

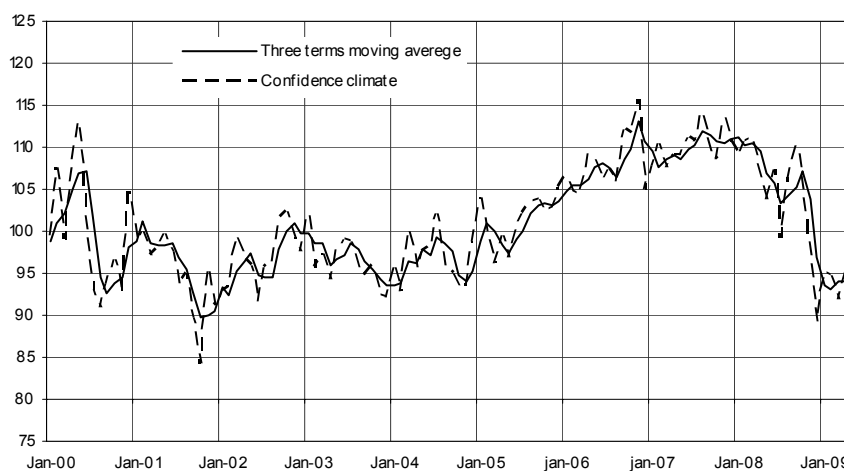


Date: May 28, 2009

ITALIAN RETAILERS' CONFIDENCE DECLINES IN MAY

- The seasonally adjusted indicator slipped from 95.4 to 94.6, remaining however above its January-April 2009 average
- Compared to the previous month, concerns about the current and expected trend in sales increased. Inventories, instead, held steady at their April level
- Among the variables excluded from the definition of retail confidence, expectations for labour market developments remained positive and prospects for orders showed widespread optimism too
- As for prices, retailers continued to perceive a slowdown in the current trend and started to forecast an easing of future inflation
- Developments in confidence were not homogeneous among the two distribution channels. The seasonally adjusted indicator sharply increased in traditional distribution (to 104.3 from 97.5 in April), but clearly dropped in "modern" trade (to 82.7 from 91.2)

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



Data on June shall be released on June 25, 2009

The next ISAE surveys are scheduled as follows:

June 24, 2009: ISAE Monthly Consumer Survey (reference period: June)

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 Italian retailers' confidence moderately worsened in May. The seasonally adjusted index actually slipped from 95.4 to 94.6, remaining slightly above its January-April 2009 average. In particular, opinions and expectations on the volume of business activity inched down. Inventories, instead, remained stable at their April level.

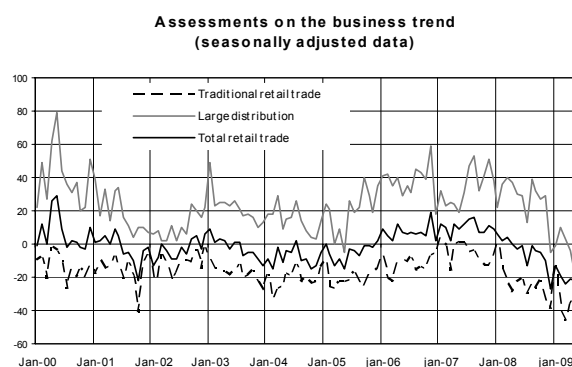
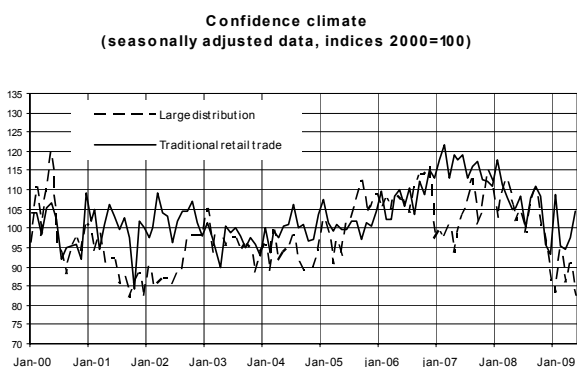
Among the variables excluded from the definition of retail confidence, expectations for the future volume of orders became in general optimistic, while labour market prospects also remained positive. As for prices, survey data confirmed the slowdown in the current trend and showed an easing for expected future inflation.

The breakdown of confidence by distribution channel indicated that the trend in confidence was not homogeneous. The related seasonally adjusted indicator was clearly negative in large distribution (falling to 82.7 from 91.2 in April), but, in contrast, highly positive in traditional trade (rising to 104.3 from 97.5 in the previous month).

Situation in the reference month (May 2009)

In May, retailers' opinions on the current volume of business activity showed overall marginal deterioration. The seasonally adjusted balance of the variable actually diminished from -21 to -22. The opinions on the volume of inventories remained instead unchanged: the related balance (which is not affected by seasonal factors) held steady at its April level (8). Lastly, for the fourth straight month, most respondents considered a slowdown in current inflation. The seasonally adjusted balance of the variable eased further, moving from 32 to 29.

The breakdown of data by distribution channel showed that respondents viewed present trends differently with regard to both sales and the volume of inventories. The seasonally adjusted balance of the former variable posted a sharp deterioration in "modern" distribution (dropping from -4 to -20, the lowest level since February 1996), but instead recorded a clear improvement in traditional retail trade (recovering from -36 to -25). In line with the previous results, the volume of inventories was considered to have increased according to retailers in large retail trade and, on the contrary, to have diminished according to those in small distribution. The balance of the variable actually rose to 8 from -3 in April in the former sector, while it declined to 7 from 12 in the latter one. Lastly, with regard to the opinions on supplier prices, the trend was homogenous in both distribution channels: the related seasonally adjusted balances moved from 50 to 40 in "modern" distribution and from 23 to 22 in traditional trade.



Outlook for the months ahead

In May, surveyed firms, though showing some minor concerns about the future volume of business activity, seemed more optimistic about the future level of employment and orders. The seasonally adjusted balance for the former variable slipped from 9 to 8, while the one for employment improved further, moving from 7 to 11. The balance for orders started to increase once more, recovering from -21 to -12. With regard to future selling prices (also seasonally adjusted), following the rise posted in April, the balance showed a new decline, slipping from 11 to 10.

The breakdown of data by distribution channel showed that retailers in large distribution mainly expected a worsening in the trend for business activity (the seasonally adjusted balance of the variable fell from 27 to 18), whereas those in traditional trade forecast a recovery (in this case the seasonally adjusted balance improved from -2 to 0). As for orders, respondents' indications were decidedly more favourable: the related balance continued to grow for traditional distribution (to -14 from -23 in April), while it started to recover in "modern" trade (to -1 from -17). As for the labour market, "modern" trade firms were overall more optimistic. The related seasonally adjusted balance increased from 16 to 23. In traditional distribution, instead, the same balance remained unchanged at -1, the level posted in March and April. Finally, the seasonally adjusted balance for selling price expectations posted a rise in traditional distribution (to 9 from 6 in April), whereas it recorded a fall in large retail trade (to 14 from 21).

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

Month	Confidence climate	Business trend (assessments)	Business trend (forecasts)	Inventories
December	89,2	-27	0	12
January	95,2	-13	2	9
February	94,7	-19	2	4
March	91,9	-24	-1	6
April	95,4	-21	9	8
May	94,6	-22	8	8

Forecasts on business trend (seasonally adjusted data)

