

## SPRING 2008 ECONOMIC OUTLOOK FOR ITALY: ANSWERS FROM CONFINDUSTRIA

MAIN FORECAST						
		2007	2008	2009		
Real GDP growth		1.5	0.7	1.2		
Consumer price inflation		2.0	2.7	2.3		
Unemployment rate		5.9	5.8	5.6		
Employment growth		1.0	0.5	0.8		
<b>Components of aggregate demand</b>						
Annual % change		2007	2008	2009		
Private consumption		1.4	0.8	1.3		
Public consumption		1.2	0.8	0.7		
Investment (Gross fixed capital formation)		1.2	0.6	1.7		
Exports		5.0	3.2	4.1		
Imports		4.4	3.4	4.3		
ECONOMIC SENTIMENT						
	<b>Positive</b>	<b>Negative</b>	<b>Unchanged</b>			
<b>Trend in business climate over the next 6 months</b>		Industry Services				
	<b>Positive</b>	<b>Negative</b>	<b>Unchanged</b>			
<b>Trend in profitability over the next 6 months</b>		Services				
	<b>Increase (faster pace)</b>	<b>Increase (slower pace)</b>	<b>Unchanged</b>	<b>Decrease (slower pace)</b>	<b>Decrease (faster pace)</b>	
<b>Investment intentions over the next 6 months</b>		Services		Industry		
	<b>Replacement</b>	<b>Extension</b>	<b>Rationalisation</b>	<b>Innovation</b>		
<b>Driving force behind investment decisions in the next 6 months</b>	Same	Down	Same	Same		
	<b>Positive</b>	<b>Negative</b>	<b>Unchanged</b>			
<b>Trend in consumer confidence over the next 6 months</b>		yes				
	<b>Industry: past 6 months</b>	<b>Industry: next 6 months</b>	<b>Services: past 6 months</b>	<b>Services: next 6 months</b>		
<b>Overall trend in employment</b>	Up	Same	Up	Same		
	<b>Higher / more difficult</b>	<b>Same</b>	<b>Lower / less difficult</b>			
<b>Over the next 6 months, cost/access to finance will be...</b>		Cost Access				
	<b>to a large extent</b>	<b>to some extent</b>	<b>to a limited extent</b>	<b>not at all</b>		
<b>Financial market turmoil has affected companies' investment decisions negatively ...</b>		yes				
EXCHANGE RATE DEVELOPMENTS						
		Dollar per euro				
<b>Where will the EUR/USD stand in October 2008 ?</b>		1.45				
POLICY MIX						
	<b>Not necessary, situation is satisfactory</b>	<b>Excellent</b>	<b>Satisfactory</b>	<b>Neither satisfactory nor unsatisfactory</b>	<b>Unsatisfactory</b>	<b>Deteriorating</b>
<b>Progress towards medium-term budgetary objective is...</b>				yes		
	<b>Tight, appropriate for the euro area</b>	<b>Tight</b>	<b>Appropriate</b>	<b>Loose</b>	<b>Loose, appropriate for the euro area</b>	
<b>Monetary policy is...</b>	yes					
	<b>Above-target inflation</b>	<b>Downside risks to growth over medium term</b>	<b>Inflation pressures from high oil and commodity prices</b>	<b>Upside risks to wage inflation</b>	<b>Risks related to credit market turbulences</b>	<b>Risks of further euro appreciation</b>
<b>Focus on elements of the ECB analysis underlying its current policy stance is...</b>	appropriate	insufficient	appropriate	appropriate	appropriate	insufficient
	<b>Adequate</b>	<b>Inadequate</b>				
<b>Consistency between fiscal and monetary policies</b>		yes				