

AUTUMN 2010 ECONOMIC OUTLOOK FOR ITALY: ANSWERS FROM CONFINDUSTRIA
MAIN FORECAST

Annual % change	2010	2011
Real GDP growth	1.2	1.3
Consumer price inflation	1.5	1.9
Unemployment rate	8.6	9.1
Employment growth	-1.8	0.4
government net lending (% of GDP)	5.1	4.1
gross public debt (% of GDP)	118.8	119.0
current account balance (% of GDP)	-3.6	-3.5

Components of aggregate demand - in real terms

Annual % change		
Private consumption	0.4	0.7
Public consumption	-0.3	0.5
Investment (Gross Fixed Capital Formation)	2.7	3.4
Private non-residential investment	-3.6	0.1
Exports	7.4	4.3
Imports	6.5	4.5

ECONOMIC SENTIMENT

	Positive	Negative	Unchanged			
Trend in business climate over the next 6 months		Services	Industry			
Trend in profitability over the next 6 months	Industry		Services			
Investment intentions over the next 6 months	Increase (faster pace)	Increase (slower pace)	Unchanged	Decrease (slower pace)	Decrease (faster pace)	
		Industry				
		Services				
Influence on companies' investment decisions	Global demand	Domestic demand	Cost of finance	Availability of finance	Company Profitability	Capacity Utilisation
	positive	negative	negative	negative	positive	negative
Driving force behind investment decisions in the next 6 months	Replacement	Extension	Rationalisation	Innovation		
	positive	negative	positive	positive		
	Industry: past 6 months Industry: next 6 months Services: past 6 months Services: next 6 months					
Overall trend in employment	Down	Down	Down	Up		



ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH

Compared to 6 months ago, cost/access to finance has been...				
<i>for SMEs</i>	sharply up / restrained	up / more difficult	same	down / easier
	Access	Cost		
<i>for larger companies (>250 employees)</i>		Cost		
		Access		
Over the next 6 months, cost /access to finance will be...				
<i>for SMEs</i>	sharply up / restrained	up / more difficult	same	down / easier
		Cost	Access	
<i>for larger companies (>250 employees)</i>		Cost	Access	
	Measures to improve bank lending capacity	Facilitating access to capital markets (corporate bonds and stock markets)	Improving conditions for equity financing	
Measures to alleviate current financial difficulties for SMEs	Very important effect	Important effect	Important effect	



POLICY MIX

	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate yes</i>	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<i>Monetary policy is...</i>					
	<i>adequate</i>	<i>inadequate</i>			
<i>Consistency between fiscal and monetary policies</i>	yes				
	<i>excellent committment</i>	<i>satisfactory committment</i>	<i>neither satisfactory nor unsatisfactory committment</i>	<i>unsatisfactory committment</i>	<i>no clear committment creating an extremely worrying situation</i>
<i>Regarding the sustainability of public finances, government shows ...</i>		yes			
	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>Exit Strategies</i>					
<i>Tight fiscal rules and more effective institutions</i>			yes		
<i>Greater efficiency of public administrations</i>		yes			
<i>Credible cost-cutting measures</i>		yes			
<i>Increased scope of public-private partnerships</i>					yes
<i>Reform of pension systems</i>		yes			
<i>Improved efficiency of healthcare sector</i>		yes			
	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>Entry Strategies</i>					
<i>More and better-targeted education and training</i>				yes	
<i>More and better targeted R&D and innovation efforts</i>				yes	
<i>Prioritisation of infrastructure investments</i>				yes	
<i>Growth enhancing tax reforms</i>					yes
	<i>respect the 3% limit</i>	<i>be in balance</i>			
<i>In 2015, the government deficit will...</i>	no	yes			