

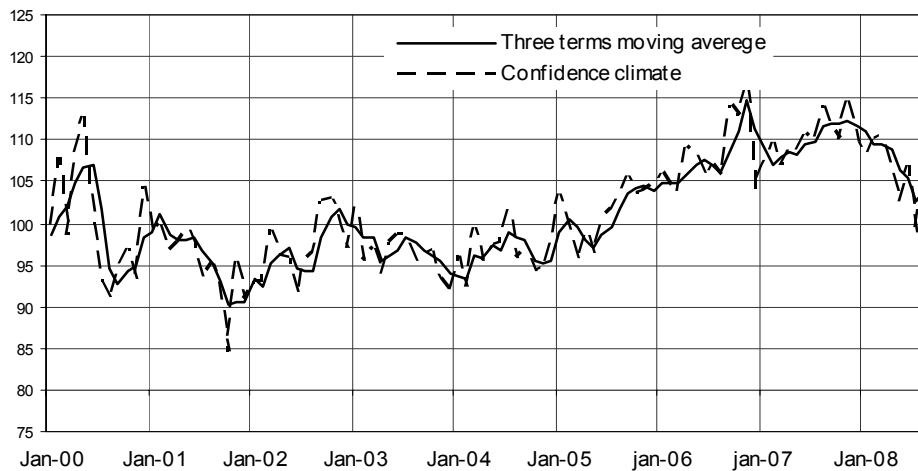


Date: September 4, 2008
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IN AUGUST THE ITALIAN RETAILERS' CONFIDENCE CLIMATE RETRACES MOST OF THE FALL POSTED IN THE PREVIOUS MONTH

- The overall seasonally adjusted confidence index, though remaining below the previous six-months average, rebounded from 98.5 to 106.5, approaching its June value
- Assessments on the trend in current business activity regained all of the ground previously lost, and expectations for the future volume of sales started to improve once more. Inventories were considered to have declined further
- Among the variables excluded from the definition of retail climate, employment expectations were decidedly more optimistic, while those for the volume of orders recovered
- However, both present and future inflationary pressures intensified again
- The recovery in confidence distinguished both distribution channels. The seasonally adjusted index actually increased from 98.9 to 107.2 in traditional distribution and from 99.2 to 106.0 in "modern" retail trade

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



Data on September shall be released on September 25, 2008

The next ISAE surveys are scheduled as follows:

September 9, 2008: ISAE International Comparison of Consumer and Business Surveys (reference period: August)

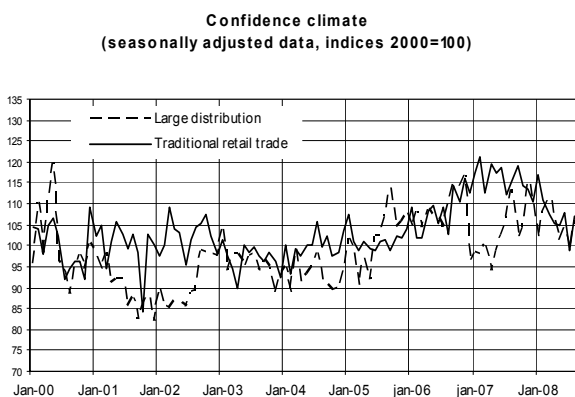
The full text of ISAE Surveys (either hardcopy or electronic format) is available for sale (for further information see the web site www.isae.it)

General results

The ISAE survey, carried out between August 1 and August 25 on a panel of about 1,000 firms operating in small and large retail distribution, showed that in August Italian retailers' confidence retraced most of the fall posted in the previous month. The overall seasonally adjusted confidence index, though remaining below the previous six-months average, rebounded from 98.5 to 106.5, approaching its June value. The recovery mainly stemmed from a clear pick up in the opinions on the trend in current business activity, as well as from the improvement in expectations on the volume of future sales. Lastly, inventories were considered to have declined further.

Among the variables excluded from the definition of retail climate, respondents were in general less concerned about the future volume of orders, while they were decidedly more optimistic regarding the expected level of employment. As for prices, surveyed firms stated they perceived a moderate rise in current prices and expected, at the same time, a slight acceleration of future inflation.

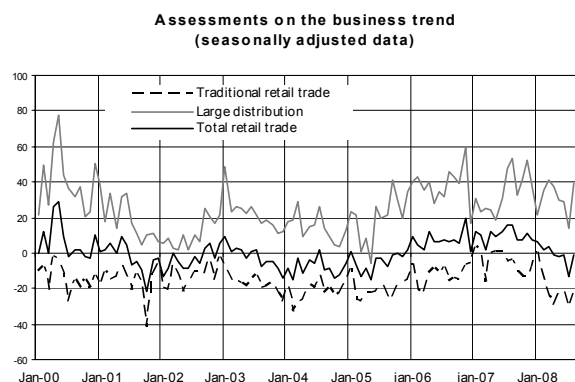
The favourable trend in Italian retail traders' confidence was similar across both distribution channels. The seasonally adjusted indicator actually rose in both traditional and "modern" distribution, bouncing back to its June value for the former (to 107.2 from 98.9) and to its April value for the latter (from 106.0 to 99.2).



Situation in the reference month (August 2008)

In August, the seasonally adjusted balance for the opinions on the current trend in business activity entirely retraced the fall occurred in the previous month, returning to its June value (to -1 from -13). Moreover, for the third month running, the survey pointed to a continuing fall in the level of inventories. The related balance moved from 7 (in July) to 5. As for inflation, the seasonally adjusted balance for supplier prices started to moderately increase once more, moving from 46 to 48.

The sorting out of data by distribution channel showed that surveyed operators' opinions on current business activity improved markedly in both distribution channels. The seasonally adjusted balance of the variable actually recovered from -30 to -23 in traditional distribution and bounced up from 14 to 39 in "modern" trade. On the contrary, respondents' opinions on the level of inventories and on supplier prices remained mixed. The seasonally adjusted balance of the former variable decreased in traditional distribution (to 1 from 6 in July), whereas it increased slightly in large distribution (to 10 from 9). The balance for the latter variable lowered in traditional distribution (from 56 to 47), rising abruptly, instead, in "modern" retail trade (from 29 to 44).



Outlook for the months ahead

In August, recovery characterized surveyed firms' expectations for the future trend in both business activity and orders, as well as employment. In particular, the seasonally adjusted balance for the first variable improved from 9 to 17, recuperating most of the fall recorded in the previous month; the balance for orders recovered from -9 to -5, while the one for employment grew for the second month running, moving from 9 to 18. As for future selling price intentions, the survey pointed to expectations of a new acceleration of inflation. The seasonally adjusted balance of the variable started to rise once more, moving from 29 to 33.

The breakdown of data by distribution channel showed non homogeneous indications. The future trend in business activity and the one in the volume of orders were expected to recover sharply according to operators in traditional distribution, but to decline according to those in large retail trade. For the former variable, the seasonally adjusted balance actually recovered from -10 to -1 in traditional distribution, but slipped from 44 to 43 in "modern" trade. For the latter variable, the balance improved from -28 to -15 in small distribution, falling instead from 17 to 13 in large retail trade. As for employment, the seasonally adjusted balance of the variable did not mirror traders' expectations about the future trend in business activity. Differently from what one might have expected, the related balance declined from 0 to -2 in traditional distribution and rebounded instead from 20 to 48 in "modern" trade. Lastly, with regard to selling prices, the seasonally adjusted balance of the variable, though coming in at a decidedly lower level than in the previous quarter, started to increase once more in large distribution (to 44 from 39 in July), lowering instead slightly in traditional retail trade (to 24 from 25).

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

Month	Confidence climate	Business trend (assessments)	Business trend (forecasts)	Inventories
March	110,4	4	23	3
April	106,0	-1	21	9
May	102,8	-2	15	11
June	107,1	-1	24	9
July	98,5	-13	9	7
August	106,5	-1	17	5

Forecasts on employment (seasonally adjusted data)

