

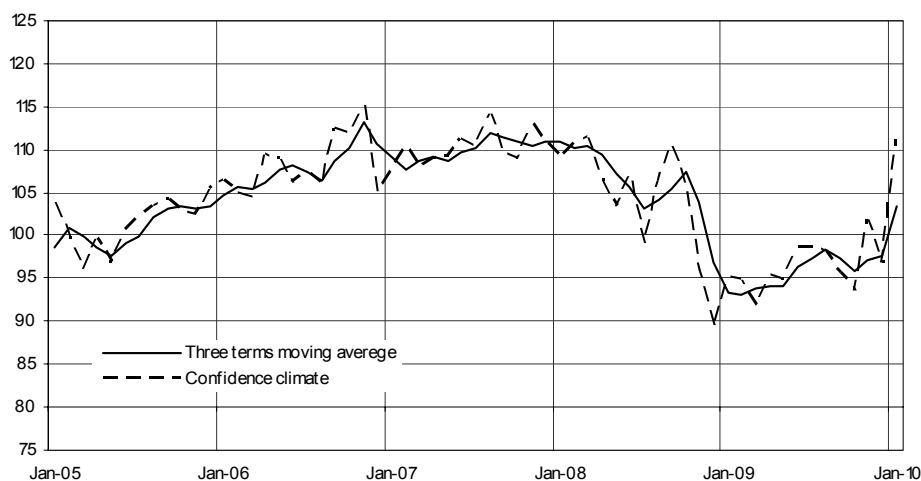


Date: January 28, 2010

ITALIAN RETAILERS' CONFIDENCE INCREASES IN JANUARY, PARTICULARLY IN LARGE DISTRIBUTION

- The seasonally adjusted overall indicator rose from 96.9 to 111.3, reaching the highest value since March 2008
- Compared to the previous survey, respondents were decidedly optimistic about the current and future trend in sales. Inventories were also considered to have dropped markedly
- Among the variables excluded from the definition of retail climate, surveyed firms continued to state their pessimism about future employment, but on the contrary they expected growth for the volume of orders
- As for prices, retailers considered a slight easing in both present and future inflationary pressures
- The breakdown of data by distribution channel showed that confidence improved mostly in large retail trade. The seasonally adjusted indicator actually increased from 109.1 to 119.3 in traditional distribution, but surged from 84.8 to 105.2 in “modern” trade

Confidence climate
(seasonally adjusted data, indices 2000=100)



Data on February shall be released on February 28, 2010

The next ISAE surveys are scheduled as follows:

February 23, 2010: ISAE Monthly Consumer Survey (reference period: February)

The full text of ISAE Surveys (either hardcopy or electronic format) is available for sale (for further information see the web site www.isae.it)

General results

The ISAE survey, carried out between January 1 and January 19 on a panel of 1,000 firms operating in small and large retail distribution, indicated that in January Italian retailers' confidence recovered sharply. The seasonally adjusted index actually moved from 96.9 (in December) to 111.3, the highest level since March 2008. The underlying components of the confidence climate showed an improvement in both the opinions and the prospects for the trend in business activity. Also inventories were considered to have dropped markedly.

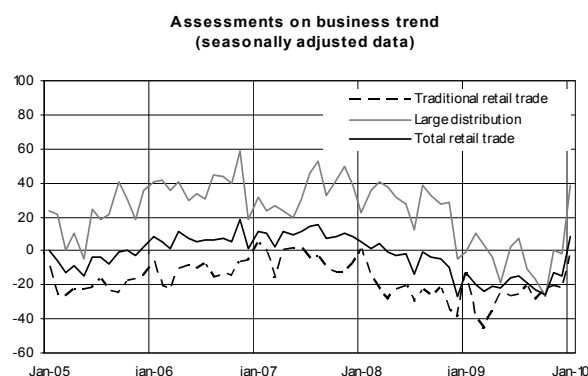
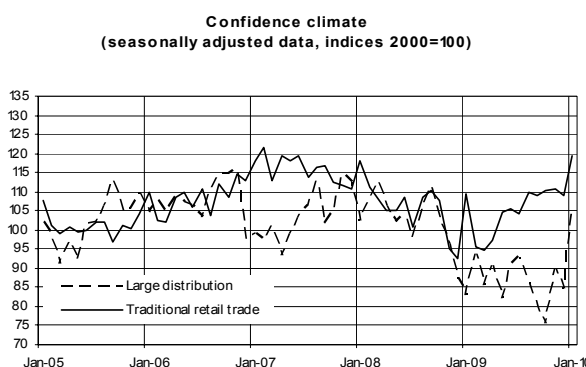
Among the variables excluded from the definition of retail climate, higher pessimism distinguished expectations for the level of employment, but on the contrary forecasts for the future volume of orders turned again favourable. As for prices, retailers considered a slight easing in both present and future inflation.

The breakdown of data by distribution channel showed that confidence recovered markedly in both sectors. The seasonally adjusted indicator actually increased from 109.1 to 119.3 in traditional distribution (reaching the best result since April 2007), but bounced from 84.8 to 105.2 in "modern" trade (the highest showing since September 2008).

Situation in the reference month (January 2010)

In January, the opinions on the current trend in business activity strongly improved. The related seasonally adjusted balance recovered from -15 to 9. Moreover, this result was in line with the indications provided by firms regarding the level of stocks. The seasonal adjusted balance of the latter variable confirmed a sharp reduction, moving from 8 to -4. As for current prices, retailers considered a slowdown in inflation: the seasonally adjusted balance of the variable slipped from 12 to 11.

The breakdown of survey results by distribution channel showed that the high prevalence of favourable opinions on the present trend in business activity, which characterized the overall sector, mirrored the clearly positive assessments of operators in both distribution channels. The related seasonally adjusted balance of the variable actually recovered from -22 to -3 in traditional trade and from -2 to 38 in "modern" distribution. On the contrary, inventories were considered to have diminished: the seasonally adjusted balance dropped from 12 to -5 in traditional trade and from 1 to -3 in large distribution. Finally, surveyed firms also gave homogenous assessments on current supplier prices. The seasonally adjusted balance in fact declined from 22 to 19 in traditional trade and from 1 to -1 in "modern" distribution.



Outlook for the months ahead

In January, along with still negative prospects for the trend in the labour market, new optimism emerged instead regarding the volume of both sales and orders. The seasonally adjusted balance worsened from 0 to -3 for the first variable, improved from 7 to 14 for the second, and recovered from -6 to -2 for the third variable. Lastly, with regard to future inflation, retail traders' expectations for selling prices pushed the seasonally adjusted balance of the variable down slightly (from 6 to 5).

The breakdown of data by distribution channel showed that the results were not entirely homogenous. For example, optimism which emerged at the aggregate level for the future trend in sales stemmed solely from large distribution firms (the seasonally adjusted balance rose from 0 to 28). Traditional distribution showed instead a clear worsening (4, compared to 14 in December). Also respondents' expectations for the level of both employment and selling prices were non-homogenous. The seasonally adjusted balance of the former variable worsened from 6 to -3 in large distribution and remained unchanged at 0 in traditional trade. The balance for the latter variable shrunk from 5 to -4 in "modern" distribution and expanded from 5 to 10 in traditional retail trade. Respondents gave uniform indications only for expected growth in the volume of orders. The related seasonally adjusted balance actually improved from -21 to -18 in traditional distribution and from 3 to 16 in "modern" retail trade.

Confidence climate and balances of the index-building series (seasonally adjusted data)

Month	Confidence climate	Business trend (assessments)	Business trend (forecasts)	Inventories
Aug. 2009.	98,1	-18	9	2
Sept. 2009	95,5	-23	5	2
Oct. 2009	93,7	-26	6	5
Nov. 2009	102,0	-13	21	9
Dec. 2009	96,9	-15	7	8
Jan. 2010	111,3	9	14	-4

Expectations on business trend (seasonally adjusted data)

