration registered in January seemed to strengthen, as production and orders stayed on historically high levels and expectations for the next 3-4 months remained extremely positive.

Confidence climate index slide from 109.9 in January 108.2 in February 2011. The indicator's reduction was due to the increase in inventories (again above normal levels) and to the reduction in production forecast (however, the balance remained in line with pre-crisis values). On the contrary, orders grew on the whole, as the result of an increase on national markets and a stability on foreign markets.

In terms of assessments, production rose again, continuing to show its highest balance since November 2007, while turnover fell on national side and remained stable on foreign markets. Employment balance rose went down, but was still positive:

With reference to forecasts for the next 3-4 months, orders forecasts were firm on January's high levels; in particular, foreign orders expectations showed its maximum value since may 2007.

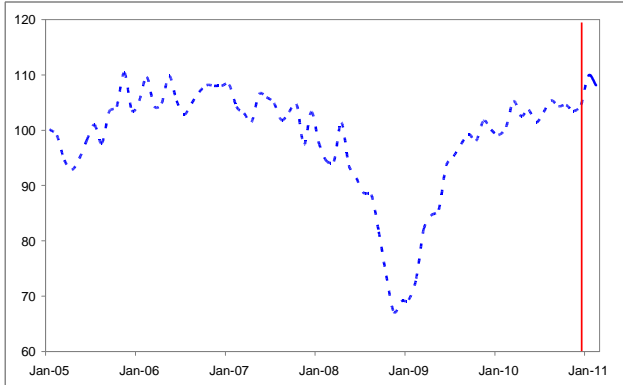
Finally, opinions on the Italian economic situation improved for the third consecutive month, reaching a positive value.

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.

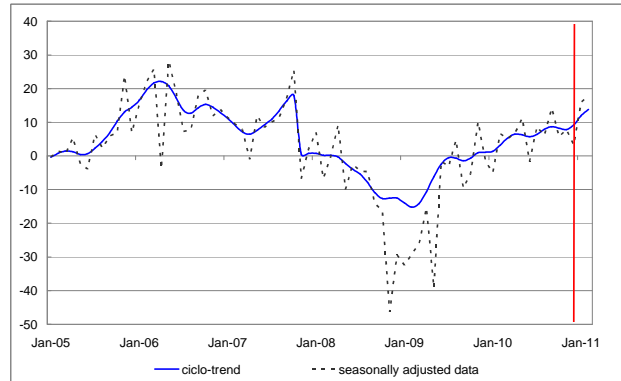
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1 Graphs²

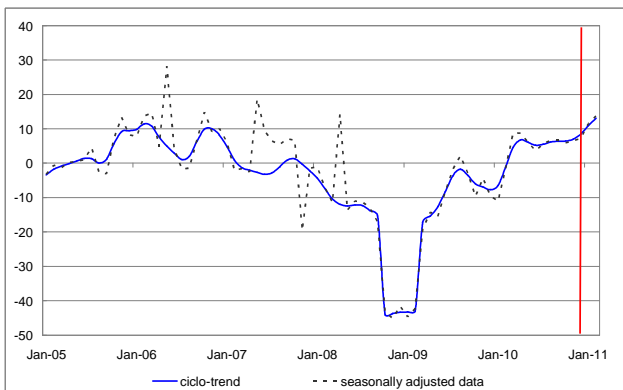
Graph 1 - Confidence Climate¹



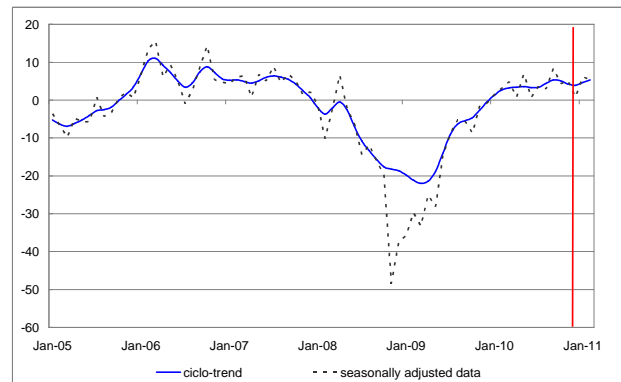
Graph 2 - Production assessment



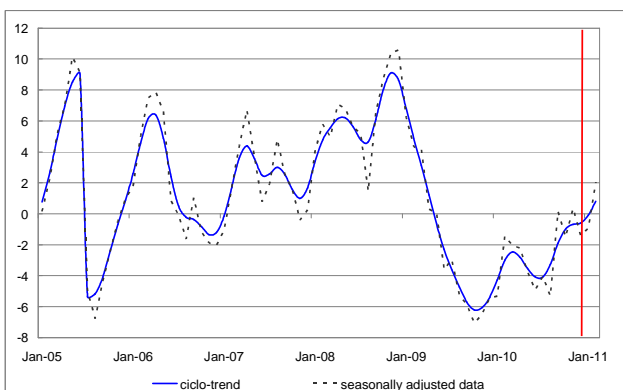
Graph 3 - Assessment on domestic orders



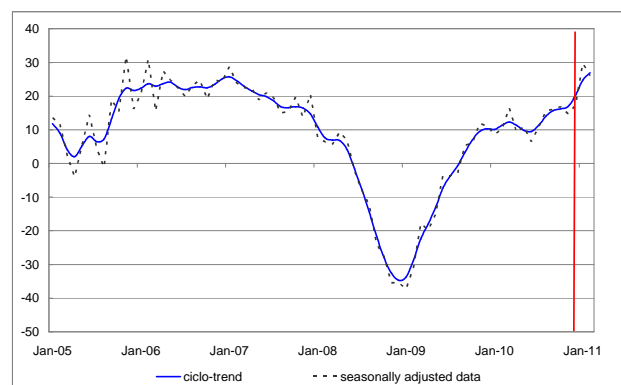
Graph 4 - Assessment on foreign orders



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)
November-10	103.5
December-10	104.6
January-11	109.9
February-11	108.2

Table 2 - Production

Reference period	Assessment seasonally adj. data	Assessment raw data	Expectations seasonally adj. data	Expectations raw data
November-10	8	6	15	2
December-10	3	-39	17	17
January-11	16	13	30	37
February-11	18	37	26	31

Table 3 - Domestic orders

Reference period	Assessment seasonally adj. data	Assessment raw data	Expectations seasonally adj. data	Expectations raw data
November-10	7	4	10	0
December-10	7	-20	14	18
January-11	12	15	19	28
February-11	14	27	19	24

Table 4 - Foreign orders

Reference period	Assessment seasonally adj. data	Assessment raw data	Expectations seasonally adj. data	Expectations raw data
November-10	5	3	16	6
December-10	1	-27	19	23
January-11	6	11	23	33
February-11	6	18	22	27

Table 5 - Domestic turnover

Reference period	Assessment seasonally adj. data	Assessment raw data
November-10	12	8
December-10	-1	-35
January-11	16	9
February-11	13	32

Table 6 - Foreign turnover

Reference period	Assessment seasonally adj. data	Assessment raw data
November-10	6	2
December-10	-7	-38
January-11	10	5
February-11	11	27

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
November-10	0	1	-4	-4	-13	-12
December-10	-1	-1	1	-6	-6	-6
January-11	-1	-2	6	0	-1	-1
February-11	2	5	2	3	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.