

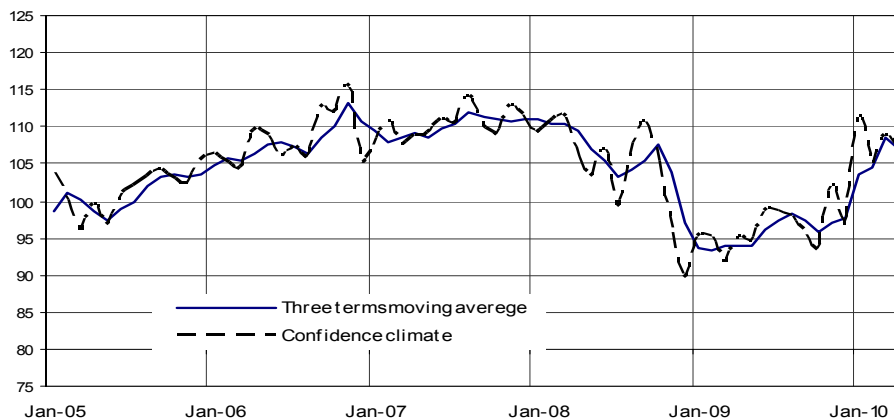


Date: April 28, 2010

## ITALIAN RETAILERS' CONFIDENCE WEAKENS IN APRIL

- The seasonally adjusted overall confidence indicator declined from 108.8 (in March) to 106.7, moving below its first quarter of 2010 average level
- Compared to the previous survey, the opinions on the volume of current and future sales worsened slightly and inventories were considered to have increased once more
- With regard to the variables excluded from the definition of retail climate, expectations for the future volume of orders remained optimistic and employment prospects were stable
- As for prices, respondents viewed an acceleration in current inflation, but at the same time projected a slowdown for the following months
- The deterioration in confidence did not affect both distribution channels. The seasonally adjusted indicator rose from 103 to 105 in traditional distribution, but lessened from 113.3 to 107.2 in "modern" trade

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



**Data on May shall be released on May 27, 2010**

*The next ISAE surveys are scheduled as follows:*

**May 25, 2010:** ISAE Monthly Consumer Survey (reference period: May)

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 April 1 and April 19 on a panel of 1,000 firms operating in small and large retail distribution, indicated that in April Italian retailers' confidence weakened. The seasonally adjusted indicator actually dropped approximately two points, moving from 108.8 (in March) to 106.7. Compared to the previous survey, both opinions and expectations on sales worsened slightly and inventories were considered to have increased once more.

With regard to the variables excluded from the definition of retail climate, expectations for the volume of orders remained optimistic and labour market prospects held steady. As for prices, respondents viewed an increase in supplier prices' inflationary pressures and an easing for selling prices.

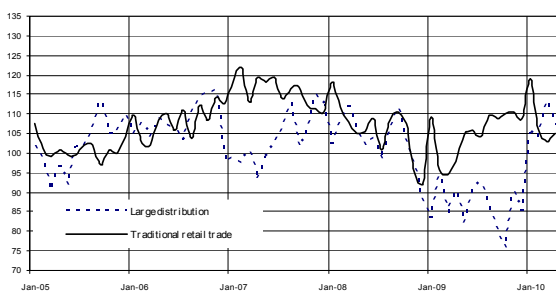
The breakdown of data by distribution channel showed that confidence improved among operators in traditional distribution, but instead markedly deteriorated in "modern" trade. The seasonally adjusted indicator actually rose from 103 (in March) to 105 in the former sector, whereas it lowered from 113.3 to 107.2 in the latter one.

## Situation in the reference month (April 2010)

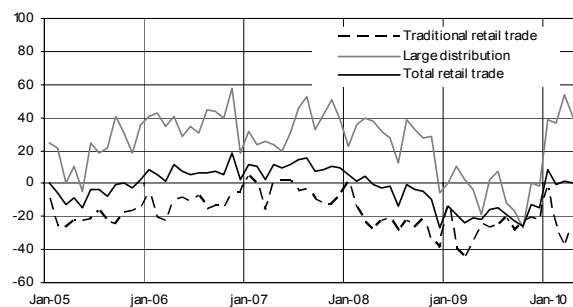
In April, the opinions on the current trend in sales worsened slightly, pushing the seasonally adjusted balance of the variable from 1 to 0. This result came along with a new restocking of inventories (the related seasonal adjusted balance rose from -1 to 4). As for prices, most surveyed retailers considered an acceleration of current inflation: the seasonally adjusted balance of the variable increased from 12 (in March) to 18.

The breakdown of survey results by distribution channel showed that respondents' assessments were mixed only regarding the opinions on sales. Mostly, operators in traditional trade positively considered the trend in sales, whereas, on the contrary, the majority of operators in "modern" distribution had a negative view. The seasonally adjusted balance of the variable recovered from -38 to -26 in the former case and fell instead from 53 to 41 in the latter one. On the contrary, respondents' opinions on inventories and supplier price inflation were homogeneous. For inventories, surveyed operators viewed a build-up (the seasonally adjusted balance increased from 4 to 7 in traditional distribution and from -8 to -1 in "modern" trade). As for inflation, most traders in both distribution channels considered acceleration: the seasonally adjusted balance of the variable rose from 18 to 23 in traditional trade and from 2 to 18 in large distribution.

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



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



## Outlook for the months ahead

In April, respondents' forecasts were overall rather mixed. Moderate concerns distinguished prospects for future sales, while expectations for the volume of orders were still mostly optimistic, and lastly forecasts for the labour market remained stable. Actually, the related seasonally adjusted balances slipped from 17 (in March) to 16 for the first variable, recovered from -3 to 3 for the second one, and remained unchanged at 6 for the third variable. With regard to selling price intentions, in April the survey showed a new easing of future inflationary pressures: the seasonally adjusted balance of the variable actually lowered from 4 to -2.

The breakdown of data by distribution channel indicated that retailers in both sectors were concerned about the future volume of sales. The related seasonally adjusted balance of the variable actually diminished from 36 to 35 in large distribution and from 7 to 3 in traditional trade. At the same time, optimism about the trend in future orders was also homogenous. The seasonally adjusted balance of the variable increased from 18 to 28 in large distribution and recovered from -16 to -12 in traditional trade. As for prospects for the labour market and selling prices, respondents' expectations differed. More in detail, forecasts for employment were pessimistic according to traders in large distribution (the seasonally adjusted balance moved from 18 to 12), but remained stable, for the third straight month, in traditional trade (at -1). As for selling price inflation, operators in traditional distribution mostly projected an acceleration (the seasonally adjusted balance rose from 10 to 12), whereas those in "modern" trade viewed a sharp slowdown (from -6 to -21).

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

Month	Confidence climate	Business trend (assessments)	Business trend (forecasts)	Inventories
Nov. 2009	102,1	-13	21	9
Dec. 2009	97,0	-15	7	8
Jan. 2010	111,3	8	14	-4
Feb 2010	105,2	-1	11	1
Mar. 2010	108,8	1	17	-1
Apr. 2010	106,7	0	16	4

