

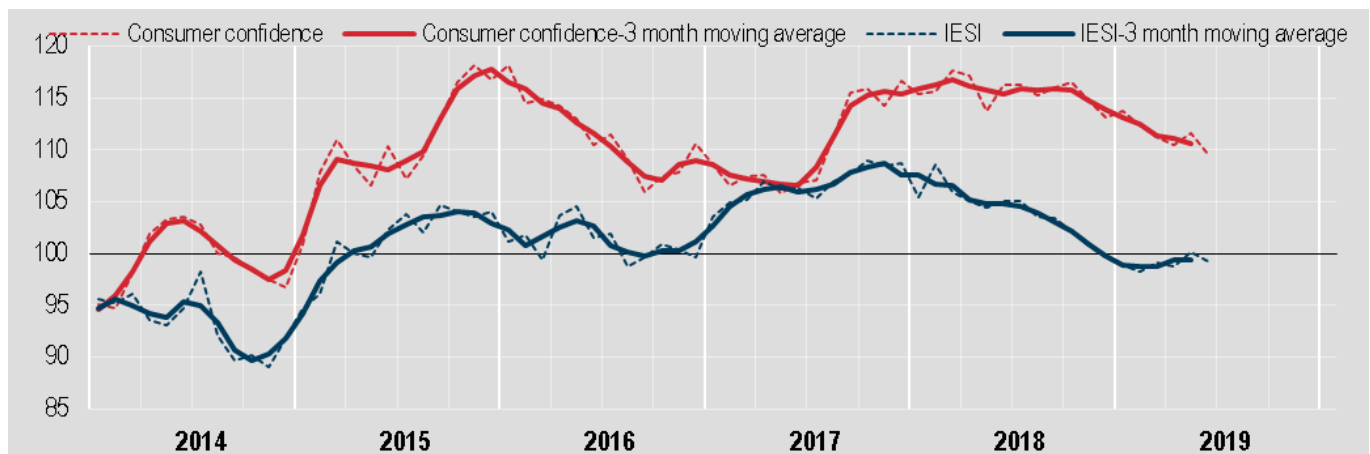
June 2019

CONSUMER AND BUSINESS CONFIDENCE

- In June 2019, the consumer confidence index decreased from 111.6 to 109.6. All its components worsened: the economic one from 125.5 to 120.9, the personal one from 107.4 to 105.6, the current one from 109.6 to 107.6 and, finally, the future one from 115.6 to 112.3.
- As for the business confidence climate, the related index (IESI, Istat Economic Sentiment Indicator)¹ regressed from 100.2 to 99.3.
- The confidence index in manufacturing went down from 101.9 to 100.8. Assessments on order books and expectations on production worsened (from -11.5 to -13.4 and from 5.9 to 5.1, respectively). As regards to the assessments on inventories, the related balance moved from 3.6 to 4.1.
- The confidence index in construction reduced from 144.3 to 140.9. Both its components worsened: the assessments on order books/construction plans from -14.9 to -15.9 and the employment expectations from 5.6 to 2.0.
- The market services confidence index weakened from 99.3 to 98.9. Looking at the variables composing the index, both assessments on order books and the ones on business trend worsened (from -2.1 to -3.6 the first and from 6.2 to 5.5 the second one); the expectations on order books, on the contrary, ameliorated (the related balance increased, in fact, from 4.9 to 5.7).
- The retail trade confidence index rose from 102.7 to 104.7. Both assessments on current sales and expectations on the future ones bettered (from 6.3 to 7.2 the former and from 19.0 to 23.5 the latter). As for the assessments on volume of stocks, the related balance passed from 9.8 to 9.3. In particular, the confidence index improved in the small and medium scale distribution (moving from 99.3 to 104.4) and rose only slightly in the large scale one (from 105.2 to 105.4).

CHART 1. CONSUMER AND BUSINESS CONFIDENCE CLIMATE INDICES

January 2014 – June 2019, seasonally adjusted and 3 month moving average (index, 2010=100)



¹ For a correct explanation of the evolution of the composite index (IESI) compared to the dynamics of the confidence climates at sector level, see the methodological note.

CHART 2. ECONOMIC AND PERSONAL CLIMATE INDICES

January 2014 – June 2019, seasonally adjusted (index, 2010=100)

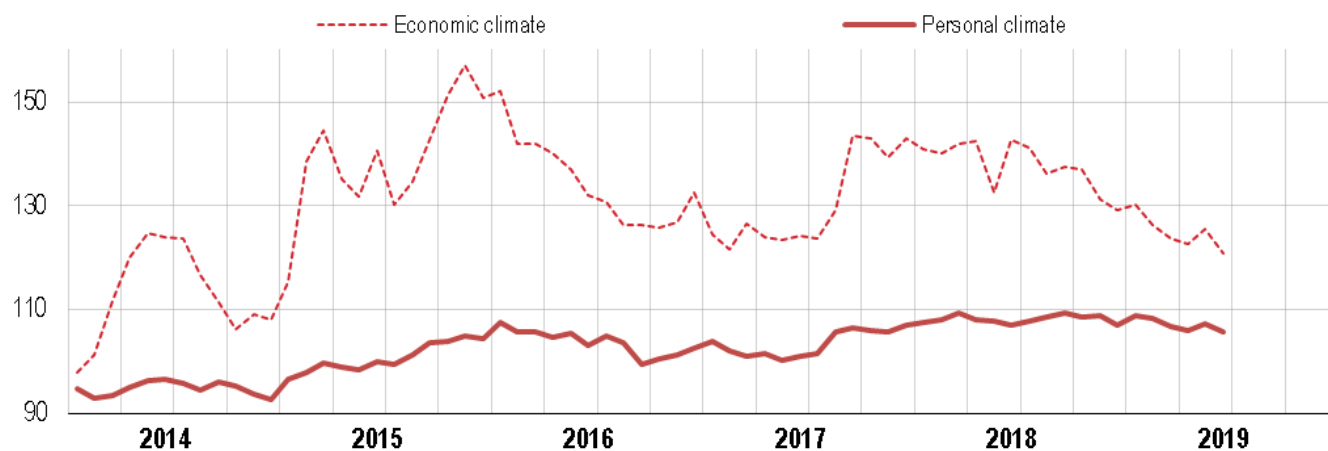


CHART 3. CURRENT AND FUTURE CLIMATE INDICES

January 2014 – June 2019, seasonally adjusted (index, 2010=100)

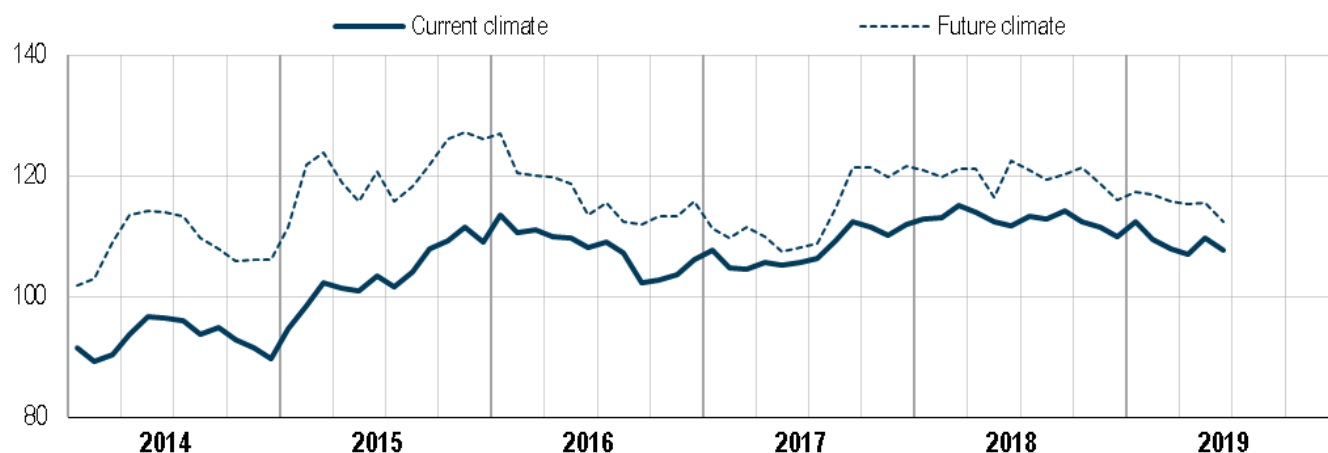


CHART 4. BUSINESS CONFIDENCE CLIMATE INDEX BY ECONOMIC SECTOR

January 2014 – June 2019, seasonally adjusted (index, 2010=100)

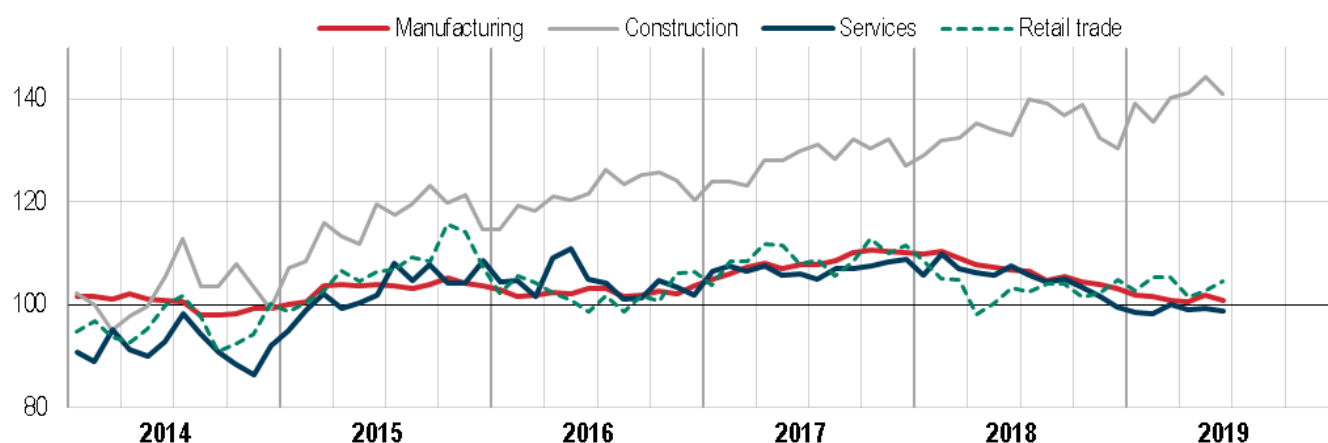


TABLE 1. CONSUMER CONFIDENCE CLIMATE, ISTAT ECONOMIC SENTIMENT INDICATOR AND BUSINESS CONFIDENCE CLIMATES

Feb– June 2019, Seasonally adjusted indices (index, 2010=100)

	2019				
	Feb	Mar	Apr	May	Jun
Consumer Confidence climate ^(a)	112.3	111.2	110.5	111.6	109.6
Economic climate	126.4	123.8	122.6	125.5	120.9
Personal climate ^(b)	108.2	106.8	105.9	107.4	105.6
Current climate ^(b)	109.4	107.8	106.9	109.6	107.6
Future climate	116.8	115.8	115.4	115.6	112.3
Confidence climate IESI	98.2	99.2	98.8	100.2	99.3
Manufacturing	101.7	100.9	100.7	101.9	100.8
Construction ^(b)	135.5	140.3	141.2	144.3	140.9
Market services	98.3	100.1	99.1	99.3	98.9
Retail trade	105.3	105.4	101.4	102.7	104.7

(a) The consumer confidence climate is the synthesis of the economic climate and of the personal one or, alternatively, of the current climate and the future one. The seasonal adjustment is carried out separately for the general index and for its components. That can generate economic trends not always consistent between the various indices.

(b) Seasonality not present.

Seasonally adjusted data: figures filtered, by means of specific statistical techniques, excluding fluctuations attributable to the seasonal component (due to weather, customary, legislative factors, etc.). Moreover, if the calendar effects are significant, they are also excluded. This data transformation is the most suitable to capture the economic evolution of an indicator.

Consumer Confidence Climate: it is elaborated on the base of nine questions deemed most appropriate to assess the optimism/pessimism of consumers (namely: assessments and expectations on the Italian general economic situation, expectations on unemployment, assessments and expectations on households' financial situation, current opportunity and future possibility of savings, current opportunities of durable goods purchases, assessments on family budget).

The results of the nine questions, expressed as weighted balances on raw data, are aggregated through a simple arithmetic average; the result is then reported in the index (based on 2010) and seasonally adjusted with the direct method.

A breakdown of the Consumer Confidence Climate is also proposed. The derived values are expressed as indexes (based on 2010) and are seasonally adjusted (where necessary) with the direct method. In particular: a) **Economic Climate**, simple arithmetic average of weighted balances related to both the assessments and expectations on the Italian general economic situation and the expectations on unemployment (the latter with inverted sign); b) **Personal Climate**, simple arithmetic average of the weighted balances of the remaining six questions of the Confidence Indicator (assessments and expectations on the households' financial situation, assessments on savings current environment and expectations on savings intentions, assessments on the durable good major purchases, assessments on the family budget); c) **Current Climate**, simple arithmetic average of the questions related to the assessments (the Italian general economic situation and the households' financial situation, the savings current environment, the durable good major purchases and the family budget); d) **Future Climate**: simple arithmetic average of the questions related to the expectations (the Italian general economic situation and the households' financial situation, the unemployment, the savings intentions).

The balances relating to the variables of the consumer survey consist of the difference between the percentage frequencies of the positive and negative answering options. They provide synthetic indications about the observed phenomena. Balances weighed by double weight are used for extreme options. Questionnaire questions (largely of qualitative closed kind with answers given according to an ordinal scale) provide for a predetermined and exhaustive range of response possibilities (from three to five with the add of the "Don't know/ Don't answer" option) of the type: "Very high", "High", "Stable", "Low", "Very low".

Business Confidence Climate by sector: they are elaborated as simple arithmetic averages of the seasonally adjusted balances relating to the questions considered most suitable for assessing the optimism/pessimism of the sector companies. The results are then brought back to 2010 indexes.

The Manufacturing Confidence Climate includes the assessments on the order books, assessments on the stocks (the last with inverted sign) and expectations on the production level. The variables making up the Construction Confidence Climate include the assessments on the order book and/or construction plan level and the expectations on employment. As for the market services companies, the confidence climate calculation includes the assessments as well as the expectations on the order books and the assessments on the business trend. Finally, regarding the retail trade firms, the confidence climate includes the assessments and the expectations on business trend and the assessments on stocks (the last with inverted sign).

The balances of the business survey variables consist of the differences between positive and negative answering options. The central options (invariance, stability) are not considered in the balance calculation. For every question the results are expressed in terms of percentage frequencies concerning each answering option (generally three, for example: "High", "Normal", "Low").

Istat Economic Sentiment Indicator (IESI): it is elaborated as an arithmetic weighed average of the seasonally adjusted and standardised balances of the variables making up the confidence indicators of the manufacturing, construction, service and retail trade sectors. The result is brought back to 2010 based index.

Main groupings of industries (RPI): consumer goods, intermediate goods and investment goods. The European Commission Regulation n.656 / 2007 (E.U. Official Journal of 15 June 2007) establishes, for all member countries, the criteria for the RPI definition: to each of them, whole groups and/or divisions of the NACE Classification are attributed on base of prevalence.

Manufacturing Sectors. The manufacturing sectors covered by the survey, with the respective NACE rev.2 code, are the following: Manufacture of food products (10), Manufacture of beverages (11), Manufacture of tobacco products (12), Manufacture of textiles (13), Manufacture of wearing apparel, leather and fur articles (14), Manufacture of leather and related products (15), Manufacture of wood and products of wood and cork derivations (furniture excluded); manufacture of articles of straw and plaiting materials (16), Manufacture of paper and paper products (17), Printing and reproduction of recorded media (18), Manufacture of coke and refined petroleum products (19), Manufacture of chemicals and chemical products (20), Manufacture of basic pharmaceutical products and pharmaceutical preparations (21), Manufacture of rubber and plastic products (22), Manufacture of other non-metallic mineral products (23), Manufacture of basic metals (24), Manufacture of fabricated metal products, except machinery and equipment (25), Manufacture of computer, electronic and optical products; electro-medical devices, measurement apparatus and watch apparatus (26), Manufacture of electrical equipment and non-electric household appliances (27), Manufacture of machinery and equipment not otherwise classified (28), Manufacture of motor vehicles, trailers and semi-trailers (29), Manufacture of other means of transport (30), Manufacture of furniture (31), Other industrial manufacturing (32), Repair and installation of machinery and equipment (33).

Construction sectors. The construction sectors covered by the survey, with the respective NACE rev.2 code, are the following: Construction of buildings (41), Civil engineering (42), Specialised construction activities (43). The Construction of buildings includes general activities for construction of any type of buildings. The Civil engineering consists of general activities for the construction of civil engineering works such as highways, roads, bridges, tunnels, railways, airfields, ports and other hydraulic works, as well as the construction of irrigation and sewage systems, pipelines and power lines, outdoor sports facilities, etc. The Specialised construction activities include specialized activities (such as piling, foundation work, etc.), activities of finishing and completion of buildings and installation activities of all types of services necessary for the operation of the building.

Market service sectors. The economic sectors covered by the survey, with the respective NACE rev.2 code, are the following: *Supporting business operations and other services* which include the Real estate activities (68), the Legal and accounting activities (69), the Activities of head offices and management (70), the Architectural and engineering activities, technical testing and analysis (71), the Scientific research and development (72), the Advertising and market research (73), the Other professional, scientific and technical activities (74), the Veterinary activities (75), the Rental and leasing activities (77), Employment activities (78), the Security and investigation activities (80), the Services to buildings and landscape activities (81), the Office administrative, office support and other business support activities (82), the Creative, arts and entertainment activities (90), the Libraries, archives, museums and other cultural activities (91), the Gambling and betting activities (92), the Sports activities and amusement and recreation activities (93), the Repair of computers and personal and household goods (95), the Other personal service activities (96); *Transportation and storage* which includes the Land transport and transport via pipelines (49), the Water transport (50), the Air transport (51), the Warehousing and support activities for transportation (52), the Postal and courier activities (53); *Information and communication* which includes the Publishing activities (58), the Motion picture, video and television programme production, sound recording and music publishing activities (59), the Programming and broadcasting activities (60), the Telecommunication (61), the Computer programming, consultancy and related activities (62), the Information service activities (63); *Accommodation and food service activities* which includes the Accommodation (55), the Food and beverage service activities (56), the Travel agency, tour operator and other reservation service and related activities (79);

Retail Trade Sectors. The economic sectors covered by the survey, with the respective NACE rev.2 code, are the following: Wholesale and retail trade and repair of motor vehicles and motorcycles (45), Retail trade, except motor vehicles and motorcycles (47). The survey excludes the Retail sale via stalls and markets (47.8) and the Retail trade not in stores, stalls or markets (47.9)

Retail trade distribution typologies

Large-scale retail trade: companies with sales outlets operating in the form of a supermarket, hypermarket, discount store, department store or other large specialized or non-specialized area, with a sales area of more than 400 square meters.

Traditional distribution (also "Business operating with small sales area and Minimarkets"): specialized points of sale not belonging to the large distribution, characterized by a sales area not exceeding 400 square meters.

Introduction and regulatory framework

The surveys on consumer and business confidence are five monthly sample surveys aimed at individuals and companies: one survey that studies data on individuals and four surveys that are directed to enterprises. In particular, the surveys on the enterprises cover 4 economic sectors (manufacturing, construction, services and retail trade) identified by the classification of economic activities (ATECO 2007, Italian version of Nace Rev.2) currently in force. The main purpose of the surveys, which remained unchanged over time, is to collect the opinions (assessments and expectations) of all the economic agents with regard to specific variables connected to their future behaviour and to the economic environment in which they operate. The information surveyed, mainly qualitative in nature, is considered significant because it permits to measure modifications in the behaviours of the individuals and change, current and future, of the economic sectors studied by the survey. The opinions expressed by the units interviewed on key variables, suitably quantified and processed also allow achievement of an indication on the level of confidence in the sectors studied.

Conceived for the need of short-term analysis, these surveys are strongly different from quantitative statistics: they work, in fact, in different contexts of fields of economic action that are beyond, because of their nature, quantitative measure (consider, in particular, the expectations). The results of the surveys on confidence are characterised by the ability to monitor the overall economic system, and therefore, are also often used in econometric models.

The surveys, required in the framework agreement between Istat and the European Commission (Framework Partnership Agreement ECFIN/209/2014 and Specific Grant Agreement ECFIN/021/2019/797778), are part of a joint project harmonised at European level coordinated by the European Commission; currently, the project is governed by the [Decision of the European Commission C\(97\) 2241 of 15 July 1997](#) and by the Communication of the Commission COM (2006) of 12 July 2006. Due to the insertion in a European level programme, the main characteristics of the surveys, for methodological aspect and for the definitions relating to some of the studied variables, follow the guidelines provided by the European Commission. In particular, the questionnaires used for the five surveys contain both questions harmonised at European level and additional questions aimed to satisfy a need for information at national level.

The surveys are inserted in the Italian National Statistical Programme (current edition: NSP 2017-2019) approved with Decree of the President of the Republic of 31 January 2018, published in the Ordinary Addition no.12 to the Official Journal of the Italian Republic - general series - No. 66 of 20 March 2018.

Reference population, survey and analysis units

Survey on consumer confidence - The reference population is made up of individuals of at least 18 years of age.

The survey unit is the customer with a fixed telephone, present in the list used to extract the names.

The analysis unit is the individual of at least 18 years of age.

Surveys on business confidence - The reference population is composed of enterprises with at least 5 employees for the manufacturing sector, with at least 3 employees for the construction and services sectors; for retail trade the reference population is composed of all enterprises operating in the national territory.

The survey and analysis unit is the enterprise for all four surveys.

Sample design

Survey on consumer confidence - The theoretical sample, equal in number to approximately 2,000 units, is in two stages, stratified by geographical area and size of municipality of residence. Allocation of the units in the strata is proportional to the universe of the adult resident population of Italy. The list used for the extraction of the names is made of the list of subscribers to fixed line telephones; the first stage unit is the subscriber, while the second stage unit is composed on the consumer, meaning an adult person, belonging to the nuclear family identified by the telephone number. The selection technique of the units is systematic in the first stage, and by quota in the second stage.

Surveys on business confidence - The surveys use "panel" samples of enterprises extracted from the Statistical archive of active companies (ASIA), stratified according to the following variables: size, economic activity sector (identified by ATECO 2007) and geographic area. Starting from November 2011 (for the construction sector, and later, from June 2013 for the surveys on the manufacturing, services and retail trade sectors) new stratification and allocation criteria of the units was introduced.

In particular, the entry cut-off thresholds were identified (defined on the basis of number of employees, as listed below), that exclude enterprises of smaller size (this threshold sets out the exclusion from survey of all enterprises of the population with less than 3 employees for the services and construction survey and with less than 5 employees for the manufacturing survey; for the survey on retail trade no entry cut-off was introduced) as well as a threshold also defined in terms of employees, that identifies the “census” strata of the survey (strata in which all units present in the population are included). The thresholds are as follows: enterprises with at least 1,000 employees for the manufacturing, services and retail trade sectors; enterprises with at least 250 employees for the construction sector). With regard to the number of non-census strata, the units are allocated on the basis of the *Robust Optimal Allocation with Uniform Stratum Threshold (ROAUST)*² criteria.

Survey on confidence of manufacturing enterprises - The survey on confidence of the manufacturing enterprises has been performed monthly since 1962 on a panel that currently numbers approximately 4,000 enterprises. In the light of the methodological updates introduced in June 2013, the survey uses a theoretical stratified sample according to the firm size (5-9 employees, 10-49 employees, 50-249, 250-999 and at least 1,000 employees), geographical area (North-west, North-east, Centre, South and Islands), and main activity (considering the divisions from 10 to 33 of the Ateco 2007 classification). The unit selection technique sets out a random extraction for the companies with a number of employees less than 1,000, and a census placement for all units with 1,000 employees and less.

Survey on confidence of construction enterprises - The survey on confidence of the construction enterprises has been performed monthly since 1966 on a panel that currently numbers approximately 700 enterprises. The theoretical sample is made up of a stratified panel according to the firm size (3-9 employees, 10-249, at least 250 employees), the economic activity sector (considering the following divisions of the ATECO classification: 41 - building construction; 42 - civil engineering; 43 - specialised construction works) and the four geographical areas (North-west, North-east, Centre, South and the Islands). The unit selection technique sets out a random extraction for the enterprises with a number of employees less than 250, and a census placement for all units with 250 employees and less.

Survey on confidence of market services enterprises - The survey on confidence of market services enterprises has been performed monthly since 2003 on a sample of approximately 2,000 enterprises of the sector. The theoretical sample is made up of a panel stratified according to the size of the enterprises (3-999 employees, at least 1,000 employees), the geographical area (North-west, North-east, Centre, South and the Islands) and main activity (classified according to Ateco 2007, identified by all the divisions from 49 to 96, excluding: 54, 57, 64, 65, 66, 67, 76, from 83 to 89 and division 94). The unit selection technique sets out a random extraction for the enterprises with a number of employees less than 1,000, and a census placement for all units with 1000 employees and less.

Survey on confidence of retail trade enterprises - The survey on confidence of the retail trade enterprises began in 1986, every two months. Since 1992, survey frequency has been monthly. Since May 2010, the information has been collected from a panel of approximately 1,000 commercial enterprises included in divisions 45 (Wholesale and retail sales; vehicle and motorcycle repair) and 47 (Retail sales excluding vehicles and motorcycles) of the Ateco 2007 classification. The theoretical sample is stratified by firm size (1-2 employees, 3-5; 6-999; at least 1,000 employees), by geographical area (North-west, North-east, Centre, South and the Islands) and by main activity (45.1 sales of motor vehicles; 45.2-45.4 maintenance of motor vehicles and sales of accessories; 47.1, 47.2 retail sales of food, drinks and tobacco; 47.3 retail sales of transport fuel; 47.4-47.7 retail sales of other goods). The sampling scheme, which does not apply any cut-off selection in entry, sets out a random extraction for the enterprises with a number of employees less than 1,000, and a census placement for all units with 1,000 employees and more.

Data collection

Data collection is performed on a monthly basis and occurs in the first 15 days of the data reference month for the survey on consumers. With regard to the enterprises, data collection occurs in the first 16/18 work days of the data reference month; enterprises interviewed are asked to answer to the questions of the questionnaire with reference to their main activity. Data collection is carried out using the CATI technique (Computer assisted telephone interviewing) for all 5 surveys.

² In this regard, see P. M. Chiodini, G. Manzi, B.M. Martelli, F. Verrecchia, “The ISAE Manufacturing Survey Sample: Validating the Nace Rev.2 Sectorial Allocation”, 2010, work presented at the 30th CIRET Conference, New York, 13-16 October. Available at web address: https://www.ciret.org/conferences/newyork_2010/papers/upload/p_45-185305.pdf

For the consumer survey, the questionnaire harmonised to European level includes, in addition to some structural and household income information, qualitative questions characterised, excluding the option “Don’t know”, by three or five ordered responses (for example, increase sharply, increase slightly, stay the same, fall slightly, fall sharply), relating to the Italian economic situation and to the personal situation of the interviewed. The opinions are requested in the form of assessments regarding the previous twelve months, or in the form of expectations of the short-term future evolution (in the following 12 months). Intentions to buy a vehicle, intentions to buy and expenses for extraordinary maintenance on the home are also surveyed quarterly (in January, April, July and October).

For the business surveys, the questionnaires are harmonised at European level, but also contain questions aimed at satisfying the need for national information (for example, the section dedicated to analysis of access to credit conditions). The information collected is mainly qualitative, and is aimed at obtaining indications on the current state and on short-term expectations (with a 3-month horizon) of the main economic variables of the firm. The majority of the questions present in the questionnaires provide three types of responses: “high”, “normal”, “low”, or: “Increasing”, “stable”, “decreasing”.

Data processing: process, tools and techniques

Survey on consumer confidence - The process sets out the estimate of the frequency percentages of each reply option relating to each question of the questionnaire. The current aggregation process of the micro data does not set out the use of sample weights in the estimation process.

The time series of the balances and the confidence indices are seasonally adjusted with the Tramo-Seats method. The confidence indices are seasonally adjusted with the direct method.

The frequency percentages, calculated with the estimating process, are rounded to the first decimal place.

Surveys on business confidence - The process sets out the estimate of the frequency percentage relating to each response options of each question in the questionnaire. For this purpose, the processing of the micro data is based on a double weighting system: a) the frequencies relating to each reply option are firstly weighted using the number of employees declared by the enterprise at the time of the interview (internal weight) for the survey of the manufacturing sector, construction and retail trade; with regard to the services survey, the internal weighting is composed of the central value of the turnover class that each enterprise belongs to; b) subsequently, for the four surveys, fixed weights are used that reflect the distribution of the added value of the reference sector (external weight). Since March 2015, the aggregation procedure uses an external weighting structure derived from the added value at factor costs relating to 2012.

The time series of the balances of the main variables studied in the surveys and those of the confidence indices are seasonally adjusted with the Tramo-Seats method.

The percentage frequencies, calculated with the estimating process, are rounded to the first decimal place.

Output: main measures of analysis

The surveys on consumer and business confidence aim to produce indicators able to measure the “sentiment” of the economic operators. For this purpose, questions are formulated in the questionnaire that are able to capture the assessments and expectations of the interviewees. A selection of these questions are used to calculate the confidence indicators. The definitions and principles for the formulations of the questions necessary to study these variables are reported in the Business and Consumer Surveys User Guide of the European Commission (2017) available at the link: https://ec.europa.eu/info/business-economy-euro/indicators-statistics/economic-databases/business-and-consumer-surveys/methodology-business-and-consumer-surveys/methodological-guidelines-and-other-documents_en.

Summary indications on the performance of the qualitative variables surveyed are expressed by balances calculated, for each question, as the difference between the percentages of respondents giving favourable and unfavourable responses.

Survey on consumer confidence. In particular, for the consumer confidence survey, the weighed balance is calculated. The general formula, in the case of the five reply options, is the following:

$$\text{balance} = \text{fr}(“++”) * w1 + \text{fr}(“+”) * w2 + \text{fr}(“=”) * w3 - \text{fr}(“-”) * w4 - \text{fr}(“- -”) * w5$$

where $fr(\dots)$ represents the frequency percentage of the response option "..."; the reply options are the following: "++" greatly increased/much more/will certainly grow, "+" slightly increased/slight growth/will grow slightly, "=" equal/stationary/will remain the same, "-" corresponds to slight decrease/slightly less/improbable and "--" corresponds to greatly decreased/much less/very improbable.

$w1\dots,w5$ are weights to be attributed to the reply options. In the case of the weighted balance, these weights assume the respective values: 2;1;0;1;2. The last response mode, corresponding to "don't know", is not included in the calculation of the balance. In the case of a question with 4 response options, the calculation of the balance is obtained as follows:

$$\text{balance} = fr(++)*2 + fr(+) - fr(-) - fr(--)*2$$

for the questions with three response modes, the balance is as follows:

$$\text{balance} = fr(++)*2 - fr(-)*2.$$

The balances are calculated on the percentage frequencies with all the decimals (or rather the output of the estimation process) and are then rounded to the first decimal place.

An overall summary indicator of the results of the survey, aimed at evaluating the optimism/pessimism of Italian consumers is represented by the confidence climate indicator. The confidence indicator is obtained by aggregating with simple arithmetic average the raw weighted balances calculated for nine questions of the questionnaire: assessments and expectations on the Italian general economic situation, expectations on unemployment (inserted in the calculation with opposite sign), assessments and expectations on the household financial situation, current and possible future opportunity for savings, opportunity to purchase durable assets, assessments on the family budget. The indicator obtained is then transformed into a numeric index with base 2010=100. The total confidence indicator can be disaggregated in economic and personal climates, or, alternatively, in the present and future climates. The economic, personal, current and future climates are obtained as the arithmetic average of the balances of some questions that make up the general climate; in this case too, the indicators obtained are then transformed in numeric indices with base 2010=100. In greater detail, the economic climate is obtained by aggregating the balances relating to the questions on assessments and expectations on the general economic situation and the balance of the question relating to the expectations on unemployment (inserted in the calculation with an opposite sign); the personal climate is obtained as the arithmetic average of the balances relating to the assessments and expectations on the household financial situation, to the assessments on family budget, to the current opportunity and the future possibility of saving, as well as to the opportunity to purchase durable assets; the current climate is calculated using the balance relating to the assessments on the general economic situation and those on the household financial situation, to the assessments on the family budget, to the current opportunities for saving and purchasing of durable assets; finally the future climate is given by the aggregation of the balance relating to the expectations on the general economic situation, on the household financial situation, on unemployment and to that relating to the future possibility of saving.

Surveys on business confidence - In the case of the business surveys, the balances are calculated as the difference between the percentage of respondents giving favourable responses and unfavourable responses. The central reply option (unchanged, adequate) is not considered in the calculation. The balances are calculated on the percentage frequencies with all the decimals (or rather the output of the estimation process) and are then rounded to the first decimal place.

A concise indicator of the confidence climate is also calculated on a monthly basis for the enterprises; it summarises the level of confidence in the various economic sectors. The confidence climate indicators of the sectors surveyed are calculated as arithmetic average of the seasonally adjusted balances of the variables considered most representative of the short-term evolution of the specific sector. The series of the confidence climate are successively indexed in base 2010=100. In particular, the confidence climate for the manufacturing sector is obtained as the arithmetic average of the seasonally adjusted balances relating to the questions regarding the assessments on the level of overall order books, on the level of stocks (inserted into the calculation with the opposite sign) and the short-term expectations on production level; the confidence climate of the construction sector is calculated considering the judgements on the level of order books and expectations on employment; for the services sector, the variables that make up the climate are the judgements and expectations on the order books and assessments on business trend, while for retail trade, the judgements and expectations on sales and assessments on volume of stocks (this series is inserted in the calculation with the opposite sign).

In the monthly press release, “Consumer and business confidence”, the confidence climate indicators of each economic sector covered by the surveys are released, as well as the balances of the main variables surveyed. In addition, for the consumer survey, economic, personal, current and future confidence climates are released. For manufacturing, construction and service firms, the confidence climate is also disseminated for economic macro-sectors. For the retail trade, finally, the index is also released for type of sale (large scale distribution and small and medium scale distribution). For further details relating to the dissemination, see the relevant section of this methodological note.

The press release also presents the **Istat Economic Sentiment Indicator (IESI)**. The index is a comprehensive measure of the confidence in the Italian production sector, and is processed by aggregating the balances of the variables that compose the confidence climate of the manufacturing sector (judgements on overall demand, expectations on production and judgements on stocks of finished products), of construction one (judgements on order books and employment expectation), services (judgement and expectations on order books and assessments on business performance) and retail trade (judgements and expectations on sales, assessments on stocks). On the basis of the procedure adopted by Istat for the calculation of the IESI, discrepancies between the evolution of the composite index and the dynamics of the confidence climates at sector level may be detected. The procedure is consistent with the approach currently used by the European Commission that provides the standardisation of the series of balances, procedure not envisaged for the calculation of the climates. Consequently, the IESI index is not directly obtainable from the same variables, although weighted, which make up the confidence climates at sector level.

With the publication of May 2017 press release (data reference month: May 2017), one of the time series which make up the IESI was substituted. In particular, with regard to the services sector, the series of balances relating to the question on the expectations on the economy was substituted with the series of balances relating to the question on business performance, consistent with the new definition of the confidence climate of the services. The calculation method of the composite indicator remains unchanged. The time series has been recalculated from March 2005. The series of the composite indicator obtained was transformed in a numeric index calculated in base 2010=100. The initial series of balances (11 in total) are seasonally adjusted with the Tramo-Seats method and standardised. Their synthesis is obtained with a weighted average, using the quotas of the added value (2012 level) of competence of each sector as weights. In particular, the added value considered is that expressed at factor cost. The weighting system used in the processing of the composite indicator is reported in Table 1. The weights were calculated net of the Ateco divisions not covered by the surveys: Moreover, weights refer to the observation field of each survey: in particular, the weight of the manufacturing sector refers to the universe of enterprises with at least 5 employees, while for construction and market services, the universe considered is of enterprises with at least 3 employees.

TABLE 1. BUSINESS CONFIDENCE INDEX OF ITALIAN ENTERPRISES IESI.

Weighting structure of Index in base 2010

SECTORS	Total weight (% added value)	Number series components
Manufacturing	39.26	3
Constructions	8.74	2
Retail trade	11.4	3
Services	40.6	3

The methodology applied refers to that adopted by the European Commission for the construction of the ESI (Economic Sentiment Indicator); see [European Commission 2007. The Joint Harmonized EU Programme of Business and Consumer Surveys. User Guide. Brussels: Directorate-General for Economic and Financial Affairs.](#) The Istat IESI indicator, differently from the European Commission ESI, does not include the consumer confidence climate index component.

Data revision

The monthly estimates are released in final form by the end of the reference month.

The monthly seasonally adjusted series are estimated every month including the latest available data, and updating the estimate of the model parameters (*partial concurrent approach*). With reference to the seasonally adjusted data, therefore, revisions are observed every month. The revision of the seasonal adjustment models is carried out once a year.

Information on data privacy/confidentiality

The data collected for the confidence surveys is protected by statistical confidentiality and subject to the regulations on the protection of personal data. They may be used exclusively for statistical purposes, also for subsequent processing, by bodies of the National Statistical System. They may also be communicated for the purpose of scientific research, on the conditions and according to the terms provided by art. 7 of the Ethics code for the processing of personal data performed in the context of the National Statistical System and by Community Regulation No. 831/2002. The estimates disseminated in aggregate form, do not allow to trace back to the subjects that provided the data, or to which they refer.

Coverage and territorial breakdown

The estimates commented in the monthly press release “Consumer and business confidence”, are also available by geographic breakdown with regard to the consumer survey and manufacturing and services surveys.

Timeliness

The monthly estimates are disseminated in definitive form by the end of the reference month. They are also published by the European Commission in the database devoted to the confidence surveys (link: https://ec.europa.eu/info/business-economy-euro/indicators-statistics/economic-databases/business-and-consumer-surveys/download-business-and-consumer-survey-data/time-series_en).

Data dissemination

The monthly seasonally-adjusted and non-seasonally-adjusted data is available on [I.Stat](#), the Istat data warehouse. In particular, for consumer survey, the data is available in the “Households economic conditions and disparities/Consumer confidence”; with reference to the survey on the manufacturing sector and the survey on the construction sector, the data is available, respectively, in sections “Industry and construction/business confidence in the manufacturing sector” and “Industry and construction/business confidence in the construction sector”. For services and retail trade, the sections are, respectively, “Services/business confidence in the market service sector” and “Services/business confidence in the retail trade sector”.

The availability of the time series of balances and of the confidence indices (length of time series, breakdowns, etc.) varies for each survey. Below, the availabilities of the main variables disseminated in [I.Stat](#).

Survey on consumer confidence. Raw confidence climates: from January 1995, national level and by geographical area; seasonally adjusted confidence climates: from January 1995, national level and geographical area; raw monthly balances: from January 1982, national level and from January 1995 by geographical area ; raw monthly balances disaggregated by age or by sex or by education or by occupation of respondent: from January 1995, national level; reply options for monthly questions: raw data from January 1982, national level; quarterly questions relating to spending intentions for a car, a home, home improvements or renovations: raw data from January 2006, national level; monthly questions relating to the spending intentions for a car, a home, home improvements or renovations: raw data from January 1995 to December 2005, national level.

Survey on business confidence in the manufacturing sector. Raw series: from 1986; from 1991 by geographical area; seasonally adjusted series: from 2000. The quarterly variables on the exportations and on production capacity are disseminated in raw form starting, respectively, from the fourth quarter of 1985 and from the first quarter of 1986; the pertaining seasonally adjusted series are disseminated starting from the first quarter of 2000. The raw series regarding access to credit are available from August 2009 to September 2015 on a monthly basis; the same variables are available on a quarterly basis from October 2015.

Survey on business confidence in the construction sector. Raw series: from 1985; seasonally adjusted series: from 2000. The series of the raw climate are available at national level and by the three economic sectors corresponding to the three divisions of Ateco 2007 (41: building construction, 42: civil engineering and 43: specialised construction works); moreover, the balances and the climates relating to the aforementioned economic sectors, as well as the variable surveyed quarterly on the duration of activity guaranteed (in months) are only available in raw terms, as they are not affected by seasonality. From May 2009 to September 2015, the raw series of the variables regarding access to credit are available on a monthly basis; starting from October 2015, the same variables are available on a quarterly basis.

Survey on confidence in the market service sector. Confidence climates (both raw and seasonally adjusted): from March 2005; raw series of balances and frequencies (reply options): from 2003; seasonally adjusted series of balances and frequencies (reply options): from 2003. Monthly variable "Business situation over the past three months" is surveyed from March 2005; quarterly variable "Capacity utilization" is available from the first quarter of 2010. The raw series regarding access to credit are available from August 2009 to September 2015 on a monthly basis; the same are available on a quarterly basis from October 2015.

Survey on business confidence of the retail trade sector. Raw series (confidence climate and frequencies of reply), for the whole sector and by Ateco 2007 sector (45: wholesale and retail sales; vehicle and motorcycle repair, 47: retail sales excluding vehicles and motorcycles): from 1986, every two months; since 1992, monthly. Raw and seasonally adjusted series by distribution type (large scale distribution and small and medium scale distribution): from 2003. The variable "Sale prices expectations over the next three months" is surveyed starting from November 2003. The raw and seasonally adjusted series of that variable are therefore disseminated only starting from that date. The raw series regarding access to credit are available from August 2009 to September 2015 on a monthly basis; the same are available on a quarterly basis from October 2015.

For the IESI, the time series of the confidence climate of Italian enterprises is available from March 2005.