



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

# Assolombarda Business Survey of the Manufacturing Sector in the Milan Area

March 2011<sup>1</sup>

by Valeria Negri

In March 2011 manufacturing confidence in the Milan Area fell for the second consecutive month, plunging to its lowest value for the last nine months.

The reduction was spread to almost all the collected variables and it was strong with reference to the national market, while the foreign markets seemed to remain more stable.

Confidence climate index plummeted from 106.5 in February to 102.1 in March 2011. In fact, production expectations for the next 3-4 months reduced, because of a plunge in national demand (the relative balance became negative, its lowest value in a year). On the contrary, foreign demand continued to grow, confirming the same balance for the third consecutive month. Inventories remained a little above normal level.

In terms of assessments, production decreased, even if the balance was still over its long-term average. Turnover fell on national and foreign markets, after having registered a positive trend in the beginning of 2011 on both markets. Moreover, employment balance went down again, becoming negative:

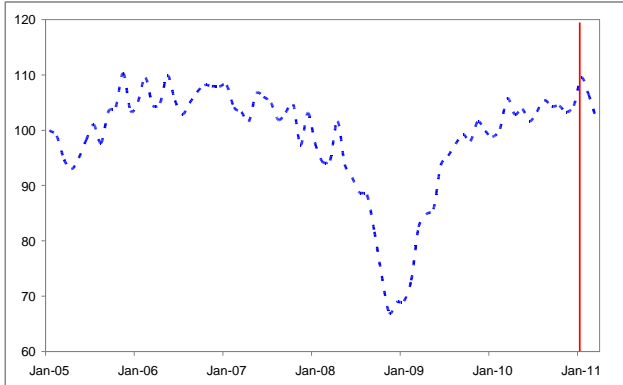
With reference to forecasts for the next 3-4 months, orders expectations slide mildly, remaining on historically high levels. Finally, opinions on the Italian economic situation worsened, after the temporary recovery registered in February.

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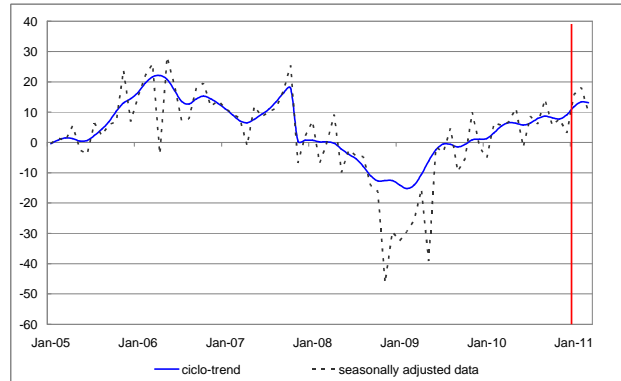
<sup>1</sup> Since January 2011 the sample of the survey has been revised and expanded: the number of the firms interviewed grew from 220 to 350, with a statistical significance of 95% and a standard error of 0,05%. However, the new data are consistent and comparable with the historical series.

## 1 Graphs<sup>2</sup>

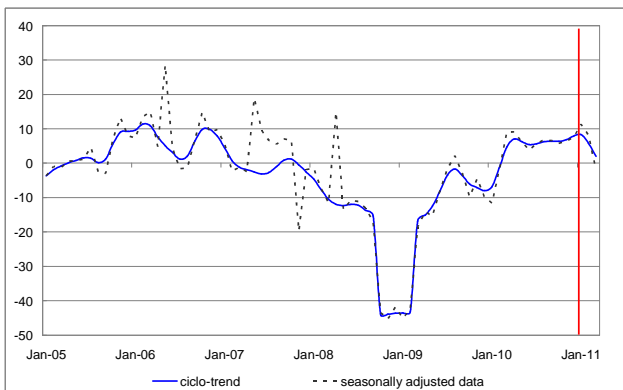
**Graph 1 - Confidence Climate<sup>1</sup>**



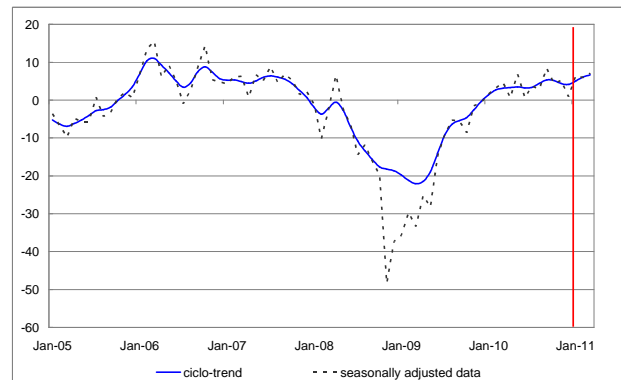
**Graph 2 - Production assessment**



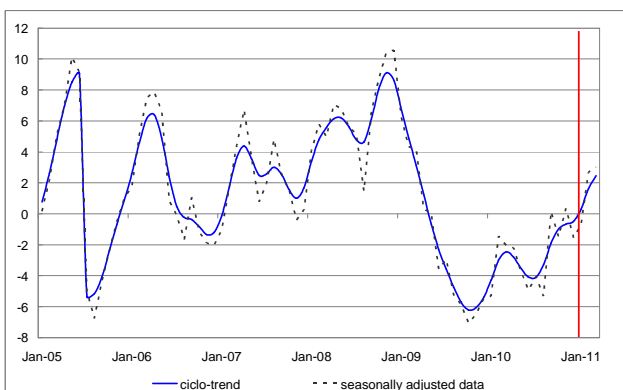
**Graph 3 - Assessment on domestic orders**



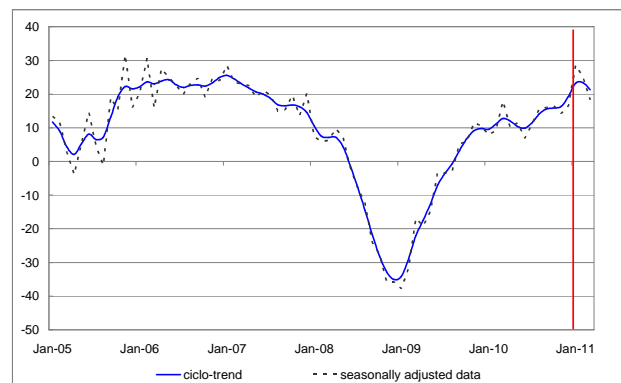
**Graph 4 - Assessment on foreign orders**



**Graph 5 - Inventories**



**Graph 6 - Production expectations**



<sup>2</sup> 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 climate<sup>1</sup>**

Reference period	Index (2005=100)
December-10	104.4
January-11	109.5
February-11	106.5
March-11	102.1

**Table 2 - Production**

Reference period	Assessment seasonally adj. data	Assessment raw data	Expectations seasonally adj. data	Expectations raw data
December-10	3	-39	17	17
January-11	16	13	29	37
February-11	18	38	25	31
March-11	10	38	18	26

**Table 3 - Domestic orders**

Reference period	Assessment seasonally adj. data	Assessment raw data	Expectations seasonally adj. data	Expectations raw data
December-10	8	-20	13	18
January-11	11	15	19	28
February-11	8	27	18	24
March-11	-2	15	16	18

**Table 4 - Foreign orders**

Reference period	Assessment seasonally adj. data	Assessment raw data	Expectations seasonally adj. data	Expectations raw data
December-10	1	-27	16	6
January-11	6	12	19	23
February-11	6	17	23	33
March-11	7	23	22	27

**Table 5 - Domestic turnover**

Reference period	Assessment seasonally adj. data	Assessment raw data
December-10	-1	-35
January-11	15	9
February-11	13	33
March-11	0	28

**Table 6 - Foreign turnover**

Reference period	Assessment seasonally adj. data	Assessment raw data
December-10	-7	-38
January-11	10	5
February-11	11	27
March-11	3	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
December-10	-2	-1	1	-6	-6	-6
January-11	-1	-2	6	0	-1	-1
February-11	3	6	2	4	1	1
March-11	3	1	-3	-1	-6	-5

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<sup>1</sup> 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.