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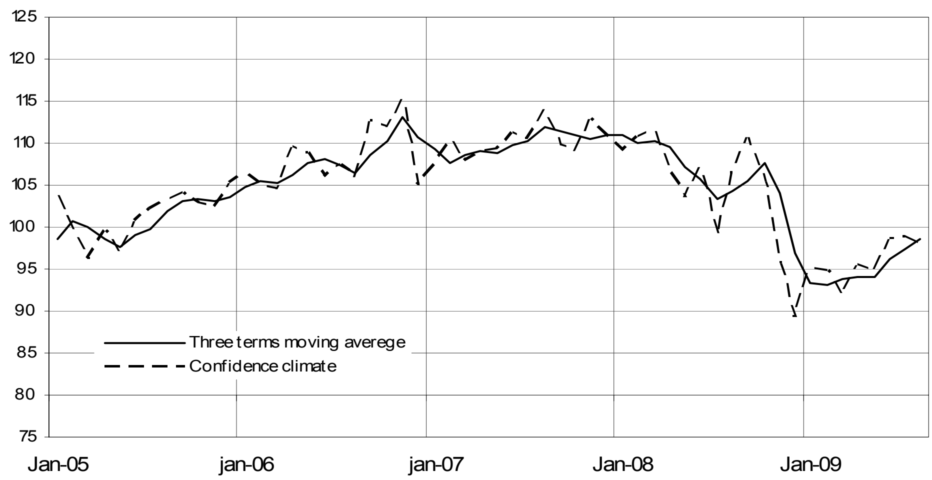
ITALIAN RETAILERS' CONFIDENCE DECLINES SLIGHTLY IN AUGUST

- **Considered net of the seasonal component, the summary indicator declines from 98.7 to 98.1**
- **Opinions about the current performance of sales are once again deteriorating, while expectations about the future trend of business are stable. Even so, inventories are deemed to be contracting anew**
- **Compared with the previous period, the expectations about orders are more optimistic; in addition, the businesses interviewed are expecting employment to remain virtually stable**
- **As to prices, retailers continue to perceive some easing of current inflationary tensions, while also expecting a further slowdown of the same in the future**
- **The breakdown the results according to the type of vendor shows a marked deterioration of confidence among large-scale retailers, flanked by improvement among traditional retailers. The seasonally adjusted indicator falls from 93.4 to 86.5 for the former, and rises from 103.6 to 109.3 in the latter case**

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



The data relative to the month of September 2009 are to be published on 29 September 2009

The next planned ISAE surveys are:

28 September 2009: ISAE monthly survey of consumers *(month of reference: September)*

The complete text of the ISAE surveys (in paper and electronic form) is available for sale, at the conditions indicated on the site: www.isae.it.

General results

Retailer confidence experienced a slight decrease in August according to a survey of 1,000 small and large-scale retailers conducted by ISAE from 1 August to 19 August. Considered net of the seasonal component, the summary indicator slipped from 98.7 (in July) to 98.1. In particular, the views of the survey participants point to further deterioration of the current volume of business and stability of expectations about the future performance of sales; as a final point, inventories are deemed to be moderately contracting.

With regard to the variables that are not part of the definition of the confidence climate, the expectations about order volume reflect signs of a strong rebound, while the prospects for the labour market instead remain stable. From the standpoint of prices, the views of the retailers suggest further deceleration of the current trend, and another slowdown in the future.

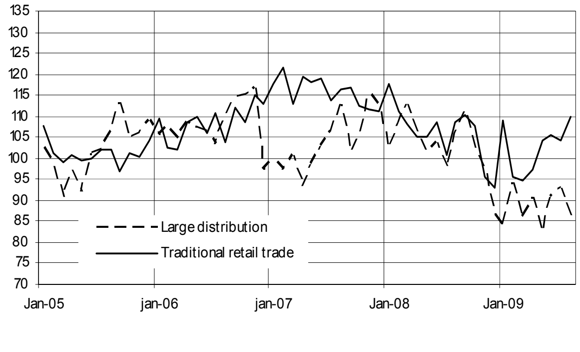
Breaking down the results by retailer type, large-scale retailers appear significantly more pessimistic than in the previous survey, whereas more favourable indications come from the store operators belonging to the traditional circuit. The seasonally adjusted indicators consequently go from 93.4 (in July) to 86.5 in the former case and from 103.6 to 109.3 in the latter.

Situation during month of reference (August 2009)

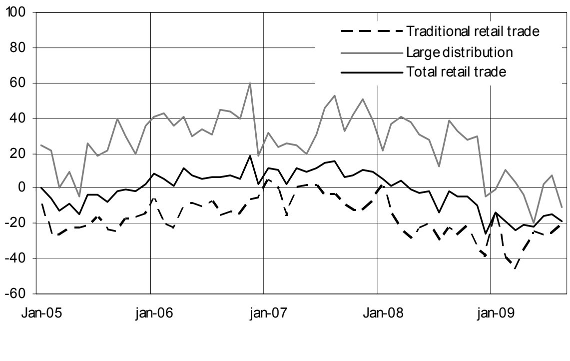
As of August, the current performance of business was viewed negatively for the most part, and the variable's seasonally adjusted balance was once again contracting, going from -14 (in July) to -18. By contrast, the level of inventories descended, propelling the balance (which is moreover not affected by seasonality) from 5 to 2, to around the level recorded in June. Current inflationary tensions continue to ease (at this point, the seventh consecutive month), with the balance dropping from 19 to 12 to reach the lowest level since January 1990.

As shown by the breakdown of the results by retailer type, the opinions of large-scale retailers about the current trend of business are clearly particularly negative. Indeed, while most of the more traditional retailers discerned a recovery of current sales volumes (with the seasonally adjusted balance of the variable consequently shifting from -26 to -21), the businesses operating more modern and larger stores expressed a negative view overall, prompting the seasonally adjusted balance of the variable to plummet from 7 to -11. The opinion is also divided with regard to the volume of inventories and the level of prices. Looking at the seasonally adjusted balances of the variables, the one related to inventories rises from 7 to 9 in the case of large-scale retailers and falls from 3 to -2 in the case of traditional retailers; the balance of the price variable plunges from 17 to -8 in the case of large-scale retailers, while it remains stable at 19 for the traditional retailers.

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



Assessments on business trend
(seasonally adjusted data)



Outlook for the months ahead

As of August, the outlook for order volumes reflected renewed, widespread optimism. The seasonally adjusted balance of the variable rebounded further, going from -17 (in July) to -12 (the level reported in May). The near-term expectations about the performance of sales and the trend of the labour market instead remain stationary, and the seasonally adjusted balances of the variables remain stable at 8 and 4, respectively. The inflationary tensions expected have been scaled down further: after rising last month, the seasonally adjusted balance of the variable is once again falling, going from 6 to 4.

As shown by the breakdown of results by retailer type, the improvement in the outlook for orders is evident for both categories, although it is particularly pronounced in the case of traditional retailers. For the traditional segment, the seasonally adjusted balance of the variable rebounds from -33 to -22, whereas it improves from 4 to 8 for the large-scale retailers. As far as the outlook for selling prices is concerned, the views outlined by the survey participants from the two categories appear consistent. Expectations of a slowdown in the trend of inflation were aired by both large-scale retailers (with the seasonally adjusted balance of the variable declining from 9 to 1), and traditional retailers (with the seasonally adjusted balance of the variable declining from 7 to 3). Turning finally to the outlook for the trend of sales and the number of employed, it is noted that expectations vary. More specifically, large-scale retailers expect the trend of sales to soften, whereas traditional retailers discern a recovery (with the seasonally adjusted balance of the variable deteriorating from 28 to 23 for the former category, and recovering from -5 to 0 for the latter). On the other hand, large-scale retailers expect the number of employed to grow, whereas the traditional retailers contemplate a decrease (in this case, the seasonally adjusted balance of the variable grows from 8 to 13 for the former category, and contracts from -1 to -3 for the latter)

Confidence climate and balances of the series making up the index (seasonally adjusted data)

Month	Confidence Climate	Trend of Business (Opinions)	Trend of Business (Forecasts)	Inventories
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	98.7	-14	8	5
August	98.1	-18	8	2