


SPRING 2011 ECONOMIC OUTLOOK FOR ITALY: ANSWERS FROM CONFINDUSTRIA
MAIN FORECAST

Annual % change	2010	2011
Real GDP growth	1,3	Confidential
Consumer price inflation	1,5	Confidential
Unemployment rate	8,5	Confidential
Employment growth	-0,7	Confidential
Government net lending (% of GDP)	4,6	Confidential
Gross public debt (% of GDP)	119,0	Confidential
Current account balance (% of GDP)	-3,5	Confidential

Components of aggregate demand - in real terms

Annual % change		
Private consumption	1,0	Confidential
Public consumption	-0,6	Confidential
Investment (Gross Fixed Capital Formation)	2,5	Confidential
Private non-residential investment	0,0	
Exports	9,1	Confidential
Imports	10,5	Confidential

ECONOMIC SENTIMENT

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



ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH

<i>Compared to 6 months ago, cost/access to finance has been...</i>	sharply up / restrained	up / more difficult	same	down / easier
<i>for SMEs</i>	Cost Access			
<i>for larger companies (>250 employees)</i>		Cost Access		

<i>Over the next 6 months, cost /access to finance will be...</i>	sharply up / restrained	up / more difficult	same	down / easier
<i>for SMEs</i>			Cost Access	
<i>for larger companies (>250 employees)</i>			Cost Access	

	Consolidation of banking sector balance sheets	Access to capital markets	Engcouraging equity financing through tax reforms	Better use of existing EU instruments (including EIB)	Greater potential for Public-Private-Partnerships
<i>Measures to alleviate current financial difficulties for SMEs</i>	Moitrate effect	Very important effect	Important effect	Important effect	Moitrate effect
	Consolidation of banking sector balance sheets	Access to capital markets	Engcouraging equity financing through tax reforms	Better use of existing EU instruments (including EIB)	Greater potential for Public-Private-Partnerships
<i>Measures to alleviate current financial difficulties for midsize and large companies</i>	Important effect	Very important effect	Important effect	Moitrate effect	Moitrate 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>Consistency between fiscal and monetary policies</i>	<i>adequate yes</i>	<i>inadequate</i>			
<i>Regarding the sustainability of public finances, government shows ...</i>	<i>excellent commitment</i>	<i>satisfactory commitment yes</i>	<i>neither satisfactory nor unsatisfactory commitment</i>	<i>unsatisfactory commitment</i>	<i>no clear commitment creating an extremely worrying situation</i>
<i>Exit Strategies</i>	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor insufficient focus</i>	<i>insufficient focus</i>	<i>so far ignored</i>
<i>Tight fiscal rules and more effective institutions</i>			<i>yes</i>		
<i>Greater efficiency of public administrations</i>		<i>yes</i>			
<i>Credible cost-cutting measures</i>	<i>yes</i>				
<i>Increased scope of public-private partnerships</i>				<i>yes</i>	
<i>Reform of pension systems</i>		<i>yes</i>			
<i>Improved efficiency of healthcare sector</i>		<i>yes</i>			
<i>Entry Strategies</i>	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor insufficient focus</i>	<i>insufficient focus</i>	<i>so far ignored</i>
<i>More and better-targeted education and training</i>				<i>yes</i>	
<i>More and better targeted R&D and innovation efforts</i>				<i>yes</i>	
<i>Prioritisation of infrastructure investments</i>					<i>yes</i>
<i>Growth enhancing tax reforms</i>					<i>yes</i>
<i>In 2015, the government deficit will...</i>	<i>respect the 3% limit yes</i>	<i>be in balance no</i>			