



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

Assolombarda Business Survey of the Manufacturing Sector in the Milan Area

March 2008

by Valeria Negri

In March entrepreneur confidence grew after the plunge in February, but it still remained below the levels of the months before. The general framework is still characterized by uncertainty, but prospects are slightly more positive than in January and in February. Indeed, the accumulation of inventories stopped and short-term expectations for production and orders showed signals of improvement, after two consecutive months of historically low levels.

The confidence climate index increased to 90,3 from 85,5 in February, thanks to the recovery of foreign demand - which, however, continued to show a negative balance -, the growth in forecasts for production and the comeback of inventories on a normal level after five months of accumulation. On the contrary, balance of domestic demand remained stable on the negative value of February.

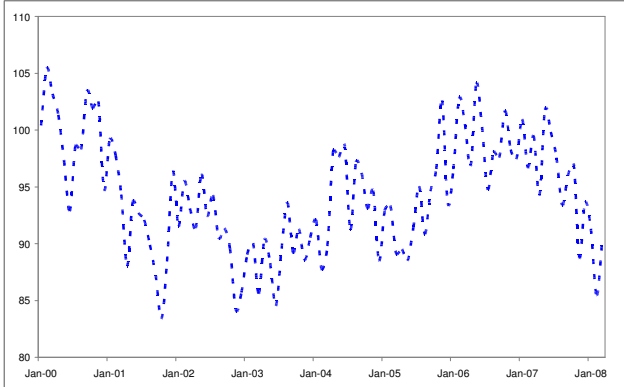
In terms of balances, industrial production recovered a partial amount of the drop in February. Turnover remained on historically low levels both on domestic and on foreign markets; employment confirmed the negative balance of February.

With reference to short-term prospects, expectations of domestic orders turned out to be positive, while forecasts for foreign orders remained firm. Finally, entrepreneurs' opinion on the general economic situation remained pessimistic, but the relative balance increased a little after five consecutive months of reduction.

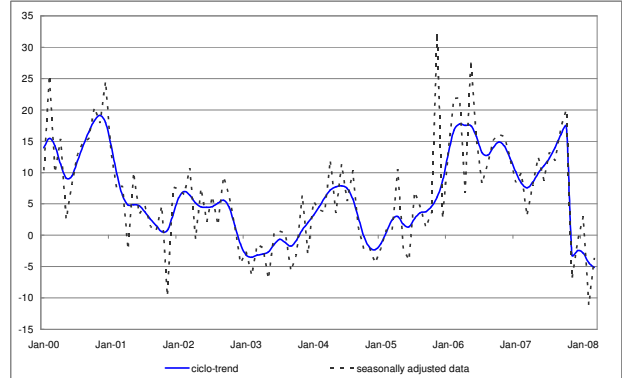
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1 Graphs

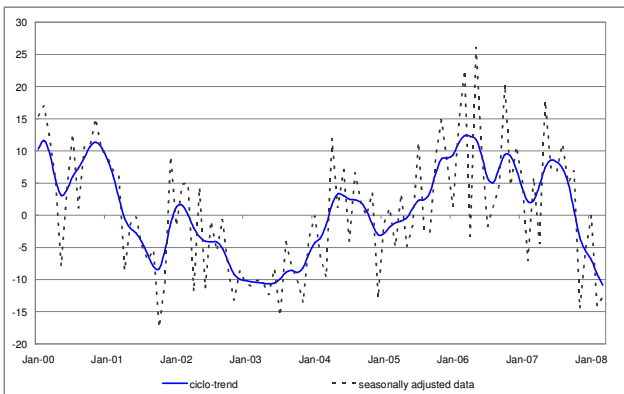
Graph 1 - Confidence Climate¹



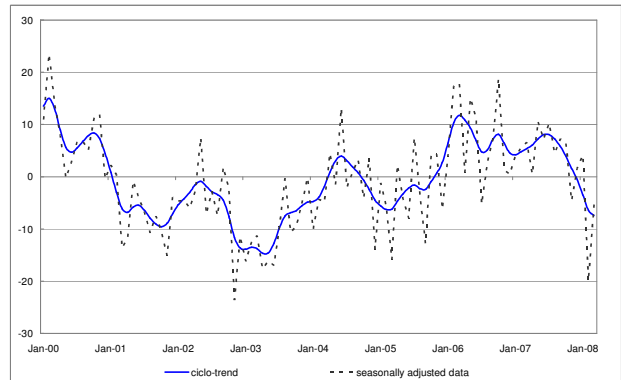
Graph 2 - Production assessment



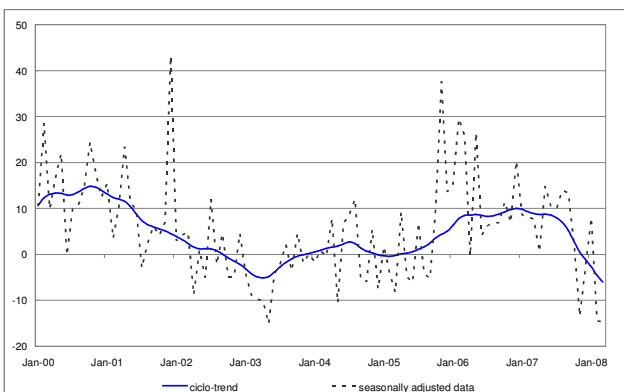
Graph 3 - Assessment on domestic orders



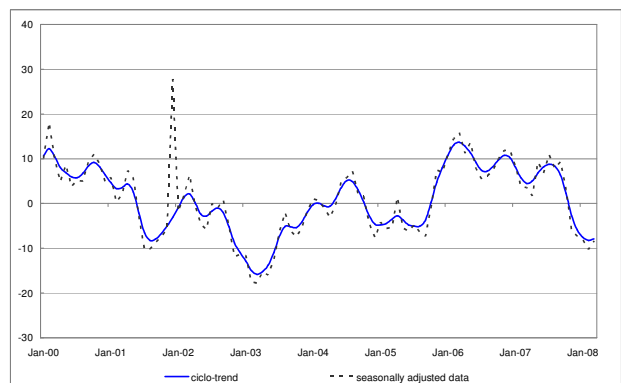
Graph 4 - Assessment on foreign orders



Graph 5 - Assessment on domestic turnover



Graph 6 - Assessment on foreign turnover



2 Data

Table 1 - Confidence climate¹

Reference period	Index (2000=100)
December-07	93,6
January-08	91,3
February-08	85,5
March-08	90,3

Table 2 - Production

Reference period	Assessment seasonally adj. data	Assessment raw data	Expectations seasonally adj. data	Expectations raw data
December-07	-1	-46	17	21
January-08	3	20	7	16
February-08	-11	9	7	12
March-08	-4	7	11	12

Table 3 - Domestic orders

Reference period	Assessment seasonally adj. data	Assessment raw data	Expectations seasonally adj. data	Expectations raw data
December-07	-5	-44	15	19
January-08	0	18	-3	8
February-08	-14	6	-3	3
March-08	-13	-8	5	6

Table 4 - Foreign orders

Reference period	Assessment seasonally adj. data	Assessment raw data	Expectations seasonally adj. data	Expectations raw data
December-07	2	-28	18	23
January-08	4	19	10	15
February-08	-20	-8	3	6
March-08	-5	4	4	8

Table 5 - Domestic turnover

Reference period	Assessment seasonally adj. data	Assessment raw data
December-07	-3	-48
January-08	8	18
February-08	-14	13
March-08	-15	-11

Table 6 - Foreign turnover

Reference period	Assessment seasonally adj. data	Assessment raw data
December-07	-7	-46
January-08	-8	2
February-08	-10	3
March-08	-8	6

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
December-07	2	-2	0	-8	-18	-15
January-08	5	4	0	-7	-25	-20
February-08	6	8	-3	-1	-30	-28
March-08	0	3	-3	-2	-27	-24

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.