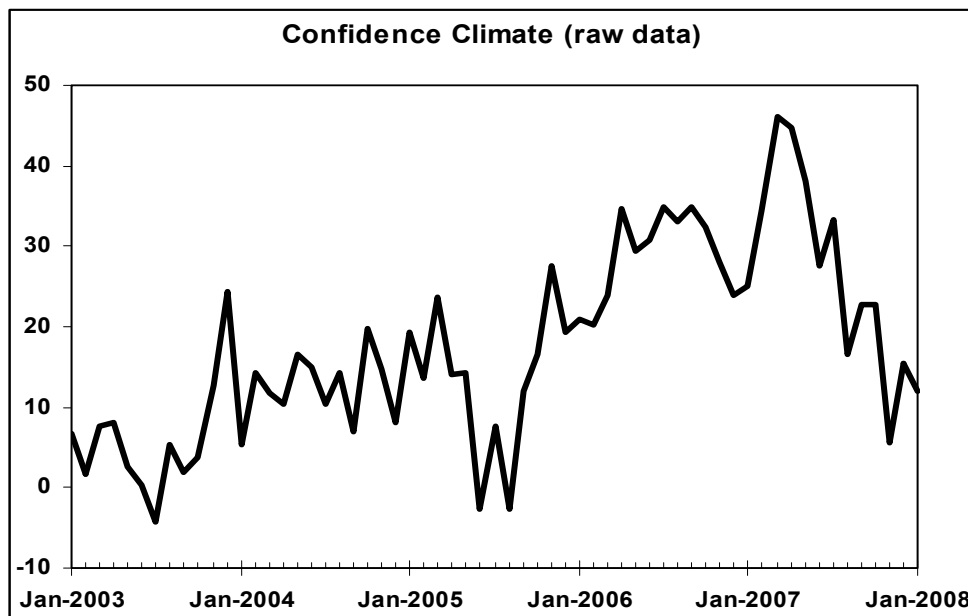




Date: January 30, 2008
TEL.: 06/444821

CONFIDENCE AMONG MARKET SERVICES FIRMS EDGES DOWN SLIGHTLY IN JANUARY

- The confidence indicator declined from 15 to 12, remaining clearly below both its 2007 average and its year earlier level (in January 2007, the index stood at 25)
- Firms reported virtual stability for the current level of orders. However, short-term prospects for demand and for the Italian general economic situation worsened with respect to the previous month
- Among the variables excluded from the calculation of the index, the evaluation of the trend in current employment improved, whereas opinions and expectations on turnover stayed basically stable. Lastly, selling price pressures eased
- In particular, the decline in confidence characterised business services (from 21 to 12). In the household services sector, the index remained virtually stable, though at a historical low level (12, compared to 11 in December). In financial services, instead, the confidence climate recovered (from -21 to -4), following the sharp drop recorded in the previous month. In January 2007, confidence among household, financial and business services firms amounted to 7, -2 and 35, respectively
- The regional breakdown pointed to improvement in confidence in the North East (from -1 to 7), basic stability in the Centre (from 15 to 14), and deterioration in the North West (from 18 to 11) and the *Mezzogiorno* (from 30 to 24). In January 2007, the confidence climate in the North West, the North East, the Centre and the South stood, in the order, at 29, 26, 13 and 24



Data on February shall be released on February 27, 2008

The next ISAE surveys are scheduled as follows:

February 7, 2008: ISAE International Comparison of Consumer and Business Surveys (reference period: January)

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)

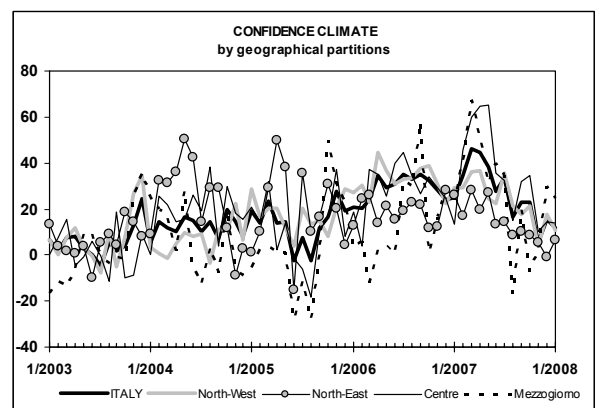
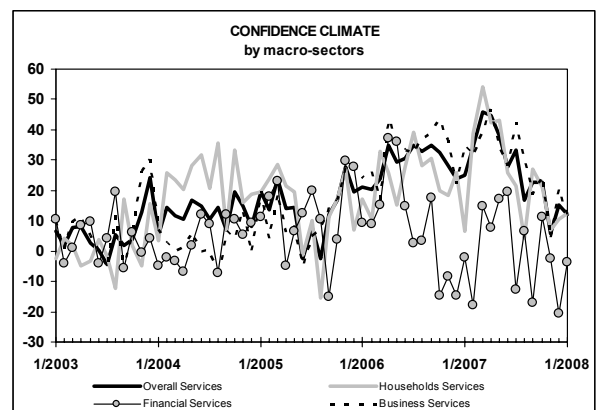
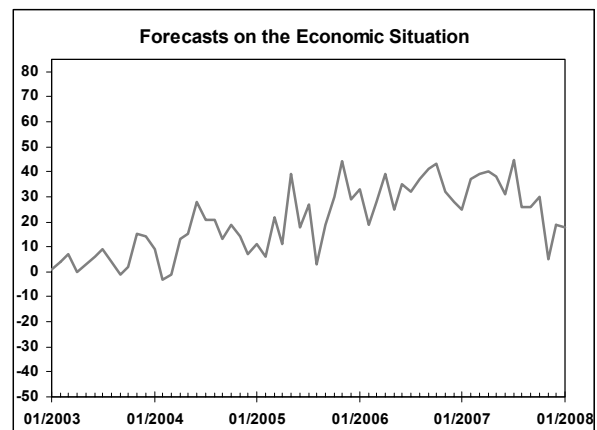
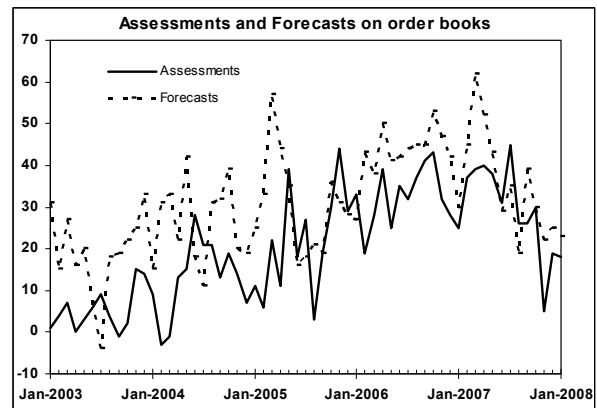
General results

The ISAE Survey, carried out on a panel of about 2,000 firms between January 2 and January 22, showed that confidence among market services firms started to decline once more, following the recovery posted in December. In January, the confidence indicator lowered from 15 to 12, coming in clearly below both its 2007 average and its year earlier level (in January 2007, the index stood at 25).

Firms reported virtual stability for the current level of orders. However, short-term prospects for demand and for the Italian general economic situation worsened with respect to the previous month. Among the variables excluded from the calculation of the index, the evaluation of the current trend in employment improved, whereas opinions and expectations on turnover remained basically stable. Lastly, selling price pressures eased.

In particular, the decline in confidence characterised business services (from 21 to 12). In the household services sector, the index remained virtually stable at a historical low level (12, compared to 11 in December). Instead, in financial services the confidence climate recovered (from -21 to -4), following the sharp drop recorded in the previous month. In January 2007, confidence among household, financial and business services firms amounted to 7, -2 and 35, respectively.

The regional breakdown pointed to improvement in confidence in the North East (from -1 to 7), stability in the Centre (from 15 to 14), and deterioration in the North West (from 18 to 11) and the *Mezzogiorno* (from 30 to 24). In January 2007, the confidence climate in the North West, the North East, the Centre and the South stood, in the order, at 29, 26, 13 and 24.



Situation in the reference period

In January, the opinions of market services firms on orders and turnover remained at the level posted in the previous month: the balance for the current trend in orders and demand stood at 18 (19 in December), nearing its fourth quarter 2007 average. Likewise, the balance for turnover came in at 22 (from 21), hovering, also in this case, around the average level posted in the last quarter of 2007. Firms gave nonetheless a more positive appraisal of the current level of employment (the balance rose from -3 to 5).

However, the industry breakdown showed a mixed picture. In the household services sector, the opinions on orders recovered, those for turnover remained unchanged, and the evaluation of employment worsened. For business services, orders abruptly fell, turnover remained stable, but employment improved. Finally, for financial services, orders and turnover recovered, and employment remained stable.

At the regional level, the opinions on orders improved in the North East and, mainly, in the Centre, but worsened in the North West and the *Mezzogiorno*. The evaluation of turnover was basically stable in the North, but bettered in Centre and worsened instead in the *Mezzogiorno*. Lastly, assessments on employment improved mainly in the North West.

Outlook for the next three months

In January, prospects for orders and turnover remained virtually stable with respect to the previous month, while those for employment improved. Expectations for a rise in future inflation eased, but short-term forecasts for the Italian economy worsened, probably also in relation to the downward revision of growth forecasts for the world business cycle by main international institutions. More in detail, the balances for future orders and turnover amounted both to 23 (from 25 and 21 respectively in December). The balance for employment rose to 15 (from 10), while a decline distinguished the one for prices (to 2 from 8)

and for the Italian general economic situation (to -5 from 2).

Also forecasts were somewhat mixed across sectors. In household and financial services, surveyed firms expected a fall in orders, while in business services respondents projected a recovery. With regard to turnover, expectations were basically stable in the household and business sectors, but declined in the financial services one. Employment forecasts were markedly negative in households and financial services, but turned out positive in business services. Price pressures were predicted to increase once more in financial and business services (but not in household services). Lastly, forecasts for the Italian general economic situation improved in household and financial services, but worsened in business services.

At the regional level, expectations for orders bettered in the North, but worsened in the Centre and the *Mezzogiorno*. Forecasts for turnover declined everywhere but in the North West, while those for employment recovered all over the country, except in the Centre. Forecasts of an easing in inflationary pressures characterized all areas, while expectations for the overall Italian economy improved in the North East and the *Mezzogiorno*, but deteriorated in the North West and the Centre.