

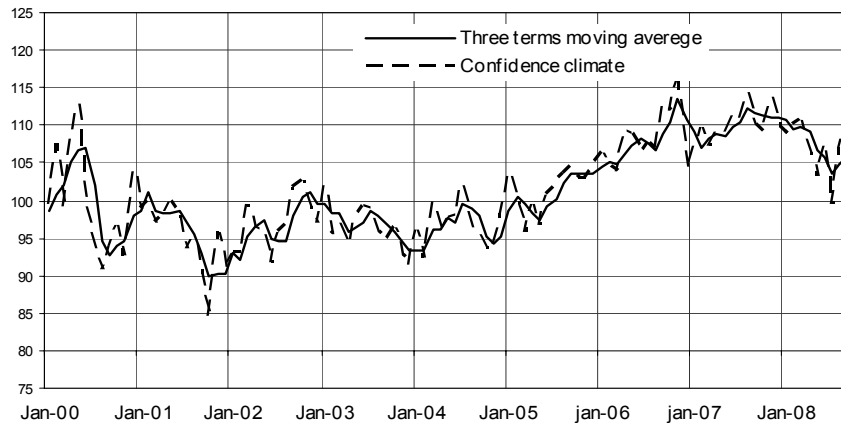


Date: **September 25, 2008**
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IN SEPTEMBER THE ITALIAN RETAILERS' CONFIDENCE CLIMATE EXTENDS ITS UPWARD PATH

- **The overall seasonally adjusted index increased from 107.0 to 111.0, retracing entirely the fall recorded last July**
- **Firms became more optimistic about future sales, whereas they gave slightly negative assessments on current business activity. Lastly, inventories declined further**
- **Among the variables excluded from the definition of retail climate, firms confirmed their optimistic expectations on the future volume of orders, but became concerned about labour market developments**
- **Both present and future inflationary pressures started to ease once more**
- **The improvement in confidence distinguished both distribution channels. The seasonally adjusted index actually continued to increase in traditional distribution (moving from 108.6 to 111.6) as well as in “modern” retail trade (from 106.2 to 111.1)**

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



Data on October shall be released on October 28, 2008

The next ISAE surveys are scheduled as follows:

October 7, 2008: *ISAE International Comparison of Consumer and Business Surveys (reference period: September)*

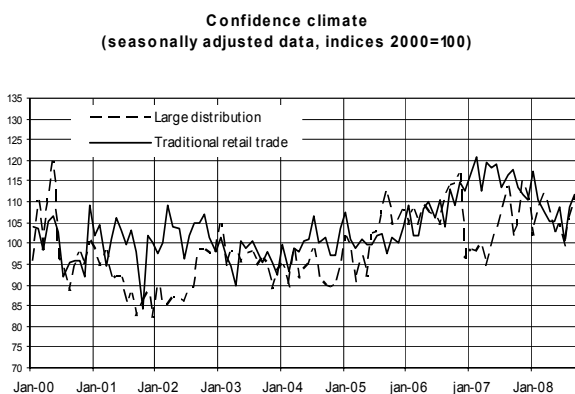
The full text of ISAE Surveys (either hardcopy or electronic format) is available for sale (for further information see the web site www.isae.it)

General results

The ISAE survey, carried out between September 1 and September 19 on a panel of about 1,000 firms operating in small and large retail distribution, showed that in September Italian retailers' confidence continued to increase. The overall seasonally adjusted confidence index rose from 107 to 111, retracing entirely the fall posted in July and returning, for the first time, above the average of the first six months of the year. The improvement characterized in particular expectations on the volume of future sales, whereas the opinions on the current trend in business activity started to give slightly negative indications. Lastly, inventories declined further.

With regard to the variables excluded from the definition of retail climate, respondents confirmed their optimistic evaluation of the future volume of orders, but they became concerned about employment prospects. As for prices, surveyed firms were less worried about the current rise in prices, while they increased their expectations of a slowdown in future inflation.

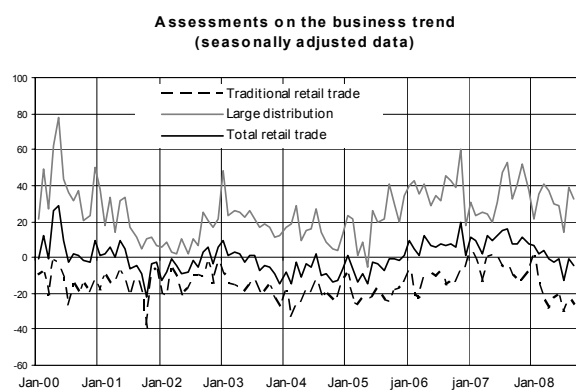
The improvement in confidence distinguished both distribution channels. The seasonally adjusted index actually increased from 108.6 to 111.6 in traditional distribution and from 106.2 to 111.1 in "modern" retail trade.



Situation in the reference month (September 2008)

In September, the seasonally adjusted balance for the opinions on the current trend in business activity moderately edged down, moving from -1 to -4. Moreover, for the fourth month running, the survey pointed to continuing fall in the level of inventories. The related balance of the variable (which is not affected by seasonal factors) declined from 5 to 1. As for supplier prices, the seasonally adjusted balance diminished from 47 to 45, bouncing to its July 2008 value.

The sorting out of data by distribution channel showed that the worsening in the opinions on current business activity, recorded for the overall sector, was evenly spread across both distribution channels. The seasonally adjusted balance of the variable actually diminished from 39 to 32 in "modern" trade and from -23 to -27 in traditional distribution. Homogenous assessments also distinguished supplier prices: the seasonally adjusted balance actually decreased from 44 to 37 in large distribution and from 46 to 39 in traditional retail trade. Lastly, with regard to inventories, the balance lowered to 0 from 10 (in August) for "modern" distribution, but remained unchanged at 1 for traditional trade.



Outlook for the months ahead

In September, firms confirmed the optimism, which emerged in the August survey, about the future trend in sales and orders. The related seasonally adjusted balance surged from 19 to 31 for the trend in business activity, while it recovered from -5 to 6 for the volume of orders. However, a new fall (from 18 to 11) in the balance for employment prospects reflected respondents' renewed concerns. As for future selling price intentions, in September, the share of firms projecting a rise in prices recorded a sharp decline: the seasonally adjusted balance of the variable lowered from 32 to 23.

The breakdown of data by distribution channel showed that the improvement recorded for the entire sector was evenly spread across both distribution channels. Business activity and the volume of orders were expected to increase sharply according to operators in large as well as in traditional distribution. In the former sector, the related seasonally adjusted balances actually rose from 44 to 58 and from 13 to 40, while in the latter one they increased from 3 to 15 and from -15 to -9. As for the labour market, also in September the seasonally adjusted balance of the variable did not mirror traders' expectations for the future trend in business activity and orders: the balance held steady at -2 in traditional distribution and fell from 48 to 35 in "modern" trade. Lastly, with regard to selling prices, inflationary pressures eased in both distribution channels. However, the seasonally adjusted balance of the variable declined sharply in large distribution (to 21 from 42 in August), but more moderately in traditional retail trade (to 21 from 23).

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

Month	Confidence climate	Business trend (assessments)	Business trend (forecasts)	Inventories
April	106,4	-1	22	9
May	103,4	-2	17	11
June	107,6	-1	25	9
July	99,4	-13	12	7
August	107,0	-1	19	5
September	111,0	-4	31	1

Forecasts on employment (seasonally adjusted data)

