



"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

February 2010

by Valeria Negri

In February 2010 manufacturing confidence in the Milan Area slightly decreased with reference to January.

The overall framework improved: all variables, in terms of both assessments and forecasts, showed a balance¹ superior to zero in the current month, namely the percentage of firms which indicated an increase in respect to the previous month overtook the percentage of the ones which indicated a decrease. Employment and opinions on the general economic situation are exceptions: the relative balances were still below zero.

The confidence climate index reduced mildly (from 93.7 in January to 93.4 in February), but it still remained on its highest levels since May 2008. The decrease in confidence reflected an increase in inventories, which neutralized the positive effect of orders' growth in the calculus of the indicator.

In terms of assessments, industrial production, national orders and turnover jumped, while foreign orders remained stable on January's value. Instead, employment grew a little, but the balance was still negative.

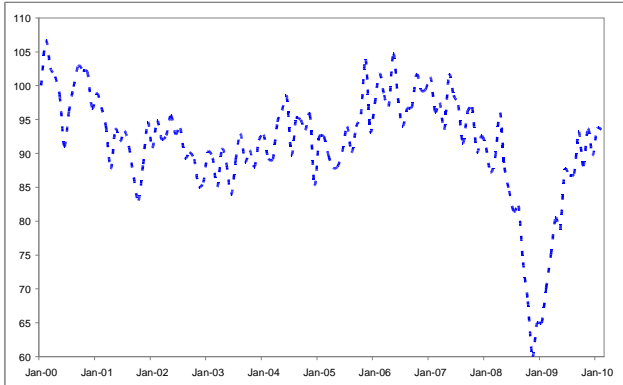
Forecasts for the next 3-4 months showed different trends: expectations on production was steady on January's values, prospects on demand decreased a bit on the foreign market and rose a little in the national one. Finally, opinions on the Italian economic situation plunged to the balance of September 2009.

¹ In this case, balance in terms of raw data. In all the other part of the report the balance is intended in terms of seasonally adjusted data.

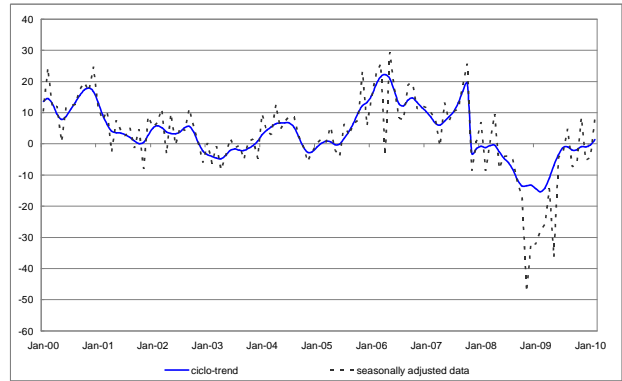
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1 Graphs

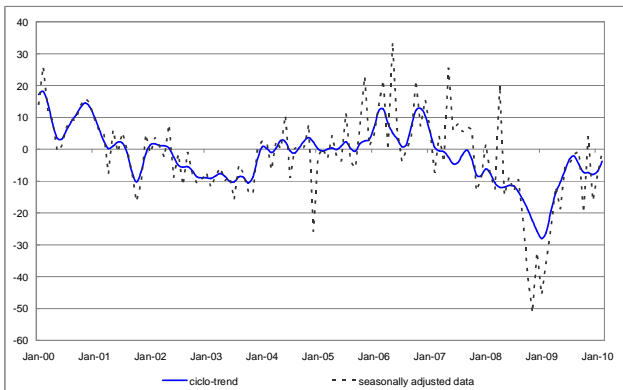
Graph 1 - Confidence Climate¹



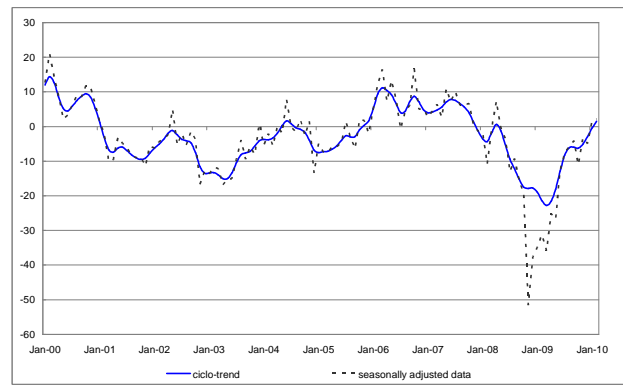
Graph 2 - Production assessment



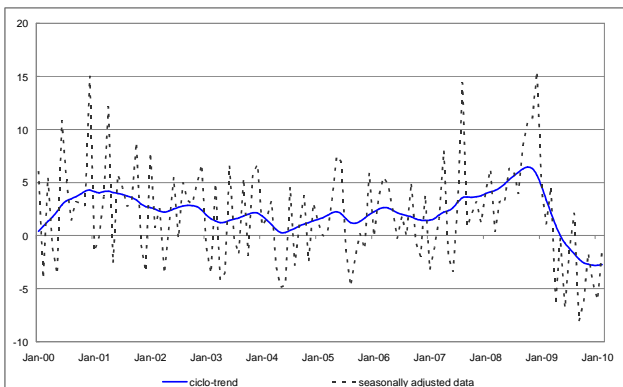
Graph 3 - Assessment on domestic orders



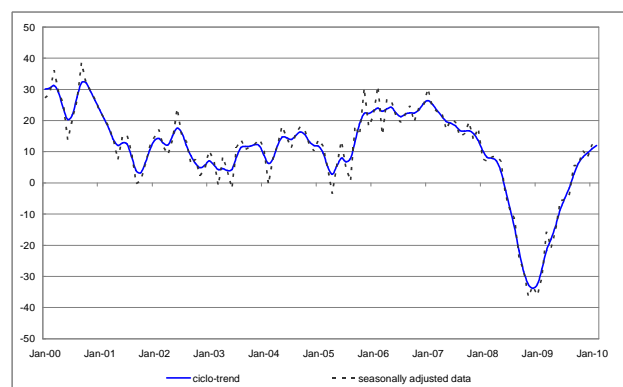
Graph 4 - Assessment on foreign orders



Graph 5 - Inventories



Graph 6 - Production expectations



2 Data

Table 1 - Confidence climate¹

| Reference period | Index (2000=100) |
|------------------|---------------------|
| November-09 | 93,7 |
| December-09 | 89,7 |
| January-10 | 93,7 |
| February-10 | 93,4 |

Table 2 - Production

| Reference period | Assessment seasonally adj. data | Assessment raw data | Expectations seasonally adj. data | Expectations raw data |
|------------------|------------------------------------|------------------------|--------------------------------------|--------------------------|
| November-09 | 9 | 2 | 10 | -1 |
| December-09 | -5 | -38 | 8 | 12 |
| January-10 | -4 | -8 | 12 | 16 |
| February-10 | 8 | 25 | 11 | 15 |

Table 3 - Domestic orders

| Reference period | Assessment seasonally adj. data | Assessment raw data | Expectations seasonally adj. data | Expectations raw data |
|------------------|------------------------------------|------------------------|--------------------------------------|--------------------------|
| November-09 | 4 | -6 | 10 | 3 |
| December-09 | -16 | -38 | 6 | 11 |
| January-10 | -8 | -12 | 7 | 15 |
| February-10 | -1 | 12 | 5 | 10 |

Table 4 - Foreign orders

| Reference period | Assessment seasonally adj. data | Assessment raw data | Expectations seasonally adj. data | Expectations raw data |
|------------------|------------------------------------|------------------------|--------------------------------------|--------------------------|
| November-09 | -3 | -7 | 5 | -2 |
| December-09 | -5 | -24 | 13 | 19 |
| January-10 | 1 | 3 | 14 | 13 |
| February-10 | 2 | 16 | 16 | 14 |

Table 5 - Domestic turnover

| Reference period | Assessment seasonally adj. data | Assessment raw data |
|------------------|------------------------------------|------------------------|
| November-09 | 11 | -3 |
| December-09 | -9 | -38 |
| January-10 | -6 | -16 |
| February-10 | 5 | 23 |

Table 6 - Foreign turnover

| Reference period | Assessment seasonally adj. data | Assessment raw data |
|------------------|------------------------------------|------------------------|
| November-09 | -1 | -5 |
| December-09 | 1 | -24 |
| January-10 | 3 | -9 |
| February-10 | 5 | 22 |

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-09 | -2 | -4 | -8 | -8 | -2 | -2 |
| December-09 | -4 | -8 | -9 | -16 | -5 | -5 |
| January-10 | -6 | -6 | -8 | -15 | -5 | -7 |
| February-10 | -1 | 1 | -6 | -5 | -13 | -13 |

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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 2000=100.