

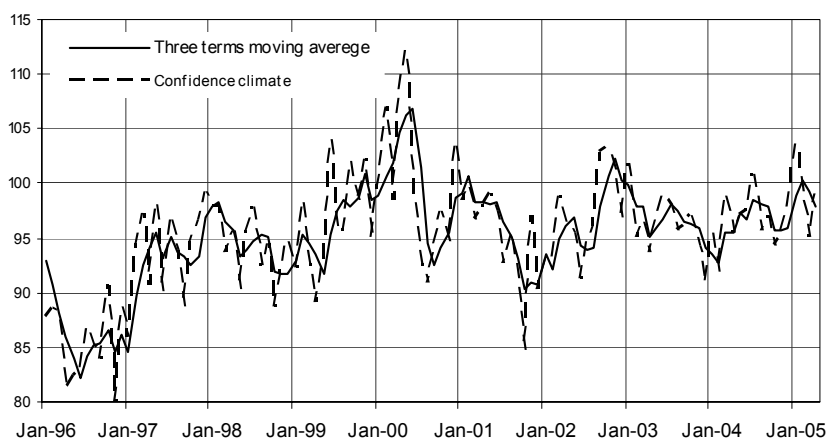


Date: May 26, 2005
Tel.: 06/444821

TRADE OPERATORS' CONFIDENCE GROWS AGAIN IN APRIL

- The seasonally adjusted confidence indicator, running counter the trend shown in the past two months, equals again the figure of February 2005 (passing from 95.1 in March to 99.2), thanks to a rise in the current and expected volume of sales and to a stock reduction
- Among non confidence-building variables, a marked improvement is observed in short-term expectations on the labour market, while expectations on the future order-book volume are also growing
- Assessments on the current price dynamics point to a strong deceleration in producer prices, while expectations for future selling price rises are decreasing
- Compared to March, the confidence recovery is more evident in large distribution, where the seasonally adjusted indicator increases from 88.9 to 94.6, while in traditional retail trade confidence goes from 98.7 to 101.4

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



Data on May shall be diffused on **June 30, 2005**.

Next ISAE Surveys are scheduled as follows:

June 1, 2005: Comparative Business Surveys for Italy, Germany and France (Reference months: May)

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

General results¹

According to the ISAE Monthly Survey carried out on a panel of about 1,000 firms operating in traditional retail trade and in large distribution, the confidence indicator of trade operators, running counter the trend shown in the past two months, is recovering. The index, equalling the figure of February 2005, grows from 95.1 to 99.2, thanks to a rise in the current and expected volume of sales and to a stock reduction.

Particularly optimistic signals emerge from non confidence-building variables, as a strong rise is registered in the balance of employment expectations and in the one of expectations on the future order-book volume. Finally, positive indications come from prices: the data show that producer prices are diminishing, while most trade operators intend to reduce the short-term inflationary dynamics.

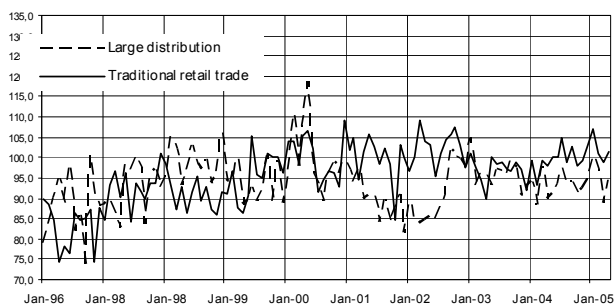
Looking at data by kind of distribution, the confidence improvement concerns both kinds of trade, but the recovery is more marked in large distribution. Indeed, the indicator goes from 98.7 to 101.4 in traditional trade and from 88.9 to 94.6 in modern distribution.

Situation in the reference month (April 2005)

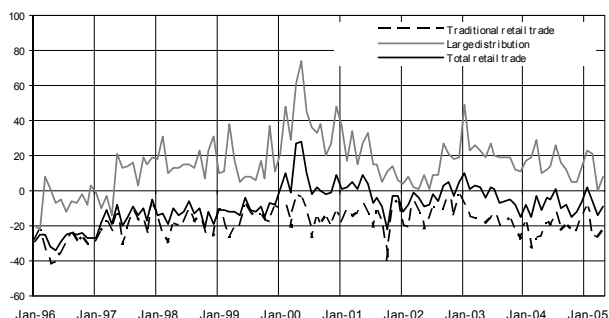
April assessments on the current business trend show a strong recovery, as the seasonally adjusted balance rises from -14 to -9. Rosier indications come from evaluations on inventories and on prices too. The balance of the former variable – needing no seasonal adjustment – falls from 4 to 1, while the (seasonally adjusted) balance of the latter one – passes from 30 (March) to 21 (April), thus getting close to the February 2005 figure.

That evolution is common to all kinds of distribution, even though large distribution operators' assessments point to a marked improvement. The seasonally adjusted balance of evaluations on the current business trend recovers from -27 to -23 in traditional retail trade and improves from 0 to 8 in modern distribution, after the strong fall registered in March. Similarly, the balance of producer prices decreases from 32 to 28 in traditional trade and passes from 43 to 8 in large distribution. Only the respondents' evaluations on inventories show dishomogeneous signals, as their balance decreases from 7 to 1 in traditional retail trade and grows from 1 to 4 in large distribution.

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



Assessments on the business trend
(seasonally adjusted data)



¹ All data are seasonally adjusted, unless indicated otherwise.

Forecasts for next months

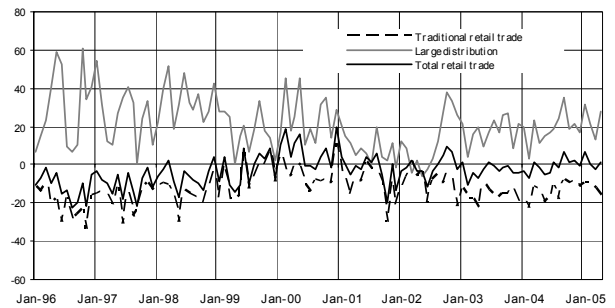
In April, trade operators' expectations are much rosier than in March. Compared to the previous Survey, the balance of the future sale and order-book volumes are growing (the balances rising from -3 and -10 to 1 and -4). Besides, expectations on the labour market trend are more favourable as the seasonally adjusted balance grows from 8 to 16, thus reaching its highest level since July 2000. The (raw) balance of selling prices falls from 12 to 9.

Breaking down data by kind of distribution, the figures seem to be not homogeneous and the optimism emerging from the sector as a whole mainly stems from large distribution. Traditional retailers' expectations are generally negative: the (raw) balance of the future selling price trend decreases (14 from 18) and the (seasonally adjusted) balances of the expected business trend and of the future order-book volume both decrease (from -12 and -21 to -16 and -24 respectively). Finally, trade operators show worries in their employment expectations: indeed, their seasonally adjusted balance falls from -5 to -6. Conversely, large distribution operators are rather optimistic, as all variables are expected to improve. Indeed, the seasonally adjusted balance of the expected sale volume grows (from 14 to 28), as does the one referring to the order-book volume (from 9 to 28). Also the employment balance grows again, passing from 29 to 47 (which is the highest figure since July 2000), while the raw balance on the future selling price trend decreases from 2 to 1.

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

Month	Confidence Climate	Business trend (assessments)	Business trend (forecasts)	Inventories
December	97.8	-6	-1	6
January	103.6	2	7	5
February	99.2	-6	1	4
March	95.1	-14	-3	4
April	99.2	-9	1	1

Forecasts on business trend
(seasonally adjusted data)



Forecasts on employment
(seasonally adjusted data)

