

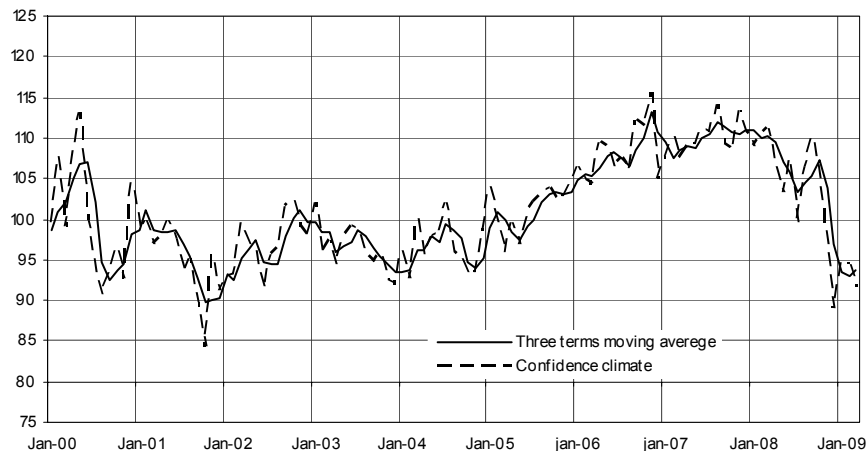


Date: March 27, 2009

ITALIAN RETAILERS' CONFIDENCE DECREASES IN MARCH

- The seasonally adjusted retailers' confidence indicator went down from 94.6 to 91.7
- Widespread pessimism emerged from the opinions on current business activity and expectations for the future trend in sales posted a significant withdrawal. The volume of inventories was considered to have increased
- Among the variables excluded from the definition of retail confidence, assessments on the labour market remained on the whole stable and those on the level of orders worsened slightly
- Regarding the price trend, retailers perceived a slowdown in current inflation, but started to forecast new inflationary pressures in the following months
- The deterioration in confidence characterized both distribution channels. The seasonally adjusted indicator actually fell from 94.5 to 86, near its last December value, in large distribution and from 95.1 to 94.2 in traditional retail trade

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



Data on April shall be released on April 28, 2009

The next ISAE surveys are scheduled as follows:

April 7: ISAE International Comparison of Consumer and Business Surveys (reference period: March)

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 March 1 and March 19 on a panel of about 1,000 firms operating in small and large retail distribution, showed in March further widespread worsening in Italian retailers' confidence. The seasonally adjusted index actually fell to 91.7 from 94.6 in February. Among the series composing the confidence climate, opinions on the current trend in business activity gave the most unfavourable indications, but also expectations on the future volume of sales worsened. Lastly, inventories were considered to have started to increase once more.

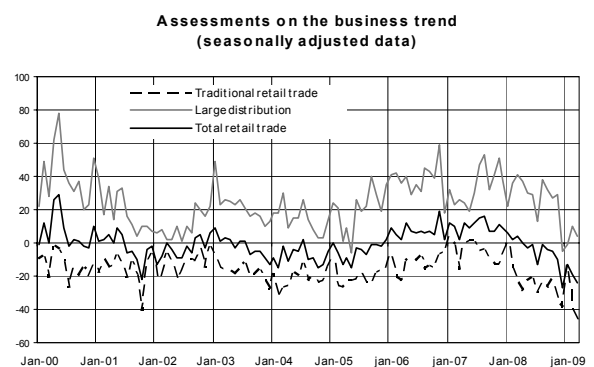
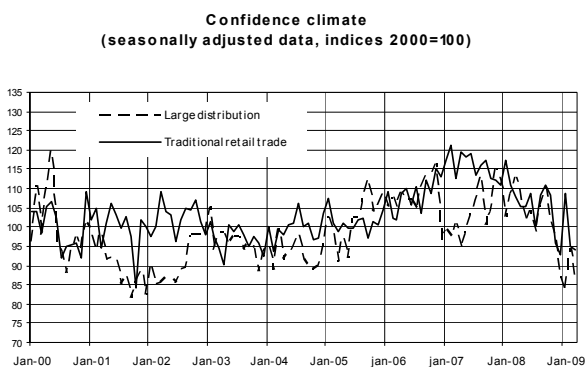
Regarding the variables excluded from the definition of retail climate, expectations on the future level of orders worsened slightly, whereas the opinions on the level of employment remained stable. Lastly, with regard to the price trend, retailers perceived a slowdown in current inflation, but forecast a new acceleration in the following months.

The deterioration in confidence recorded at the aggregate level characterized both large and traditional retail distribution. The seasonally adjusted index actually declined from 94.5 to 86 in the former sector (close to the value posted last December) and from 95.1 to 94.2 in the latter one.

Situation in the reference month (March 2009)

In March, retailers' opinions on the current volume of sales worsened for the second month running, pushing down the seasonally adjusted balance of the variable from -19 to -24. This result was accompanied also by a new increase in inventories. The related balance (which is not affected by seasonal factors) started to increase once more, moving from 4 (in February) to 6. Lastly, respondents considered a further slowdown in current inflation. The seasonally adjusted balance of the variable slipped from 36 to 35.

The breakdown of data by distribution channel showed that most operators in both sectors viewed negatively the current trend in business activity. For operators in "modern" trade, the seasonally adjusted balance of the variable declined from 10 to 4. However, much more significant was the fall posted in traditional distribution, where the balance dropped from -40 to -46, reaching a record low since 1990. Operators in both distribution channels considered an increase in inventories, compared to the previous survey, though the rise was moderate. The related seasonally adjusted balance actually rose from 2 to 3 in traditional distribution and from 9 to 10 in "modern" trade. Finally, with regard to supplier prices, traditional retail traders perceived a decrease (the balance lowered to 24 from 26 in February), while those in "modern" distribution reported stability (at 47).



Outlook for the months ahead

In March, expectations for the future volume of both business activity and orders continued to give unfavourable indications. The seasonally adjusted balance for the former variable declined in fact from 1 to -2 (turning negative for the first time since March 2005) and the one for the latter variable slipped from -15 to -16. Compared to the previous survey, prospects for employment remained stable instead (at 3). With regard to future selling prices, most surveyed traders expected a new rise in inflationary pressures, but the seasonally adjusted balance of the variable, though rising from 2 to 5, still remained much lower than its 2008 average.

The breakdown of data by distribution channel showed that traditional retail trade firms were overall less pessimistic. In this sector, the seasonally adjusted balance for expectations on the future volume of sales recovered, rising to -9 from the trough hit in the pervious month (-14, the lowest level since September 2005). The balance for the volume of orders increased from -32 to -26 and, lastly, the one for employment bettered from -2 to -1. On the contrary, “modern” distribution firms’ expectations were all unfavourable. More in detail, the seasonally adjusted balance for future sales worsened (from 30 to 8, the worst result since February 2004). The balance for the volume of orders retrenched, dropping from 8 to 0 and going back to its December 2008 reading. Also the balance for employment deteriorated (from 22 to 10). Lastly, surveyed firms’ intentions regarding their selling prices were mixed. The seasonally adjusted balance of the variable actually recovered from -7 to 11 in large distribution, but declined from 8 to 3 (the lowest level since December 2005) in traditional retail trade.

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

Month	Confidence climate	Business trend (assessments)	Business trend (forecasts)	Inventories
Oct. 2008	104,9	-5	20	7
Nov. 2008	96,4	-10	11	19
Dec. 2008	89,1	-27	0	12
Juan. 2009	95,1	-13	1	9
Feb. 2009	94,6	-19	1	4
Mar. 2009	91,7	-24	-2	6

Forecasts on business trend (seasonally adjusted data)

