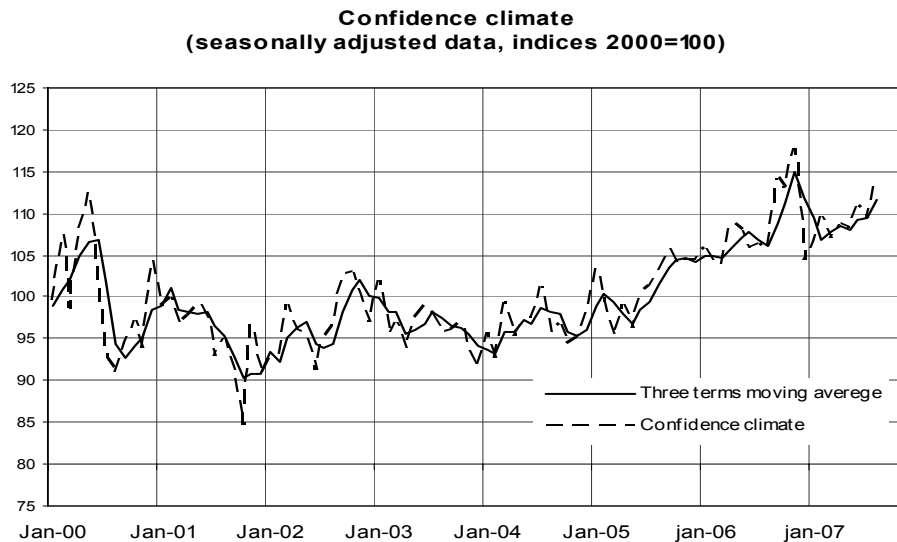




Date: September 5, 2007
TEL.: 06/444821

IN AUGUST, RETAIL TRADE FIRMS' CONFIDENCE RISES, MAINLY IN LARGE DISTRIBUTION

- The seasonally adjusted overall confidence indicator rose to 114.2 from 109.4 in July. The improvement largely stemmed from a more favourable evaluation of current and future sales and from a sharp de-stocking of inventories
- Among the series excluded from the definition of retail climate, respondents confirmed their optimism about future labour market developments and became again confident also about the volume of orders. As for prices, traders considered inflationary pressures to have abated during August, but anticipated a sharp increase in the following quarter
- The breakdown of data by distribution channel showed that confidence surged in large retail trade (to 113.7 for the seasonally adjusted indicator, compared to 106.8 in July), but also improved in traditional distribution (to 115.1 from 111.6)



Data on September shall be released on September 27, 2007

The next ISAE surveys are scheduled as follows:

September 6, 2007: ISAE International Comparison of Consumer and Business Surveys (reference period: August)

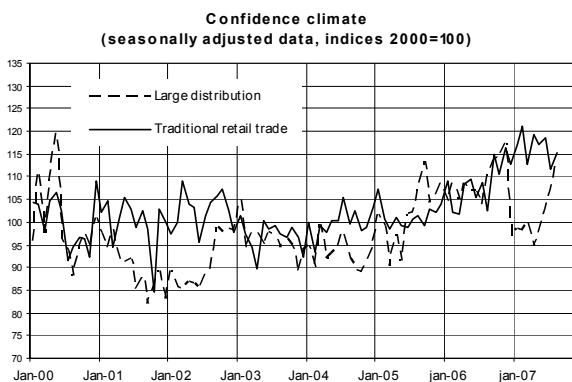
The full text of ISAE Surveys (either hardcopy or electronic format) is available for sale (for further information see the web site www.isae.it)

General results

The ISAE survey, carried out between August 1 and August 19 on a panel of about 1,000 firms operating in traditional and large retail distribution, showed that Italian retailers' confidence bettered in August. The seasonally adjusted indicator rose from 109.4 (in July) to 114.2. The improvement, with respect to the previous survey, mainly characterized the opinions on current business activity, as well as expectations on the future volume of sales. Moreover, inventories continued to diminish.

Among the variables excluded from the definition of confidence, expectations for labour market developments and the future volume of orders bettered. As for prices, traders considered inflationary pressures to have abated during August, but anticipated a sharp increase in inflation in the following quarter.

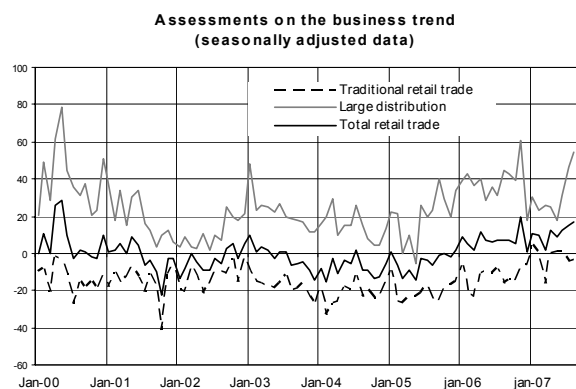
The rise in confidence, which regarded both distribution channels, was particularly strong for large retail trade. For this sector, the seasonally adjusted indicator actually surged from 106.8 to 113.7, close to the value reached last September. For traditional retail trade, confidence increased, instead, from 111.6 to 115.1, retracing much of the sharp fall recorded in July.



Situation in the reference month (August 2007)

In August, opinions on current business activity continued to gradually improve for the third month running. The seasonally adjusted balance of the variable actually rose from 15 (in July) to 17. Furthermore, inventories sharply diminished. The related balance (which is not affected by seasonal factors) declined from 8 to 2, returning to the level posted last June. Finally, compared to the previous survey, the seasonally adjusted balance for suppliers' prices declined to 31 from 34 in July.

The breakdown of data by type of retail distribution showed uniformly favourable survey results, in line with the overall indicator. The seasonally adjusted balance of current business activity improved from -5 to -4 for traditional retail trade and from 47 to 54 for "modern" distribution; the one for inventories diminished from 9 to 4 and from 7 to -1, respectively. Finally, with regard to suppliers' prices, the same indicator moved to 34 from 35 (in July) for small retail traders and to 23 from 30 for larger ones.



Outlook for the months ahead

In August, in a situation characterized by a marked increase in inflationary pressures, trade operators staged higher optimism about short-term expectation for future sales, orders and employment. Actually, on a seasonally adjusted basis, the balance for the future volume of sales rose from 14 to 20, the one for orders recovered from -1 to 3 (as in June), and, finally, the balance for the labour market improved from 13 to 14. As for selling prices, in August the share of respondents expecting a rise in selling prices markedly increased. The raw balance of the variable bounced back from 3 to 22, the value recorded last February.

The breakdown of data by distribution channel showed mainly homogeneous results. In detail, the seasonally adjusted balance for the trend in future sales wiped out much of the fall recorded in the previous month in traditional distribution (rising from 1 to 4), and reached the highest level since November 2006 in “modern” retail trade (moving from 35 to 44). The seasonally adjusted balance for the volume of future orders improved, instead, from -20 to -11 in the former sector and from 26 to 30 in the latter one. With regard to prospects for labour market developments, operators in traditional distribution were cautious and the balance remained unchanged (at 0), whereas those for “modern” distribution continued to be optimistic for a third month in a row, and the balance rose from 30 to 36. Finally, with regard to the selling price trend, the rise in the raw balance of the variable, which characterized both distribution channels, was particularly high for large distribution. The raw balance actually bounced from -6 to 31 for the latter variable and rose from 8 to 16 for “modern” distribution.

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

Month	Confidence climate	Business trend (assessments)	Business trend (forecasts)	Inventories
March	107,1	2	19	7
April	108,8	12	23	16
May	108,3	9	17	8
June	110,8	12	15	2
July	109,4	15	14	8
August	114,2	17	20	2

Forecasts on business trend (seasonally adjusted data)

