

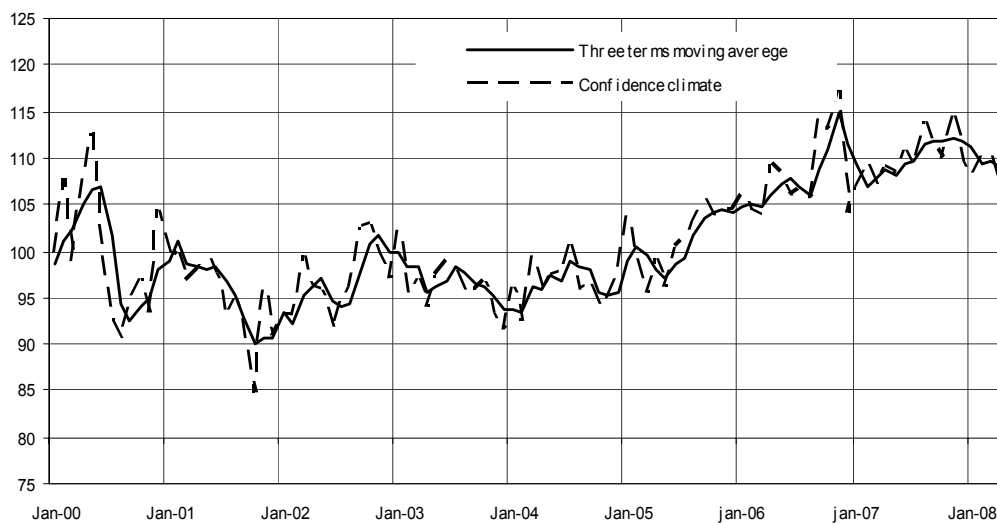


Date: April 29, 2008
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ITALIAN RETAILERS' CONFIDENCE WORSENS IN APRIL, MAINLY IN LARGE DISTRIBUTION

- The seasonally adjusted confidence indicator declined from 110.6 to 106.2, moving below its first quarter average
- Both the opinions on the current trend in business activity and expectations for the future volume of sales sent negative signals. Moreover, inventories sharply built up
- Respondents also became pessimistic about the future level of orders and employment. Inflationary pressures eased with reference to both the current trend and future developments
- Deterioration in confidence distinguished all sectors, but was particularly marked in large distribution. The seasonally adjusted indicator declined from 107.8 to 105.2 in traditional trade and plunged from 112.2 to 106.8 in "modern" distribution

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



Data on May shall be released on May 28, 2008

The next ISAE surveys are scheduled as follows:

May 6, 2008: ISAE International Comparison of Consumer and Business Surveys (reference period: April)

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 April 1 and April 19 on a panel of about 1,000 firms operating in small and large retail distribution, showed that in April Italian retailers' confidence clearly worsened. Confirming the prevailing climate of uncertainty, the seasonally adjusted indicator declined from 110.6 (in March) to 106.2, below its first quarter average. In particular, respondents recorded deterioration in opinions and expectations on the volume of sales and a new restocking of inventories.

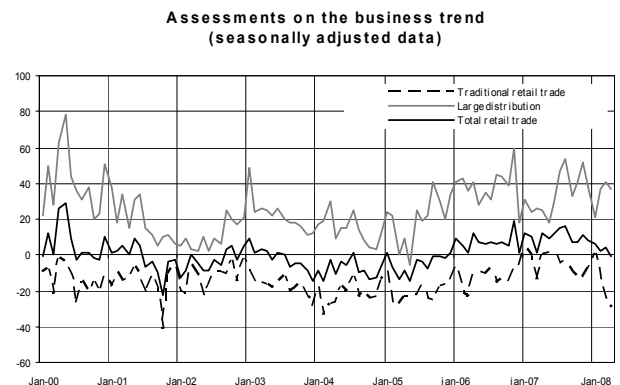
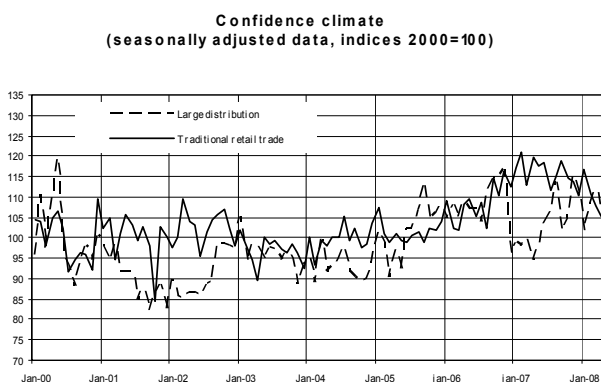
With regard to the (seasonally adjusted) variables excluded from the definition of retail climate, surveyed firms became pessimistic about the future level of orders and, though to a lesser extent, of employment. Lastly, pressures eased for both supplier and selling price inflation.

The splitting out of data by distribution channel showed that the fall in confidence, which characterized both sectors, was particularly marked in large distribution. The seasonally adjusted indicator declined from 107.8 to 105.2 in traditional distribution, but plunged from 112.2 to 106.8 in "modern" retail trade.

Situation in the reference month (April 2008)

In April, opinions on the current trend in business activity noticeably worsened. The seasonally adjusted balance of the variable went back in negative territory for the first time in two years (since November 2005), moving from 4 to -1. Furthermore, surveyed firms recorded a new, sharp restocking of inventories (the related balance, which is not affected by seasonal factors, increased from 3 to 9). Lastly, with regard to current inflation, the share of respondents recording a rise in supplier prices edged down slightly compared to the previous survey, though remaining at a very high level. The seasonally adjusted balance of the variable declined from 54 to 50.

The sorting out of data by distribution channel showed rather homogeneous results. In both sectors, opinions on the current trend in business activity worsened and inventories increased. The seasonally adjusted balance of the former variable posted a decline from -24 to -29 for traditional retail trade and from 41 to 37 for "modern" distribution. The balance for the latter one increased from 4 to 8 in traditional distribution and from 2 to 11 in large retail trade. Suppliers' prices sent, instead, diverging indications: the related seasonally adjusted balance increased from 51 to 58, its highest value since March 2000, in traditional distribution, but declined from 67 to 59 in "modern" trade.



Outlook for the months ahead

In April, surveyed firms were pessimistic about the future level of sales and orders, as well as employment. In detail, the seasonally adjusted balance of the former variable continued to worsen (from 24 to 21), the one for orders turned negative (declining from 3 to -2), and, lastly, the balance for employment diminished (from 18 to 16). With regard to the trend in future selling prices, the raw balance of the variable decreased from 43 to 33. In April, ISAE started to release the seasonally adjusted balance for this variable, which came in at 33.

Also for April, the breakdown of data by distribution channel showed mixed results. The seasonally adjusted balance for the volume of sales started to decline in large distribution (from 55 to 49), but increased, instead, in traditional trade (from 5 to 7). The balance for employment extended its downward path in “modern” distribution (moving from 42 to 33), but remained unchanged in “small” retail trade (at 3). Lastly, the balance for the volume of orders nearly halved in “modern” distribution (to 22 from 41 in March), but recovered, in contrast, in traditional trade (from -20 to -17). Finally, only selling price inflation gave homogeneous indications. The raw balance of the variable actually diminished from 65 to 53 in large distribution and from 29 to 20 in traditional retail trade. As of April 2008, like for the overall indicator, ISAE started to release sector-level seasonally adjusted balances for this variable, which stood at 55 for “modern” distribution and at 20 for 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
November	115.3	11	41	14
December	109.8	8	26	12
January	108.3	6	15	4
February	110.2	2	26	5
March	110.6	4	24	3
April	106.2	-1	21	9

Forecasts on business trend (seasonally adjusted data)

