



"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

May 2010

by Valeria Negri

In May 2010 manufacturing confidence in the Milan Area grew after the reduction registered in April, which followed the peak of March (when the indicator rose to its maximum level for the last two year and a half).

The improvement in demand of the last months was reflected in a strong increase in industrial production. Forecasts for the next 3-4 months were substantially stable in respect to April, confirming a favourable short-term horizon for manufacturing firm in the Milan Area.

Confidence climate index climbed from 94.9 in April to 95.9, thanks to the growth in foreign order balance, which reached its maximum value since May 2008. The other variables of the index remained substantially stable with reference to April: production expectations, national orders and inventories were unchanged. In particular, inventories continued to remain widely below normal levels.

In terms of assessments, industrial production peaked its maximum balance since November 2007 and turnover grew both on national and foreign side. On the contrary, employment reduced, after the recovery in the last two months.

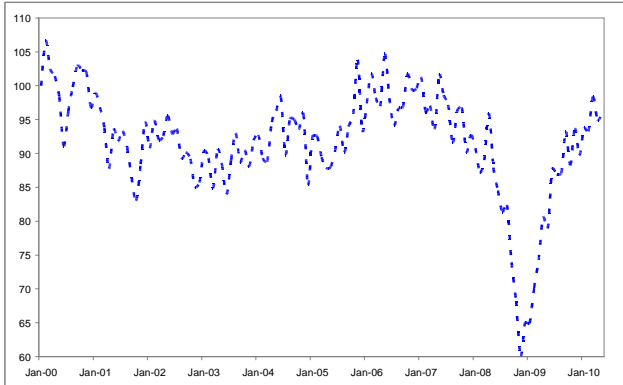
With reference to forecasts for the next 3-4 months, expectations on production and on national orders were stable, while prospects on national orders decreased, still remaining on positive value. Finally, opinions on the Italian economic situation confirmed the negative balance of April, continuing to show uncertainties on the general economic framework.

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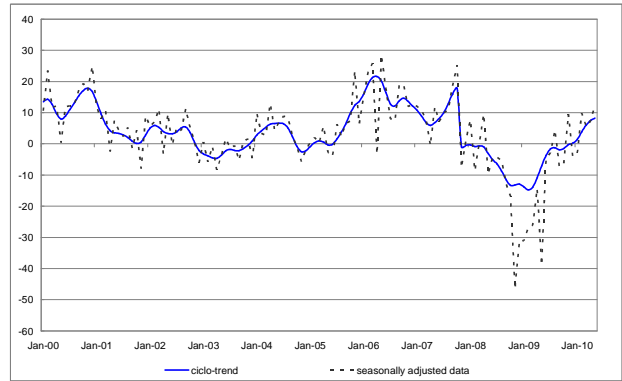


1 Graphs

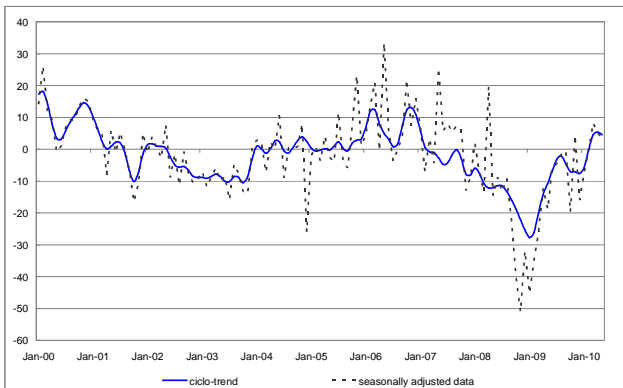
Graph 1 - Confidence Climate¹



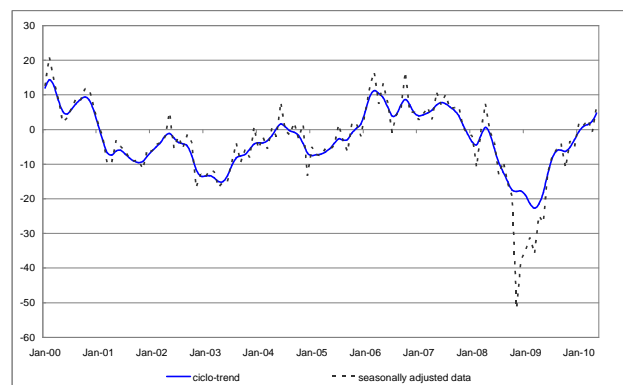
Graph 2 - Production assessment



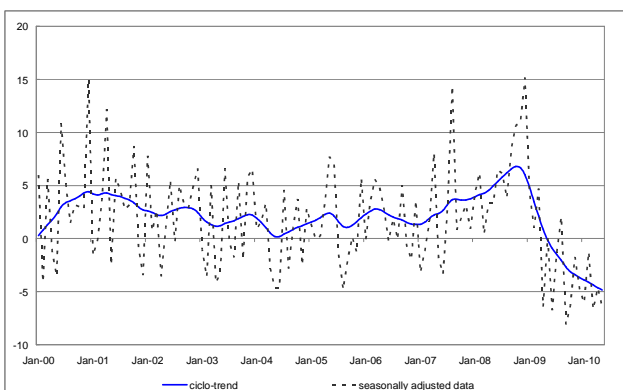
Graph 3 - Assessment on domestic orders



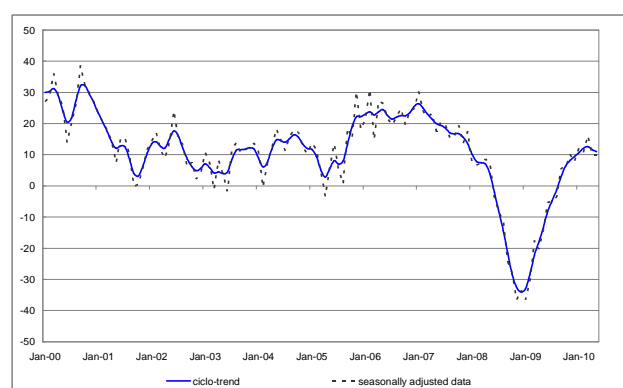
Graph 4 - Assessment on foreign orders



Graph 5 - Inventories



Graph 6 - Production expectations



2 Data

Table 1 - Confidence climate¹

Reference period	Index (2000=100)
February-10	93,2
March-10	98,4
April-10	94,9
May-10	95,9

Table 2 - Production

Reference period	Assessment seasonally adj. data	Assessment raw data	Expectations seasonally adj. data	Expectations raw data
February-10	10	25	11	15
March-10	6	29	16	26
April-10	7	0	10	17
May-10	12	24	10	15

Table 3 - Domestic orders

Reference period	Assessment seasonally adj. data	Assessment raw data	Expectations seasonally adj. data	Expectations raw data
February-10	0	12	5	10
March-10	8	34	11	14
April-10	5	-1	7	10
May-10	3	6	8	10

Table 4 - Foreign orders

Reference period	Assessment seasonally adj. data	Assessment raw data	Expectations seasonally adj. data	Expectations raw data
February-10	1	16	13	14
March-10	3	22	11	15
April-10	-1	-8	13	11
May-10	7	13	10	9

Table 5 - Domestic turnover

Reference period	Assessment seasonally adj. data	Assessment raw data
February-10	6	23
March-10	6	34
April-10	5	-7
May-10	8	13

Table 6 - Foreign turnover

Reference period	Assessment seasonally adj. data	Assessment raw data
February-10	2	22
March-10	-4	16
April-10	-2	-13
May-10	4	16

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
February-10	-1	1	-6	-5	-13	-13
March-10	-7	-4	-2	0	4	5
April-10	-5	-1	-3	-2	-8	-9
May-10	-6	-3	-8	-4	-9	-9

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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.