

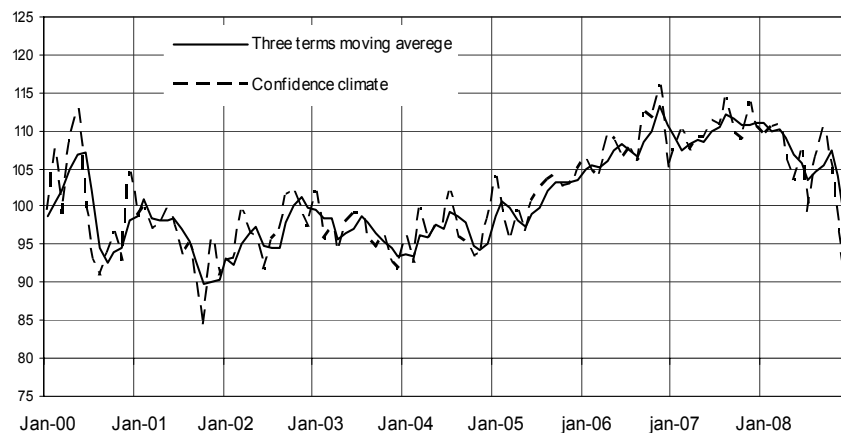


Date: December 30, 2008  
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## ITALIAN RETAILERS' CONFIDENCE GOES SHARPLY DOWN IN DECEMBER

- The seasonally adjusted index continued to drop, moving from 96.9 to 88.8 and attaining the lowest level since October 2001
- Firms gave increasingly negative assessments on current and future sales, but viewed a de-stocking of inventories
- Among the variables excluded from the definition of retail climate, employment expectations turned negative, while those on the level of orders markedly worsened
- As for the price trend, retailers considered a deceleration in both current and future inflation
- Looking at both distribution channels, confidence worsened everywhere, but was particularly negative in large retail trade. The seasonally adjusted indicator actually declined from 95.8 to 93 in traditional distribution, but slumped from 97.1 to 87.2 in “modern” trade, reaching in this case a low unseen since June 2002

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



**Data on January shall be released on January 29, 2009**

*The next ISAE surveys are scheduled as follows:*

**January 13, 2009:** ISAE International Comparison of Consumer and Business Surveys (reference period: December)

**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](http://www.isae.it))**

## General results

The ISAE survey, carried out between December 1 and December 19 on a panel of about 1,000 firms operating in small and large retail distribution, showed that in December Italian retailers' confidence further noticeably worsened. The overall seasonally adjusted confidence index plunged from 96.9 (in November) to 88.8, reaching its lowest level since October 2001. Clearly unfavourable indications came from the current trend in business activity. Also expectations for future sales were again markedly unfavourable. On the contrary, inventories started to diminish.

Among the variables excluded from the definition of retail climate, expectations on the future level of orders continued to be negative, while prospects for labour market developments turned unfavourable. As for prices, retailers considered a deceleration in both current and future inflation.

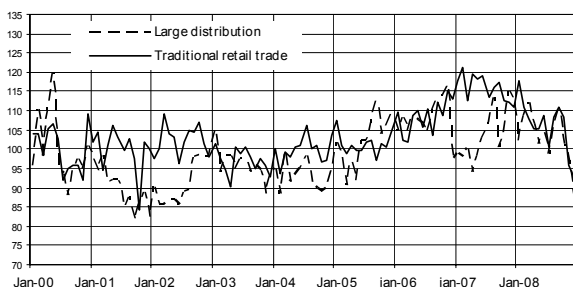
Confidence worsened in both distribution channels, but in December the fall was particularly marked in large retail trade. The seasonally adjusted indicator actually declined from 95.8 to 93 in traditional distribution, but contracted from 97.1 to 87.2 in "modern" trade, attaining a low unseen since June 2002.

## Situation in the reference month (December 2008)

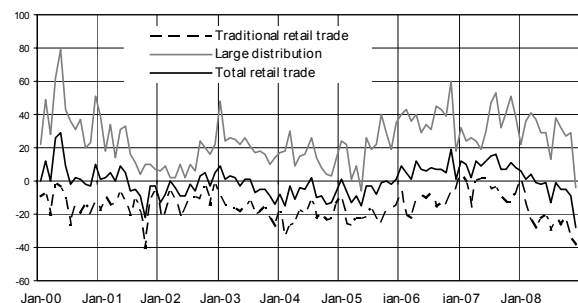
In December, the opinions on the current trend in business activity slumped. The seasonally adjusted balance of the variable dropped to -28 (-9 in November), reaching the lowest level since January 1997. However, inventories were not considered to have increased in the meanwhile. On the contrary, de-stocking was mainly recorded (the seasonally adjusted balance of the variable fell from 19 to 12). Lastly, with regard to supplier prices, the related balance fell for the fourth consecutive month, moving from 38 to 33, a low last reached in February 2007.

The breaking out of data by distribution channel showed that the seasonally adjusted indicator for the current trend in sales worsened in both distribution channels, though at different rates. The balance diminished from -35 to -39 in traditional distribution, but nose-dived from 29 to -4 in "modern" trade, hitting a record low since May 2005. As for stocks, the seasonally adjusted balance of the variable dropped, reflecting a decline in both traditional distribution (from 15 in November to 12) and large retail trade (from 25 to 11, its October level). Lastly, with regard to supplier prices, the seasonally adjusted balance went sharply down in both "modern" and traditional trade, falling from 36 to 22 (its October 2006 low) in the former and from 41 to 32 (a minimum last reached in February 2007) in the latter.

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



**Assessments on the business trend**  
(seasonally adjusted data)



## Outlook for the months ahead

In December, respondents made unfavourable predictions for all surveyed variables. Expectations on both the future volume of sales and orders and of employment sent discouraging signals. The related seasonally adjusted balances moved respectively from 12 (in November) to 1 (a level unseen since March 2005), from -7 to -19 (a low not recorded since September 2002), and from 11 to -3 (lower than at any time since November 2004). Finally, with regard to selling price, traders overall confirmed their forecast of a new easing of inflationary pressures and the related seasonally adjusted balance lowered further, moving from 19 to 12.

The breakdown of data by distribution channel showed homogeneous expectations. The seasonally adjusted balances for the future trend in sales, orders and employment markedly diminished in both distribution channels, lessening, in the order, from 36 to 21, from 20 to 0 and from 34 to 6 in “modern” distribution, and from -4 to -10, from -23 to -39 and from -1 to -4 in traditional retail trade. Lastly, with regard to changes in future selling prices, respondents’ expectations of a declining trend were also uniform. The related seasonally adjusted indicator diminished from 21 to 19 in “modern” distribution and from 15 to 6 in traditional retail trade.

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

Month	Confidence climate	Business trend (assessments)	Business trend (forecasts)	Inventories
July	99,3	-13	12	7
August	106,7	-1	18	5
September	110,4	-5	30	1
October	105,1	-5	21	7
November	96,9	-9	12	19
December	88,8	-28	1	12

Forecasts on business trend (seasonally adjusted data)

