

May 27, 2010

Data on June shall be released
on June 30, 2010

The next ISAE surveys are scheduled as
follows:

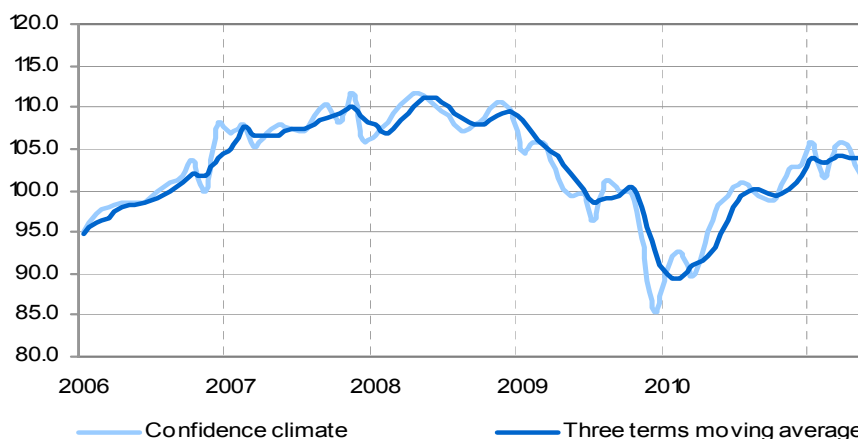
June 23, 2010: ISAE Monthly Consumer
Survey (reference period: June)

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

ITALIAN RETAILERS' CONFIDENCE WORSENS IN MAY, MOSTLY IN LARGE DISTRIBUTION

- Starting this month, ISAE disseminates Italian Retailers' Confidence Survey data elaborated according to the ATECO 2007 classification of economic activities. A detailed description of the changes which have been introduced is contained in the Press Release "The new series of ISAE business surveys", published together with this document
- The seasonally adjusted overall confidence indicator declined from 105 (in April) to 101, moving clearly below its January-April 2010 average level
- Negative indications came from the opinions and (even if to a lesser extent) the forecasts for sales. Inventories were considered to have increased
- With regard to the variables excluded from the definition of retail climate, expectations for the future volume of orders were pessimistic, while employment prospects remained unchanged
- As for prices, respondents viewed an acceleration in both current and future inflation
- Deterioration in confidence, though affecting both distribution channels, was particularly marked for large distribution. The seasonally adjusted indicator declined from 107.3 to 103.8 in traditional distribution, but dropped from 104.7 to 98.2 in "modern" trade

CONFIDENCE CLIMATE (indices 2005=100, seasonally adjusted)



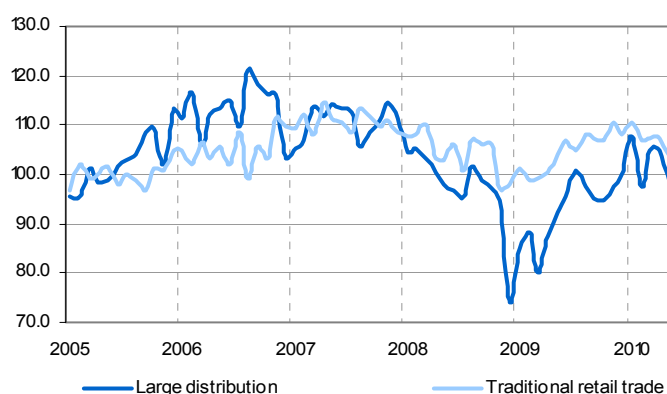
General results

The ISAE survey, carried out between May 1 and May 19 on a panel of 1,000 firms operating in small and large retail distribution, showed that in May Italian retailers' confidence weakened. The seasonally adjusted indicator actually dropped four points, moving from a revised value (see the explanatory note) of 105 (in April) to 101. Compared to the previous survey, the sharpest deterioration mainly characterized the opinions and (to a lesser extent) the forecasts for sales. Inventories were considered to have increased.

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CONFIDENCE CLIMATE (indices 2005=100, seasonally adjusted)



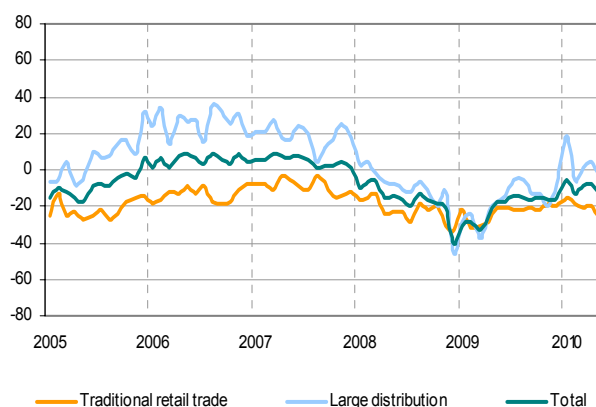
Situation in the reference month (May 2010)

In May, the opinions on the current trend in sales recorded a clearly negative trend.

The seasonally adjusted balance of the variable dropped from -8 (in April) to -13. In line with this result, the survey showed a general restocking of inventories. The related seasonal adjusted balance rose from 0 to 3. As for prices, most surveyed retailers considered an acceleration of current inflation: consequently, the seasonally adjusted balance of the variable increased from 21 (in April) to 25.

The breakdown of survey results by distribution channel showed that respondents' assessments were mostly homogeneous. In particular, with regard to seasonally adjusted data, the balance for the trend in sales worsened from 4 to -3 in large distribution and from -20 to -27 in traditional trade. The balance for inventories increased from -2 to 6 in the former sector and from 3 to 4 in the latter one. Respondents' opinions on current inflation were instead mixed. The related seasonally adjusted balance remained unchanged in traditional distribution (at 28), but sharply increased in "modern" trade (to 21, from 13 in April).

ASSESSMENTS ON THE BUSINESS TREND
(seasonally adjusted balances)



Outlook for the months ahead

In May, respondents' forecasts for both sales and the future volume of orders deteriorated. The seasonally adjusted balance dropped from 10 to 7 for the former variable and from -6 to -9 for the latter one. Surveyed entrepreneurs were instead cautious about their forecasts for employment (the seasonally adjusted balance of the variable held steady at 3). Lastly, with regard to selling price intentions, the May survey showed a revival of future inflationary pressures: the seasonally adjusted balance of the variable inched up, reaching 6, compared to 7 in April.

The breakdown of data by distribution channel indicated that retailers in both sectors were concerned about the future volume of sales and orders. The seasonally adjusted balance of the former variable actually diminished from 15 to 9 in large distribution and from 4 to 3 in traditional trade, while the balance of the latter variable dropped from 3 to 0 and from -15 to -18, respectively. As for prospects for the labour market and selling prices, expectations differed according to the distribution channel. In detail, the seasonally adjusted balance of the former variable slipped from 9 to 8 in large distribution and recovered instead from -1 to 0 in traditional trade. For the latter variable, the balance (also seasonally adjusted) remained stable at 13 in traditional distribution and increased from -1 to 0 in "modern" trade.

CONFIDENCE CLIMATE AND BALANCES FOR THE INDEX-BUILDING SERIES

(seasonally adjusted data)

Month	Confidence climate	Business trend (assessments)	Business trend (forecasts)	Inventories
Jan.	105.6	-5	8	-1
Feb.	101.4	-13	7	2
Mar.	105.6	-9	15	2
Apr.	105.0	-8	10	0
May	101.0	-13	7	3

EXPECTATIONS FOR THE BUSINESS TREND (seasonally adjusted balances)

