

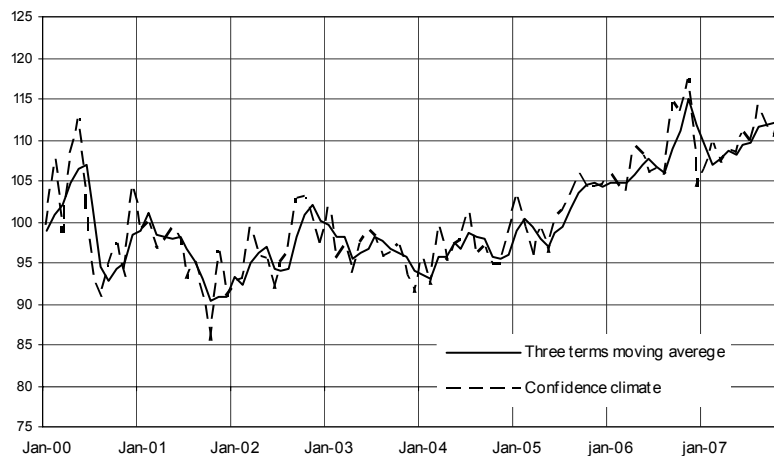


Date: November 28, 2007
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IN NOVEMBER ITALIAN RETAILERS' CONFIDENCE CLIMBS, ESPECIALLY IN LARGE DISTRIBUTION

- The seasonally adjusted overall confidence indicator increased from 110.3 to 115.6 benefiting mainly from strong optimism about the future volume of business activity. The opinions on the current sales trend also gave more favourable indications, not-with-standing a new restocking of inventories
- Among the series excluded from the definition of retail climate, respondents were more optimistic about the future volume of employment and orders
- However, current inflationary pressures continued to increase, though respondents expected lower selling price inflation over the following months
- The improvement in confidence was not evenly spread across both distribution channels. The indicator actually surged for "modern" retail trade (to 115.1 from 104.5), but remained virtually stable for traditional distribution (edging up to 114.4 from 114.8)

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



Data on December shall be released on December 27, 2007

The next ISAE surveys are scheduled as follows:

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

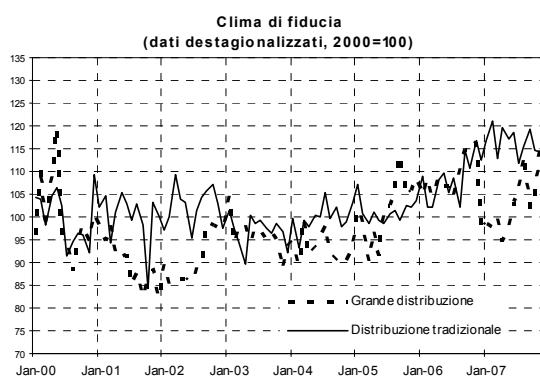
The full text of ISAE Surveys (either hardcopy or electronic format) is available for sale (for further information see the web site www.isae.it)

General results

The ISAE survey, carried out between November 1 and November 19 on a panel of about 1,000 firms operating in traditional and large retail distribution, showed that Italian retailers' confidence reverted to a positive trend in November. Following the moderate decline recorded in October, the overall seasonally adjusted indicator increased from 110.3 to 115.6. In particular, the improvement was prompted by decidedly more optimistic expectations about the future volume of sales and, at the same time, by more favourable indications for the current trend in business activity. However the level of inventories increased.

Among the variables excluded from the definition of retail climate, both employment and future orders sent moderately optimistic signals. As for prices, respondents considered current inflationary pressures to have increased further, but they anticipated an easing of inflation in the following months.

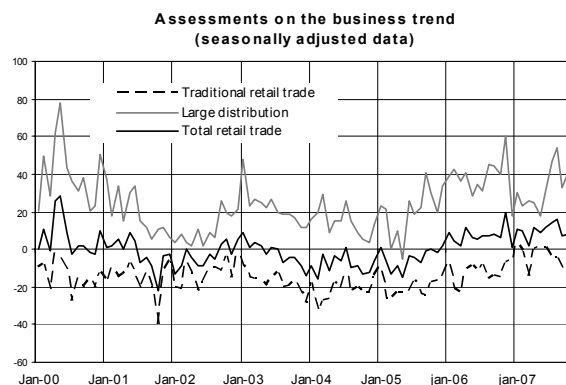
The breakdown of data by distribution channel showed that the increase in the seasonally adjusted confidence indicator was particularly strong for "modern" distribution. The related index surged from 104.5 (in October) to 115.1, reaching the highest level since November 2006. The equivalent indicator for traditional distribution remained instead virtually stable, slipping from 114.8 to 114.4.



Situation in the reference month (November 2007)

In November, the seasonally adjusted balances related to the opinions on the trend for both sales and inventories, as well as for suppliers' prices increased. In particular, respondents upgraded their opinions on current business activity (the seasonally adjusted balance of the variable grew from 8 in October to 11). The number of respondents considering inventories to have increased rose (the related balance, which is not affected by seasonal factors, heightened from 10 to 14). Finally, the share of firms viewing a rise in current inflationary pressures increased (the balance moved from 42 to 44).

The breakdown of data by distribution channel showed rather homogeneous results. The seasonally adjusted balance for inventories continued to increase in both traditional retail trade (to 15 from 11 in October) and "modern" distribution (to 14 from 11). The balance for suppliers' prices rose from 36 to 45 in large distribution and from 49 to 50 in traditional trade. Mixed results characterized only the opinions on the current sales trend: the seasonally adjusted balance of the variable actually held steady in traditional retail trade (at -13), but strongly increased in "modern" distribution (to 52 from 41).



Outlook for the months ahead

In November, trade operators stepped up their predictions, viewing in particular a sharp increase in the future volume of sales. However, also employment and orders showed more favourable expectations. The seasonally adjusted balance of the first variable rebounded from 26 to 42, while the balances for the last two variables rose from 10 to 12 and from 9 to 10, respectively. As for selling prices, after four consecutive months of growth, the raw balance of the variable reverted to a downward trend, lowering from 34 to 32.

The breakdown of data by distribution channel showed that forecasts were homogenous only with regard to expectations for the future trend of business activity. Actually, the seasonally adjusted balance of the variable surged in large retail trade (bouncing from 37 to 65, the highest level since October 2006), but increased also in traditional distribution (reaching 22 from 19 in October). As for employment and orders, “modern” distribution retailers were on the whole more optimistic: they expected in particular a rise in the volume of employment (from 27 to 38, the highest level since November 2006) and stability for orders (at 38). On the contrary, operators in traditional distribution sent less encouraging signals: they expected a fall in the volume of both employment and orders (the seasonally adjusted balances of the variables deteriorated, moving from 0 to -1 and from -4 to -8). Finally, also forecasts for the level of selling prices were mixed: the (raw) balance of the variable started to decline once more in traditional distribution (to 25 from 31), but continued to increase instead in “modern” retail trade (to 42 from 40).

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

Month	Confidence climate	Business trend (assessments)	Business trend (forecasts)	Inventories
June	110,8	12	15	2
July	109,4	14	15	8
August	114,2	16	21	2
September	111,7	7	24	4
October	110,3	8	26	10
November	115,6	11	42	14

