

July 29, 2010

Data on August shall be released
on August 31, 2010

The next ISAE surveys are scheduled as
follows:

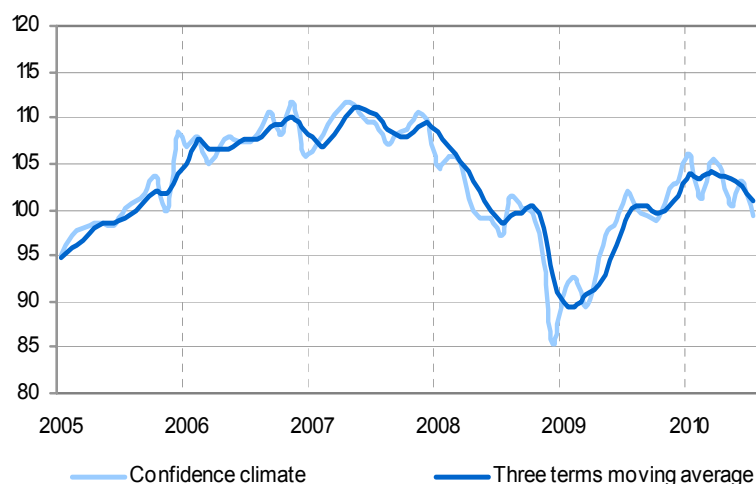
August 26, 2010: ISAE Monthly Consumer
Survey (reference period: August)

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

ITALIAN RETAILERS' CONFIDENCE WORSENS IN JULY

- The seasonally adjusted overall confidence indicator declined from 103 (in June) to 99.4, settling well below the average value posted during the first half of the year
- Compared to the previous survey, both opinions and expectations on business activity declined, while inventories were considered to have built up
- With regard to the variables excluded from the definition of retail climate, expectations for the future volume of orders showed minor concerns, while employment prospects remained unchanged
- As for prices, respondents indicated a marked deceleration in both current and future inflation
- The worsening in confidence recorded for the entire sector characterized both distribution channels. The seasonally adjusted indicator actually diminished from 103.4 to 100.2 in traditional distribution and from 105.9 to 100.1 in "modern" trade

CONFIDENCE CLIMATE (indices 2005=100, seasonally adjusted)



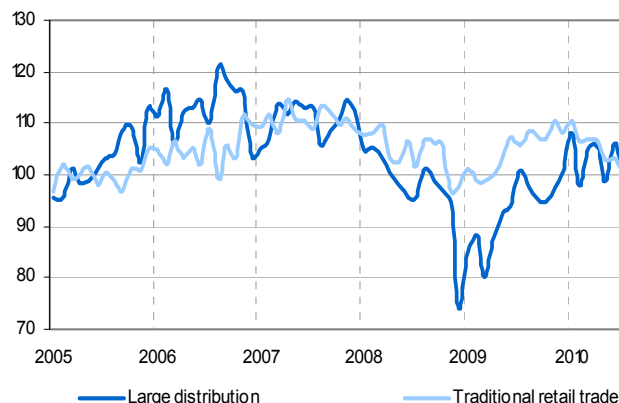
General results

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 deteriorated significantly. The seasonally adjusted overall confidence indicator actually decreased from 103 (in June) to 99.4, the lowest level since October 2009. This negative trend mainly stemmed from more unfavourable opinions on current and future business activity. Moreover, inventories were considered to have increased once more.

With regard to the variables excluded from the definition of retail climate, expectations for the future volume of orders again slightly worsened, while employment prospects continued to remain stable. As for prices, most respondents considered an easing of both current and future inflation.

The breakdown of data by distribution channel showed that the worsening in confidence distinguished both sectors. The seasonally adjusted indicator actually diminished from 103.4 (in June) to 100.2 in traditional distribution and from 105.9 to 100.1 in "modern" trade.

CONFIDENCE CLIMATE (indices 2005=100, seasonally adjusted)



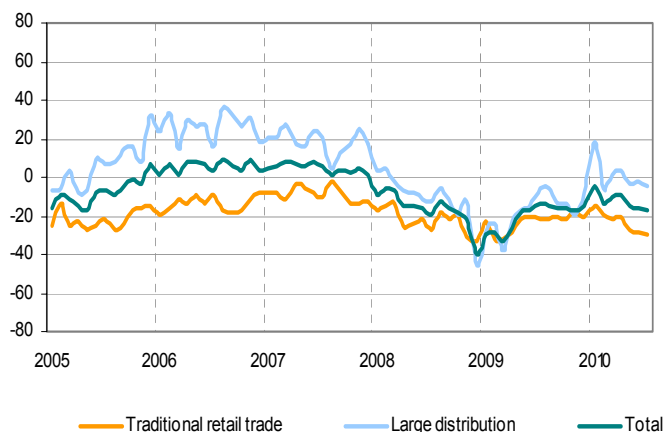
Situation in the reference month (July 2010)

In July, opinions on the current trend in sales progressively worsened for the third month running. The seasonally adjusted balance of the variable slipped further, moving from -16 (in June) to -17. At the same time, after the setback recorded in the previous month, the level of inventories resumed an upward trend, rising from 4 to 7. Moreover, compared to the previous survey, the share of respondents considering a fall in current prices increased: the seasonally adjusted balance of the variable actually diminished from 22 (in June) to 15.

The breakdown of survey results by distribution channel showed that retailers' assessments in traditional distribution remained virtually stable, while those in "modern" trade showed much more concern.

In detail, in traditional distribution both the seasonally adjusted balances for the current trend in sales and the level of inventories held steady at their June level (-29 and 8, respectively). As for large distribution, instead, the seasonally adjusted balance of the former variable worsened from -3 to -5, while the balance of the latter one increased from -1 to 7 (the highest level since June 2009). Assessments were instead homogenous with regard to supplier prices: the related seasonally adjusted balance plunged from 15 to 8 in large distribution and from 31 to 24 in traditional trade.

ASSESSMENTS ON THE BUSINESS TREND (seasonally adjusted balances)



Outlook for the months ahead

In July, in a situation characterized by a marked easing of inflationary pressures, retailers were less optimistic about short-term prospects for sales and (though to a lesser extent) for orders. Expectations for the level of employment remained instead unchanged. In particular, regarding the seasonally adjusted balances of the variables, the balance for the inflation trend declined from 2 to -3, reaching a record low, the one for future sales lowered from 16 to 10, the balance for orders slipped from -8 to -9, and, lastly, the one for the level of employment remained at 2.

The breakdown of data by distribution channel indicated that operators in both sectors expected a fall in the volume of future sales and a slowdown in inflation. The seasonally adjusted balance of the former variable actually fell from 25 (in June) to 18 in large distribution and from 8 to 1 in traditional trade, while the balance of the latter variable deteriorated from -3 to -7 (hitting a historical low) for "modern" distribution and declined from 6 to 1 (a minimum last seen in January 2009) for traditional trade. In contrast, forecasts were not homogenous with regard to prospects for orders and employment. More in detail, expectations for the volume of orders worsened according to retailers in "modern" distribution (the seasonally adjusted balance of the variable lowered from 2 to -1), but recovered according to operators in traditional trade (to -15 from -18). Moreover, retailers in large distribution expected a rise in employment (the seasonally adjusted balance of the variable came in at 4, from 3 in June), but, on the contrary, those in traditional trade forecast a fall (the related balance fell from 1 to -1).

CONFIDENCE CLIMATE AND BALANCES FOR THE INDEX-BUILDING SERIES

(seasonally adjusted data)

Month	Confidence climate	Business trend (assessments)	Business trend (forecasts)	Inventories
Mar.	105.3	-10	15	3
Apr.	104.6	-9	10	1
May	100.4	-15	8	4
June	103.0	-16	16	4
July	99.4	-17	10	7

EXPECTATIONS FOR THE BUSINESS TREND (seasonally adjusted balances)

