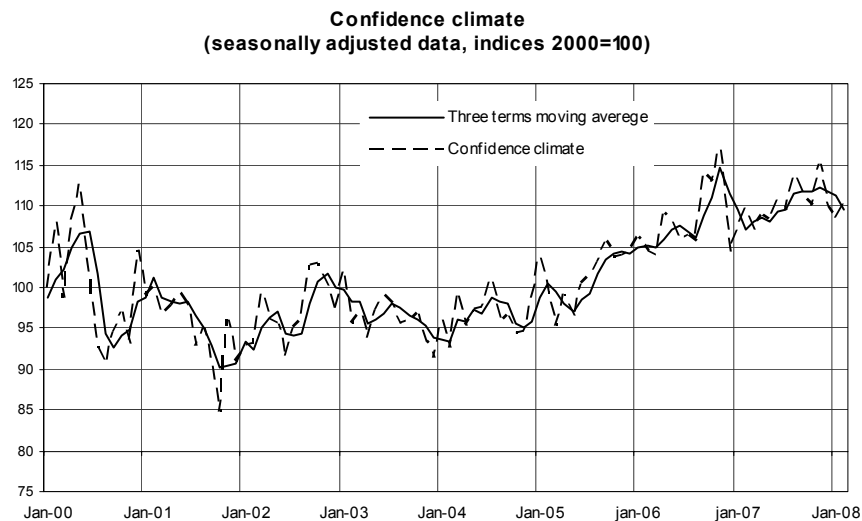




Date: February 27, 2008  
TEL.: 06/444821

## ITALIAN RETAILERS' CONFIDENCE IMPROVES IN FEBRUARY

- The seasonally adjusted confidence indicator rose from 108.3 (in January) to 110.4. Expectation for the future volume of sales started to better again, but the assessments on the current volume of business activity worsened. Moreover, inventories entered an upturn
- With regard to the series excluded from the definition of retail climate, respondents confirmed their pessimism about the future volume of orders, and began to expect a fall in the level of employment
- Furthermore, inflationary pressures increased with reference to both the current trend of suppliers' prices (which hit the highest level since the year 2000) and short-term expectations for selling prices (matching, in this case, the peak recorded in 2003)
- The improvement in confidence did not affect both distribution channels. The seasonally adjusted indicator increased in large retail trade (from 101.9 to 108.8), but declined in traditional distribution (from 116.8 to 110.9)



**Data on March shall be released on March 27, 2008**

*The next ISAE surveys are scheduled as follows:*

**March 6, 2008:** *ISAE International Comparison of Consumer and Business Surveys (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](http://www.isae.it))**

## General results

The ISAE survey, carried out between February 1 and February 19 on a panel of about 1,000 firms operating in traditional and large retail distribution, showed that in February the Italian retailers' confidence climate bettered. The overall seasonally adjusted indicator increased from 108.3 (in January) to 110.4. Expectations for the future volume of sales recorded a clear improvement, but the opinions on the current volume of business activity worsened and inventories built up.

With regard to the variables excluded from the definition of retail climate, firms continued to view a fall in the volume of orders, and became pessimistic about employment. As for prices, in line with the latest ISTAT indicator, respondents considered a strong acceleration in both current and future inflation.

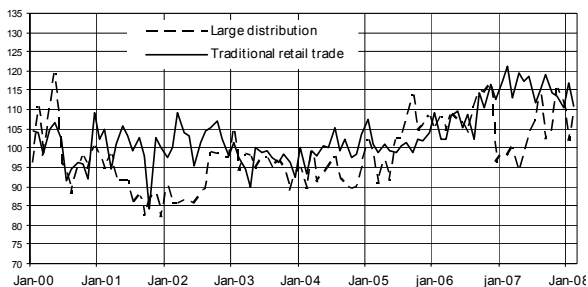
The breakdown of data by distribution channel showed that the improvement in confidence did not affect both sectors. The seasonally adjusted indicator increased from 101.9 to 108.8 in "modern" distribution, retracing most of the fall posted in January, while, on the contrary, it declined from 116.8 to 110.9 in traditional retail trade, dropping back to the value recorded last December.

## Situation in the reference month (February 2008)

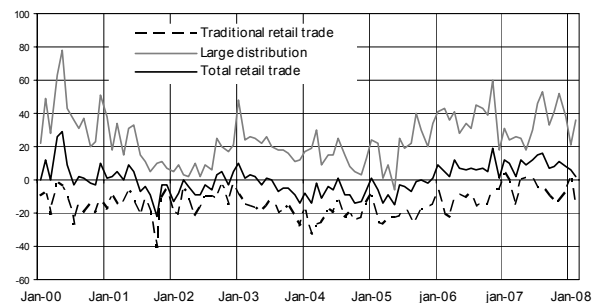
In February, the seasonally adjusted balance for the opinions on the current trend in sales decreased for the third straight month, moving from 6 to 2. In line with this outcome, the balance for the level of inventories (which is not affected by seasonal factors) increased from 4 to 5. Lastly, with regard to inflation, the share of respondents considering a rise in suppliers' prices markedly increased. The seasonally adjusted balance of the variable rose from 45 to 52, matching the high recorded in October 2000.

The sorting out of data by distribution channel showed that only the outcome for the price trend was homogenous for both sectors. For traditional distribution, the related seasonally adjusted balance rose from 42 to 48, going back to the value posted last October, while the one for "modern" distribution soared from 49 to 61, attaining a peak unseen since September 2000. Respondents gave instead diverging opinions on the current trend of sales and inventories. In particular, in traditional retail trade, the seasonally adjusted balance for the former variable plunged from 1 to -15, while the one for the latter variable increased from 1 to 5. On the contrary, in "modern" distribution, the former variable rose from 21 to 36, whereas the latter one declined, for a third month in a row, moving from 7 to 4.

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



**Assessments on the business trend**  
(seasonally adjusted data)



### Outlook for the months ahead

In February, surveyed firms in general became optimistic about expectations for the future volume of sales. After two months, the related seasonally adjusted balance started to improve again, rising from 16 to 26 (the value recorded last December). In seeming contradiction, prospects for the volume of both orders and employment were less favourable. In detail, the seasonally adjusted balance for the former variable fell from 5 to 2 and the one for the latter variable declined from 25 to 17, remaining however at a relatively high level (in particular, above last year's average). Lastly, with regard to the trend in future selling prices, most surveyed traders viewed a rise for their prices in the following three months. The (raw) balance of the variable actually rose from 36 to 42, the highest level since January 2003.

The breakdown of data by distribution channel showed rather homogenous results. The seasonally adjusted balance for the volume of sales started to increase once more for both large distribution (from 44 to 50) and traditional retail trade (from 0 to 5). The one for employment fell from 62 to 57 in "modern" distribution and from 1 to -1 in traditional trade. Finally, the balance for the volume of orders remained unchanged in large distribution (at -16), but decreased instead in traditional trade (from 33 to 27). Finally, also selling price inflation gave homogenous indications. The (raw) balance of the variable increased from 28 to 34 in traditional retail trade and from 50 to 56 in "modern" distribution.

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

Month	Confidence climate	Business trend (assessments)	Business trend (forecasts)	Inventories
September	111,5	7	23	4
October	110,0	8	25	10
November	115,3	11	41	14
December	109,9	8	26	12
January	108,3	6	16	4
February	110,4	2	26	5

### Forecasts on business trend (seasonally adjusted data)

