

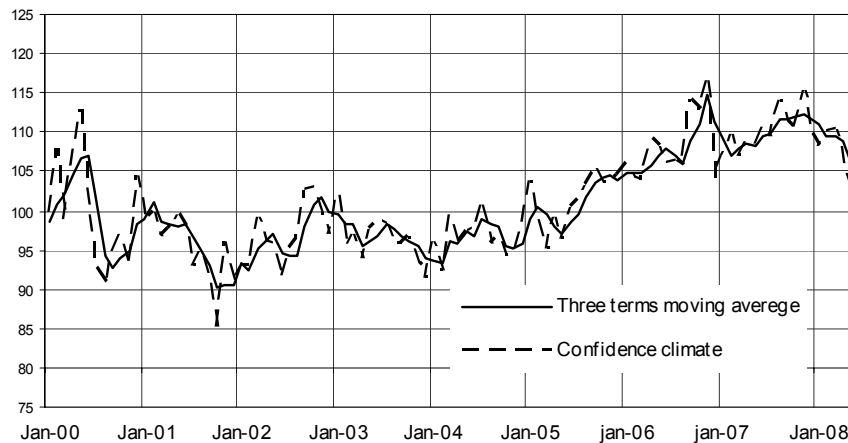


Date: May 28, 2008
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ITALIAN RETAILERS' CONFIDENCE WORSENS IN MAY, BUT ONLY IN LARGE DISTRIBUTION

- The seasonally adjusted confidence indicator declined in May from 106.1 to 102.8, hitting the lowest level since July 2005
- The opinions on the current trend in business activity and, mainly, expectations for the future volume of sales continued to deteriorate. Moreover, inventories built up once more
- Among the variables excluded from the definition of retail climate, some pessimism still characterized prospects for employment, but orders sent more encouraging signals. As for prices, respondents perceived a slight acceleration of current inflation, but expected a marked slowdown in the following months
- The breakdown of data by distribution channel showed that retailers' confidence further deteriorated in large distribution: the seasonally adjusted indicator declined from 106.4 to 101.2. In contrast, confidence remained virtually stable in traditional trade: the related indicator slipped from 105.2 to 105.1

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



Data on June shall be released on June 27, 2008

The next ISAE surveys are scheduled as follows:

June 5, 2008: ISAE International Comparison of Consumer and Business Surveys (reference period: May)

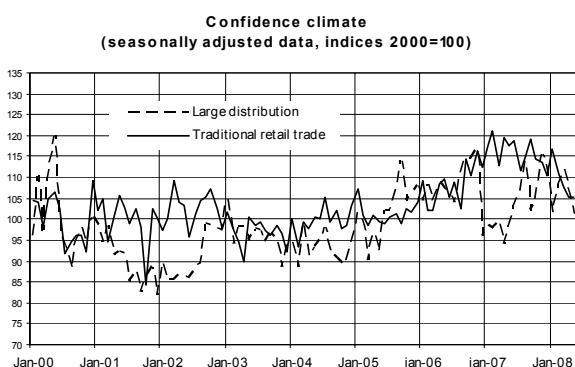
The full text of ISAE Surveys (either hardcopy or electronic format) is available for sale (for further information see the web site www.isae.it)

General results

The ISAE survey, carried out between May 1 and May 19 on a panel of about 1,000 firms operating in small and large retail distribution, showed that in May Italian retailers' confidence extended its downward path. The overall seasonally adjusted indicator declined from 106.1 (in April) to 102.8, hitting the lowest level since July 2005. The opinions on current developments in business activity and, above all, expectations for the future trend in sales continued to deteriorate. Moreover, inventories built up once more.

Among the variables excluded from the definition of retail climate, some pessimism further characterized the future volume of employment, but orders sent more encouraging signals. Lastly, with regard to prices, traders perceived a slight acceleration of present inflation, but they stated their intention to lower selling prices in the following months.

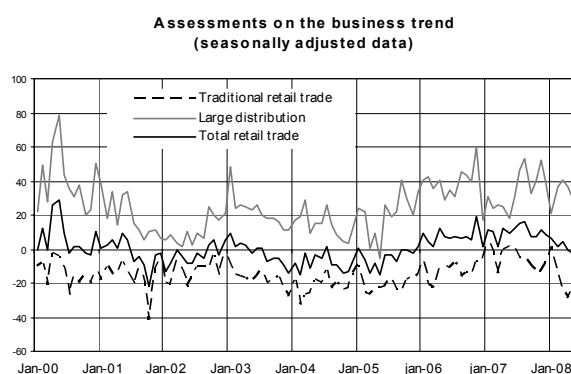
The breakdown of data by distribution channel showed that the fall in retailers' confidence was only due to large distribution firms: the related seasonally adjusted indicator declined from 106.4 (in April) to 101.2. In contrast, confidence remained virtually stable in traditional trade, for which the seasonally adjusted index moved from 105.2 to 105.1.



Situation in the reference month (May 2008)

In May, opinions on the current trend in business activity worsened slightly. The seasonally adjusted balance of the variable declined from -1 to -2. Accordingly, surveyed firms also recorded a new restocking of inventories (the related balance, which is not affected by seasonal factors, increased from 9 to 11). Lastly, with regard to present inflation, overall the seasonally adjusted balance of the variable slightly increased from 49 to 50.

The sorting out of data by distribution channel showed rather different results, especially with respect to the respondents' opinion on the trend in sales and the level of inventories. The seasonally adjusted balance of the former variable posted a decline (from 37 to 30) for "modern" distribution, but recovered for traditional retail trade (from -29 to -23). The balance for the latter one slipped instead (from 11 to 10) for large distribution, but, differently than expected, rose for traditional retail trade (from 8 to 11). As for prices, a slowdown in current inflation was recorded by the respondents of both distribution channels, but especially by those in traditional distribution. The related seasonally adjusted balance edged down from 59 to 58 in "modern" trade, but dropped from 57 to 43 in traditional distribution.



Outlook for the months ahead

In May, traders' forecasts for surveyed variables were mixed. Expectations for the future level of sales and employment continued to deteriorate, whereas those for future orders started to improve once more. In detail, the seasonally adjusted balance of the former variable declined from 21 to 15, the one for employment continued to diminish, moving from 16 to 13, and, finally, the balance for orders recovered from -2 to 1. Lastly, these results were accompanied by a fall in selling price inflation: the seasonally adjusted balance of the variable actually lowered from 32 to 27.

For expectations, the breakdown of data by distribution channel showed rather homogenous results. In detail, the seasonally adjusted balance for the volume of sales declined from 48 to 36 in large distribution and from 7 to 4 in traditional trade. The balance for employment diminished from 33 to 27 in the former sector and from 3 to 1 in the latter one. However, in seemingly contradiction with the above results, the seasonally adjusted balance for the volume of orders improved instead, moving from 22 to 29 in "modern" distribution and from -17 to -12 in traditional trade. Finally, respondents gave non-homogeneous indications only for future selling price inflation. The seasonally adjusted balance of the variable actually diminished from 54 to 41 in large distribution, but remained unchanged, at 21, 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
December	109,7	8	26	12
January	108,2	6	15	4
February	110,1	2	26	5
March	110,5	4	23	3
April	106,1	-1	21	9
May	102,8	-2	15	11

