



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

## **Assolombarda Business Survey of the Milan Area Manufacturing Sector**

**January 2008<sup>1</sup>**

In January entrepreneur confidence fell dramatically.

The strong reduction in expectations for production and demand, the worsening of opinion on the general economic situation and the growth of inventories seem to indicate, on the whole, a decline in industrial activity in the first part of this year.

The confidence climate index plunged to 90,9 from 94,2 in December. The strong reduction was due to a peak in inventories and to a decline in short-term forecasts for production, which fell to the lowest balance since September 2005. Orders grew both on domestic and foreign markets, but they still didn't recovery fully from the plummet in November 2007.

In terms of balances, industrial production increased for the second consecutive month, but also in this case it remained below the values registered before November 2007.

Domestic turnover rose and foreign turnover remained steady in January as in December; employment continued to show a zero balance between positive and negative indications.

Short-term prospects decreased with reference to production and orders. In particular, expectations of domestic orders plunged to the lowest value since May 2005.

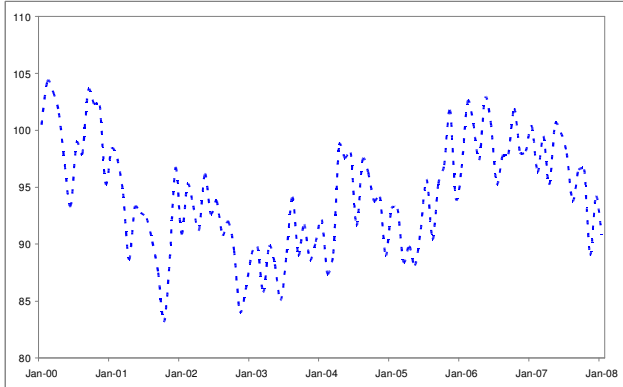
Entrepreneur opinion on the general economic situation fell for the fourth consecutive month, remaining on the lowest level since the second half of 2005.

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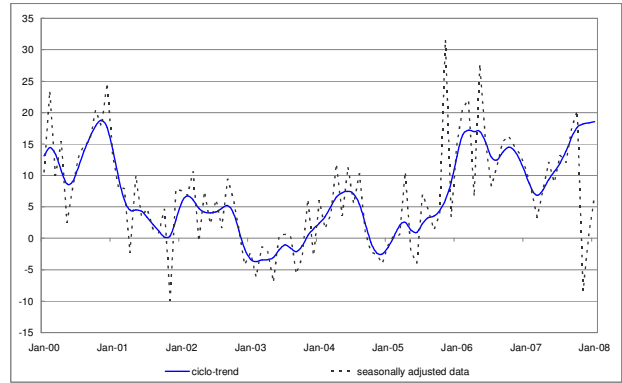
<sup>1</sup> Report written by Valeria Negri.

# 1 Graphs

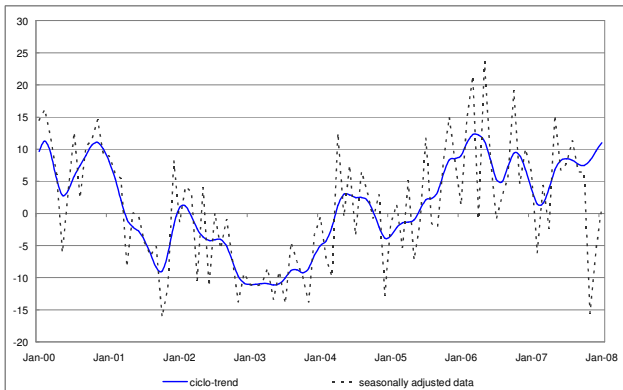
**Graph 1 - Confidence Climate<sup>1</sup>**



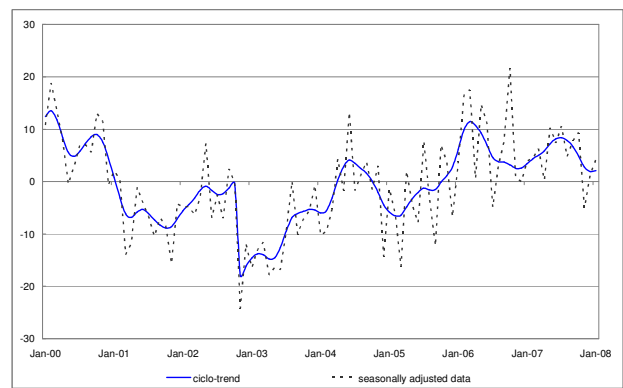
**Graph 2 - Production assessment**



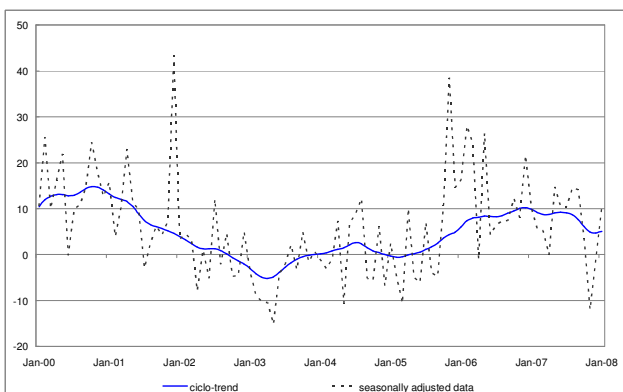
**Graph 3 - Assessment on domestic orders**



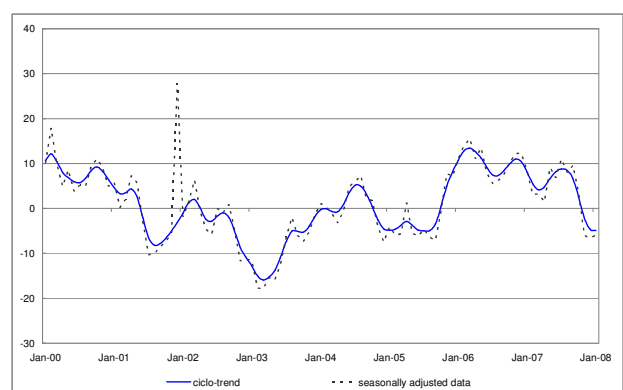
**Graph 4 - Assessment on foreign orders**



**Graph 5 - Assessment on domestic turnover**



**Graph 6 - Assessment on foreign turnover**



## 2 Data

**Table 1 - Confidence climate<sup>1</sup>**

Reference period	Index (2000=100)
October-07	96,6
November-07	89,1
December-07	94,2
January-08	90,9

**Table 2 - Production**

Reference period	Assessment seasonally adj. data	Assessment raw data	Expectations seasonally adj. data	Expectations raw data
October-07	20	36	18	6
November-07	-8	-14	10	2
December-07	1	-46	17	21
January-08	7	20	7	16

**Table 3 - Domestic orders**

Reference period	Assessment seasonally adj. data	Assessment raw data	Expectations seasonally adj. data	Expectations raw data
October-07	6	17	15	3
November-07	-16	-23	12	3
December-07	-6	-44	14	19
January-08	1	18	-2	8

**Table 4 - Foreign orders**

Reference period	Assessment seasonally adj. data	Assessment raw data	Expectations seasonally adj. data	Expectations raw data
October-07	9	15	17	9
November-07	-5	-9	16	7
December-07	1	-28	19	23
January-08	4	19	10	15

**Table 5 - Domestic turnover**

Reference period	Assessment seasonally adj. data	Assessment raw data
October-07	3	22
November-07	-12	-28
December-07	-1	-48
January-08	10	18

**Table 6 - Foreign turnover**

Reference period	Assessment seasonally adj. data	Assessment raw data
October-07	3	24
November-07	-6	-20
December-07	-7	-46
January-08	-6	2

**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
October-07	5	1	-2	0	-2	-4
November-07	2	1	-2	-2	-8	-12
December-07	0	-2	0	-8	-18	-15
January-08	7	4	0	-7	-26	-20

<sup>1</sup> 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.