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

### **April 2008**

*by Valeria Negri*

In April manufacturing confidence grew for the second consecutive month, reaching its highest value since August 2007. The whole framework showed a sharp improvement compared to March: orders, production and turnover soared and also short-term forecasts revealed a greater optimism. In particular, demand registered a strong increase on foreign markets, easily also thanks to the good resistance of German economy in the first period of 2008.

Confidence climate index jumped to 97.1 from 90.9 of March, pulled by a neat growth of national and foreign demand; forecasts for production bettered slightly and inventories rose.

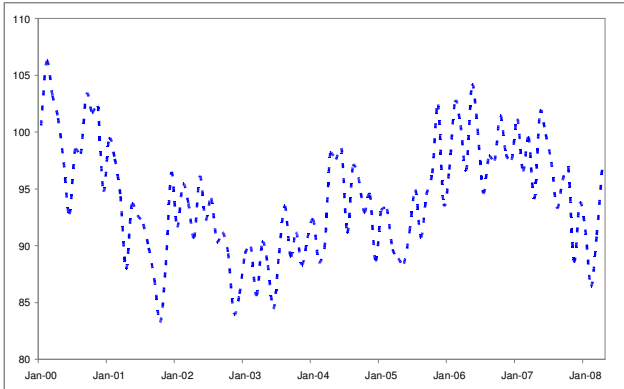
In terms of balances, industrial production reached its highest level since the end of 2006 and turnover soared both on domestic and on foreign markets. The only variable in countertendency is employment, which registered a drop again.

With reference to prospects for the next 3-4 months, expectations of entrepreneurs in Milan grew with reference to national and, above all, foreign orders. Finally, entrepreneurs' opinion on the general economic situation were less pessimistic than in March, but the relative balance remained negative.

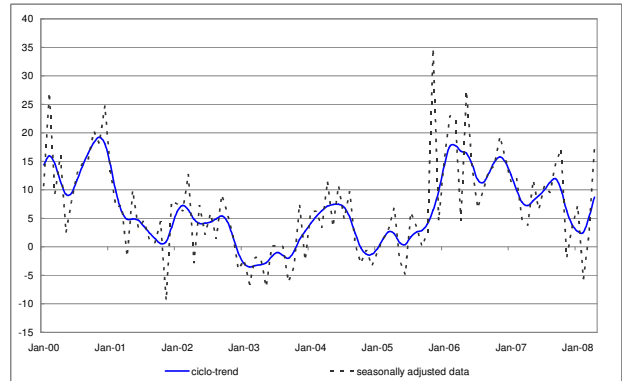
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# 1 Graphs

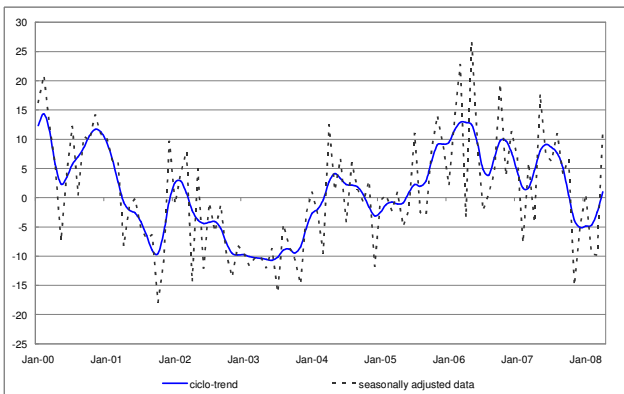
**Graph 1 - Confidence Climate<sup>1</sup>**



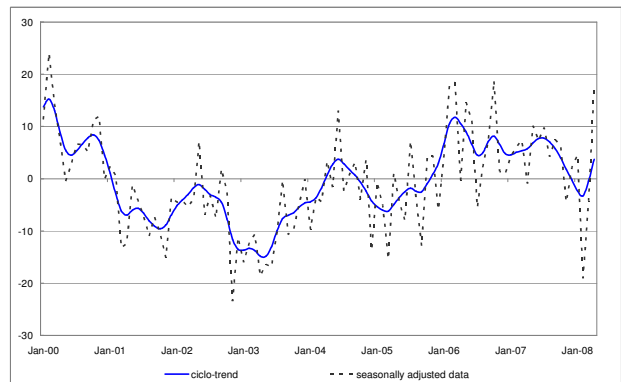
**Graph 2 - Production assessment**



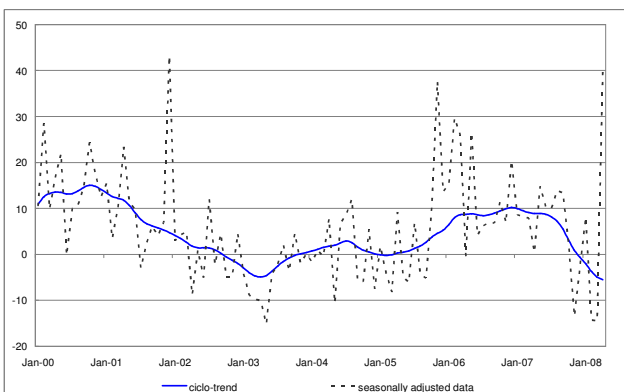
**Graph 3 - Assessment on domestic orders**



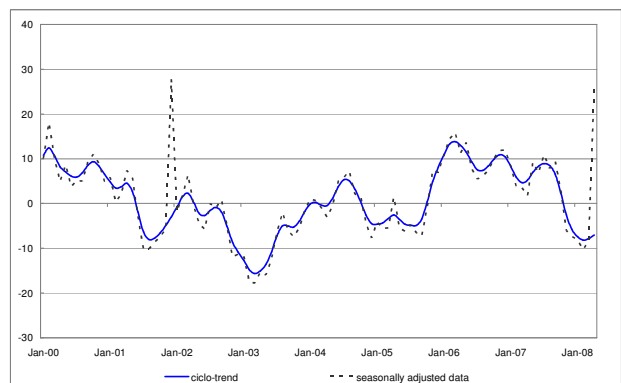
**Graph 4 - Assessment on foreign orders**



**Graph 5 - Assessment on domestic turnover**



**Graph 6 - Assessment on foreign turnover**



## 2 Data

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

| Reference period | Index<br>(2000=100) |
|------------------|---------------------|
| January-08       | 91,4                |
| February-08      | 86,4                |
| March-08         | 90,9                |
| April-08         | 97,1                |

**Table 2 - Production**

| Reference period | Assessment<br>seasonally adj. data | Assessment<br>raw data | Expectations<br>seasonally adj. data | Expectations<br>raw data |
|------------------|------------------------------------|------------------------|--------------------------------------|--------------------------|
| January-08       | 7                                  | 20                     | 7                                    | 16                       |
| February-08      | -6                                 | 9                      | 6                                    | 12                       |
| March-08         | 2                                  | 7                      | 11                                   | 12                       |
| April-08         | 18                                 | 14                     | 12                                   | 17                       |

**Table 3 - Domestic orders**

| Reference period | Assessment<br>seasonally adj. data | Assessment<br>raw data | Expectations<br>seasonally adj. data | Expectations<br>raw data |
|------------------|------------------------------------|------------------------|--------------------------------------|--------------------------|
| January-08       | 1                                  | 18                     | -2                                   | 8                        |
| February-08      | -10                                | 6                      | -3                                   | 3                        |
| March-08         | -10                                | -8                     | 5                                    | 6                        |
| April-08         | 12                                 | 14                     | 9                                    | 12                       |

**Table 4 - Foreign orders**

| Reference period | Assessment<br>seasonally adj. data | Assessment<br>raw data | Expectations<br>seasonally adj. data | Expectations<br>raw data |
|------------------|------------------------------------|------------------------|--------------------------------------|--------------------------|
| January-08       | 5                                  | 19                     | 10                                   | 15                       |
| February-08      | -19                                | -8                     | 3                                    | 6                        |
| March-08         | -4                                 | 4                      | 5                                    | 8                        |
| April-08         | 17                                 | 10                     | 17                                   | 16                       |

**Table 5 - Domestic turnover**

| Reference period | Assessment<br>seasonally adj. data | Assessment<br>raw data |
|------------------|------------------------------------|------------------------|
| January-08       | 8                                  | 18                     |
| February-08      | -14                                | 13                     |
| March-08         | -14                                | -11                    |
| April-08         | 41                                 | 28                     |

**Table 6 - Foreign turnover**

| Reference period | Assessment<br>seasonally adj. data | Assessment<br>raw data |
|------------------|------------------------------------|------------------------|
| January-08       | -8                                 | 2                      |
| February-08      | -10                                | 3                      |
| March-08         | -8                                 | 6                      |
| April-08         | 26                                 | 10                     |

**Table 7 - Other balances**

| Reference period | Inventories<br>seasonally adj.<br>data | Inventories<br>raw data | Employment<br>seasonally<br>adj.<br>data | Employment<br>raw data | Expectations on<br>economic<br>situation<br>seasonally adj. data | Expectations<br>on economic<br>situation<br>raw data |
|------------------|--|-------------------------|--|------------------------|--|--|
| January-08       | 5                                      | 4                       | -1                                       | -7                     | -25  | -20  |
| February-08      | 6                                      | 8                       | -3                                       | -1                     | -29  | -28  |
| March-08         | 0                                      | 3                       | -4                                       | -2                     | -25  | -24  |
| April-08         | 3                                      | 7                       | -10                                      | -9                     | -16  | -10  |

<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.