

"Studi e Analisi" presents surveys and analysis carried out by the Research Department in its areas of interest

Assolombarda Business Survey on the Manufacturing Sector of the Milan Area

December 2006

by Valeria Negri

In December the entrepreneurs sentiment rose again, recovering partially the drop registered in November. In fact, the confidence index increased from 96.9 of the previous month to 98.2.

Throughout 2006, the index showed an upward trend, confirming the positive evolution from the second half of 2005 of the economic cycle. Besides, indications collected from the operators on short-term expectations pointed out a good performance for the manufacturing sector of the Milan Area also in the first months of 2007.

Concerning the results of the survey carried out in December, the increase of the climate index was driven by the recovery in domestic demand. Among the other variables of the indicator, inventories and production forecasts showed a slight increase, while foreign demand remained stable at the same value as previous month.

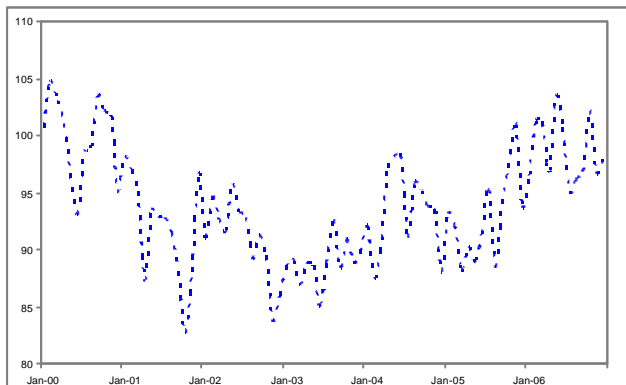
Assessments on industrial production and on foreign turnover confirmed the levels registered in November, while domestic turnover revealed a strong increase. Balance on employment decreased also in the current month, showing a value below zero.

In relation to prospects for the next 3-4 months, the forecasts on orders improved considerably, and entrepreneurs expectations on country's overall economic situation soared.

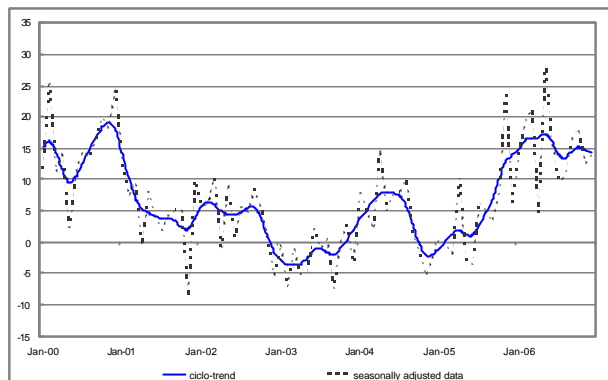
Research Department
<i>Giuseppe Panzeri</i>
Head of Department
<i>Maria Grazia De Maglie</i>
Macroeconomy and service sector
<i>Edoardo Della Torre</i>
Labour market
<i>Andrea Fioni</i>
Social issues and labour market
<i>Valeria Negri</i>
Macroeconomy and industrial sector
http://www.assolombarda.it/
mailto:stud@assolombarda.it
main tel: 02.58370.328

1 Graphs

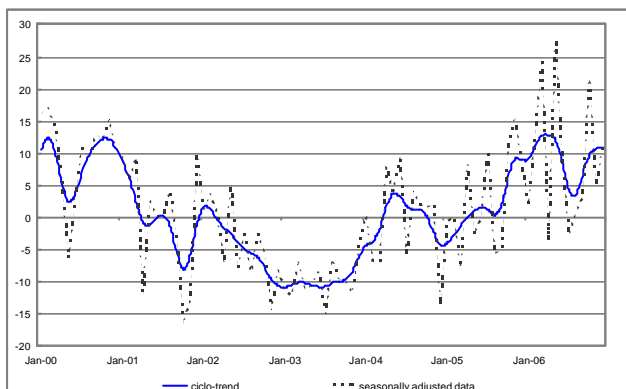
Graph 1 - Confidence Climate¹



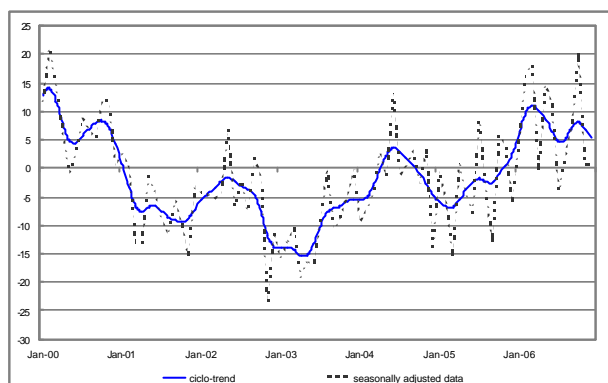
Graph 2 - Production assessment



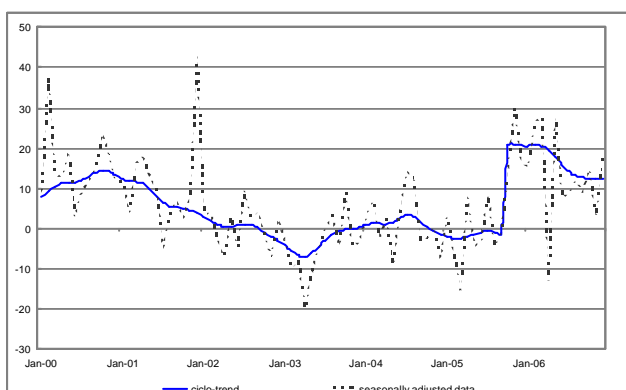
Graph 3 - Assessment on domestic orders



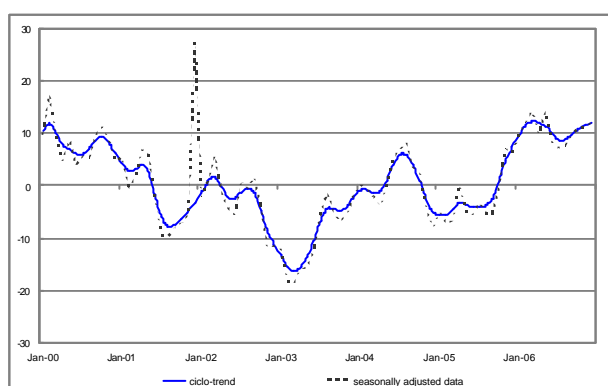
Graph 4 - Assessment on foreign orders



Graph 5 - Assessment on domestic turnover



Graph 6 - Assessment on foreign turnover



2 Data

Table 1 - Confidence climate¹

Reference period	Index (2000=100)
September-06	96,8
October-06	102,3
November-06	96,9
December-06	98,2

Table 2 - Production

Reference period	Assessment seasonally adj. data	Assessment raw data	Expectations seasonally adj. data	Expectations raw data
September-06	16	55	22	21
October-06	18	25	19	6
November-06	13	8	20	15
December-06	14	-33	22	26

Table 3 - Domestic orders

Reference period	Assessment seasonally adj. data	Assessment raw data	Expectations raw data
September-06	3	41	19
October-06	22	26	6
November-06	5	-3	9
December-06	11	-25	28

Table 4 - Foreign orders

Reference period	Assessment seasonally adj. data	Assessment raw data	Expectations raw data
September-06	7	38	22
October-06	20	22	11
November-06	1	-3	13
December-06	1	-29	29

Table 5 - Domestic turnover

Reference period	Assessment seasonally adj. data	Assessment raw data
September-06	9	49
October-06	15	23
November-06	3	-6
December-06	19	-25

Table 6 - Foreign turnover

Reference period	Assessment seasonally adj. data	Assessment raw data
September-06	10	44
October-06	11	20
November-06	11	5
December-06	12	-27

Table 7 - Other balances

Reference period	Inventories seasonally adj. data	Inventories raw data	Employment raw data	Expectations on economic situation raw data
September-06	4	5	5	14
October-06	-1	-2	6	7
November-06	0	-4	2	9
December-06	2	1	-8	18

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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.