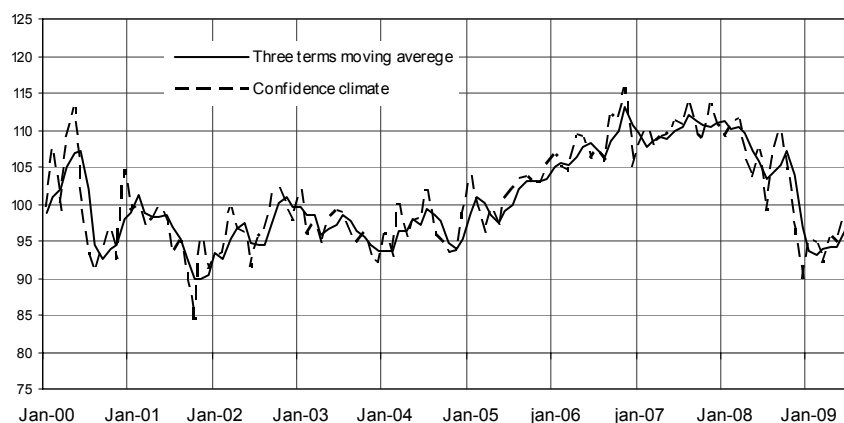


Date: July 29, 2009

ITALIAN RETAILERS' CONFIDENCE REMAINS STABLE IN JULY

- The seasonally adjusted indicator held practically steady at the level posted in the previous month (moving from 98.6 to 98.8)
- The opinions on the current trend in sales continued to improve and new optimism also emerged from expectations for the future trend in business activity. However, inventories were considered to have built up
- Compared to the previous survey, respondents were in general less pessimistic about labour market prospects, but they continued to be concerned about the volume of orders
- As for prices, retailers considered a further reduction in inflationary pressures in July and forecast stability for the following three months
- The breakdown of data by distribution channel showed that operators in large retail trade were the more optimistic ones. The seasonally adjusted indicator actually declined in traditional distribution (to 103.6 from 105.3), but, on the contrary, picked up in "modern" trade (to 93.6 from 91.3)

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



Data on August shall be released on September 1, 2009

The next ISAE surveys are scheduled as follows:

August 27, 2009: ISAE Monthly Consumer Survey (reference period: August)

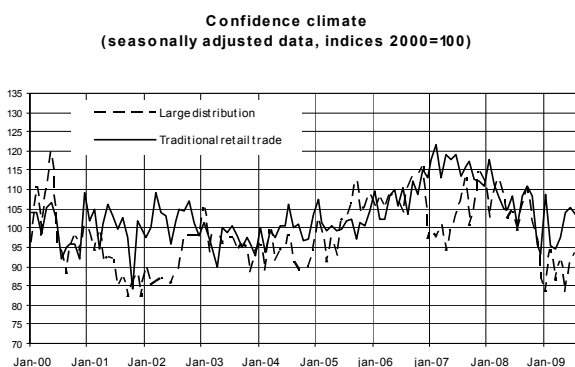
The full text of ISAE Surveys (either hardcopy or electronic format) is available for sale (for further information see the web site www.isae.it)

General results

The ISAE survey, carried out between July 1 and July 19 on a panel of 1,000 firms operating in small and large retail distribution, showed that in July Italian retailers' confidence remained practically unchanged. The seasonally adjusted index actually only inched up, moving from 98.6 (in June) to 98.8. Compared to the previous survey, traders' opinions showed widespread improvement regarding sales. Also expectations for the future trend in business activity were more favourable. However, inventories were considered to have built up again.

The analysis of the variables excluded from the definition of retail confidence showed a significant recovery in expectations for future labour market developments, whereas signs of concern about the future volume of orders increased. With regard to prices, firms confirmed the slowdown in current inflation, whereas they expected virtual stability in the following months.

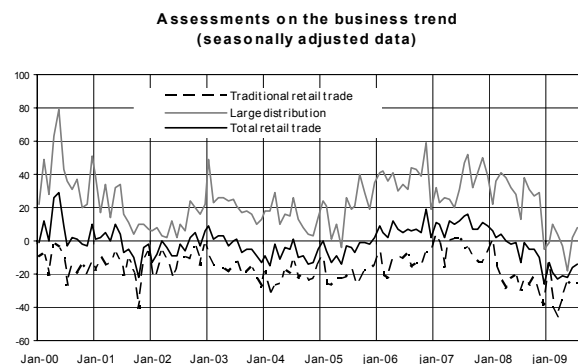
The breakdown of data by distribution channel indicated that retailers in large distribution gave encouraging signals, while those in traditional trade became more concerned. Particularly, the seasonally adjusted indicator increased from 91.3 to 93.6 in the former sector, but decreased from 105.3 to 103.6 in the latter one.



Situation in the reference month (July 2009)

In July, the seasonally adjusted balance for the current trend in business activity continued to recover, rising from -16 (in June) to -14. Seemingly in contrast, inventories were considered to have mostly increased (the seasonally adjusted balance of the variable actually rose from 2 to 5). Lastly, compared to the previous survey, respondents continued to perceive an easing of current inflationary pressures. The related seasonally adjusted balance fell for the sixth straight month, moving from 22 to 20.

The breakdown of data by distribution channel showed quite homogeneous indications. More in detail, respondents in both sectors gave positive assessments on the present trend in business activity: the related seasonally adjusted balance of the variable increased from 2 to 8 in "modern" distribution and from -27 to -26 in traditional trade. Also assessments on the volume of inventories, which clearly did not mirror ex-post opinions on sales, recorded a restocking in both distribution channels: the seasonally adjusted balance of the variable rose from 1 to 7 in large distribution and from 2 to 3 in small retail trade. Finally, also supplier prices showed homogeneous assessments: the seasonally adjusted balance declined from 26 to 18 in "modern" distribution and slipped from 20 to 19 in traditional trade.



Outlook for the months ahead

In July, retail traders' short-term expectations were less unfavourable, particularly with regard to the future trend in sales and employment. However, compared to the previous survey, more widespread pessimism characterized the prospects for the volume of orders. In detail, the seasonally adjusted balance for sales improved from 6 to 8, the one for employment recovered from -1 to 4, whereas the one for orders worsened from -13 to -17. Lastly, with regard to future selling prices (also seasonally adjusted), in July the balance underwent a setback, remaining stable at the level posted in the previous month (6).

The breakdown of data by distribution channel showed that firms in traditional distribution were the more concerned ones (the balances for the future trend of both sales and orders diminished over the previous month, moving to -5 from -1 and to -33 from -27, respectively). The same variables were instead expected to improve according to retailers in large distribution (the seasonally adjusted balances rose from 19 to 28 and from 1 to 4). The balance for the expected level of employment remained unchanged in traditional distribution (at -1), but recovered instead in "modern" trade (from -3 to 8). Finally, with regard to the trend in future selling prices, firms in large distribution mainly showed the intention of slightly raising prices (the seasonally adjusted balance increased from 5 to 9), whereas those in traditional distribution expected a further easing of inflationary pressures (the related balance slipped from 8 to 7).

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

Month	Confidence climate	Business trend (assessments)	Business trend (forecasts)	Inventories
February	94,8	-19	2	4
March	92,0	-23	-1	6
April	95,5	-21	9	8
May	94,7	-22	8	8
June	98,6	-16	6	2
July	98,8	-14	8	5

Forecasts on business trend (seasonally adjusted data)

