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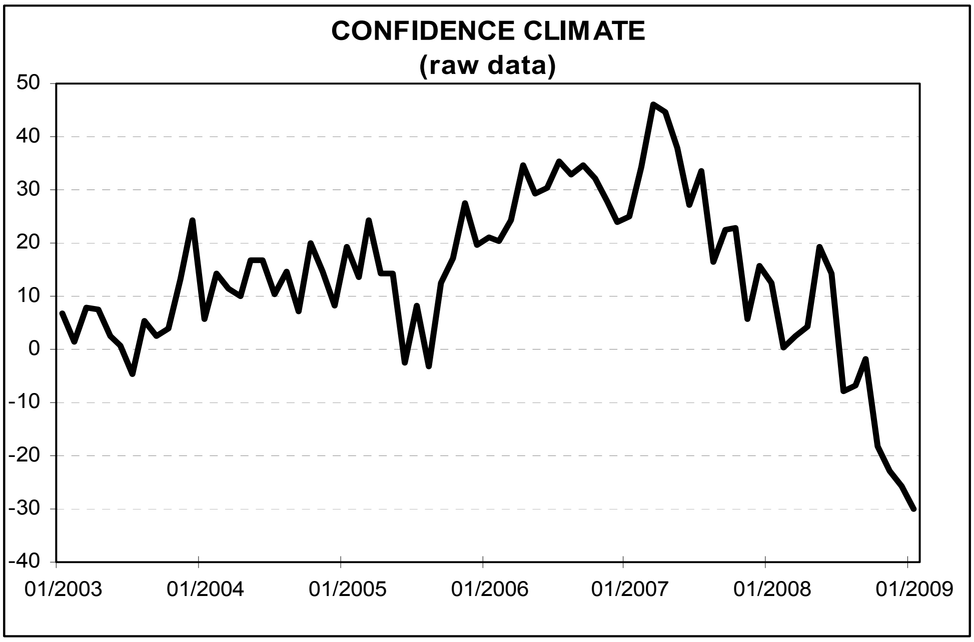
CONFIDENCE AMONG MARKET SERVICES FIRMS FURTHER DETERIORATES IN JANUARY

- **The index declined to -30 from -26 (in December), due to unfavourable assessments and expectations on orders. Prospects for the overall economic trend recorded instead a modest recovery**
- **Developments showed some slight differences at sectoral and regional levels. The index decreased to -31 (from -25 in the previous month) in household services and, in line with the findings of the ISAE survey on manufacturing firms, it lowered to -28 (from -26) in business services. In financial services, instead, confidence improved to -1 (from -49), partially retracing the plunge posted in the previous three months**
- **At the regional level, confidence held steady, in negative territory, in the North West (at -27), recovered in the North East (moving to -19 from -23) and the Centre (to -7 from -8), and worsened in the South (to -76 from -71)**

IN THE FOURTH QUARTER 2008, THE SHARE OF FIRMS PERCEIVING THE EXISTENCE OF FACTORS LIMITING PRODUCTIVE ACTIVITY DIMINISHES

- **According to the traditional ISAE quarterly survey, the percentage of operators perceiving the existence of obstacles to productive activity declined to 59% from 66%**
- **Activity was mainly hampered by insufficient demand (a limitation reported by 75% of the sample, compared to 56% in the third quarter). A less significant role is instead attributed to financial constraints (to 23% from 29%) and to "other unspecified factors" (to 5% from 27%)**



Data on February shall be released on February 27, 2009

The next ISAE surveys are scheduled as follows:
February 11, 2009: *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)

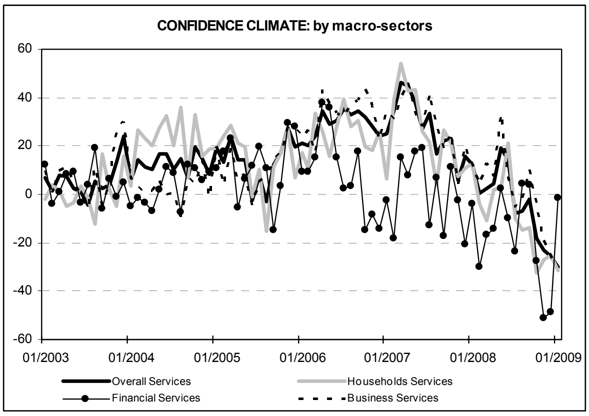
General results

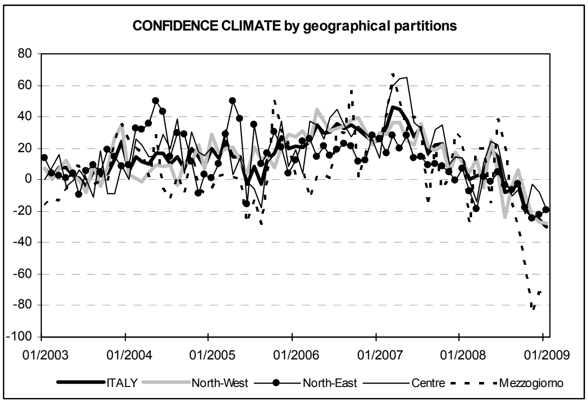
The ISAE Survey, carried out on a panel of about 2,000 firms between January 2 and January 21, showed that confidence among market services firms continued to worsen in January. The indicator decreased to -30 (from -26 in December), due to unfavourable assessments and expectations on orders. Prospects for the overall economic trend recorded instead a modest recovery.

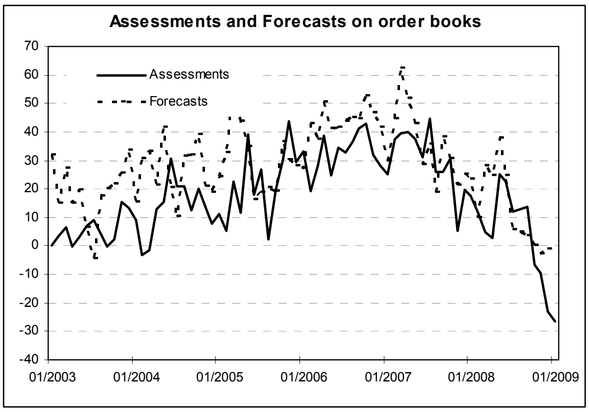
The confidence climate remained negative in main macro sectors and in all geographic areas. Nevertheless, the change in the indicator showed some slight differences at sectoral and regional levels. The index decreased to -31 (from -25) in household services and, in line with the findings of the ISAE survey on manufacturing firms, it lowered to -28 (from -26) in business services. Confidence improved instead to -1 (from -49 in December) in financial services, partially retracing the plunge posted in the previous three months.

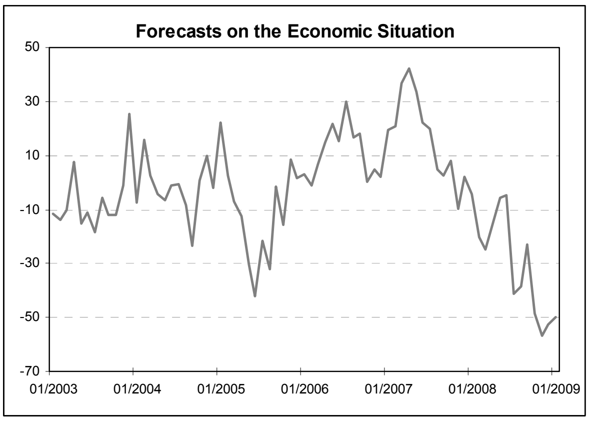
At the regional level, confidence held steady, in negative territory, in the North West (at -27), recovered in the North East (moving to -19 from -23) and the Centre (to -7 from -8), and worsened in the South (to -76 from -71).

The traditional ISAE quarterly survey on obstacles to productive activity sent more favourable signals. The survey, which is addressed to the same firms that respond monthly, showed that in the fourth quarter of 2008 the percentage of operators perceiving the existence of constraints decreased (to 59% from 66% in the previous quarter).







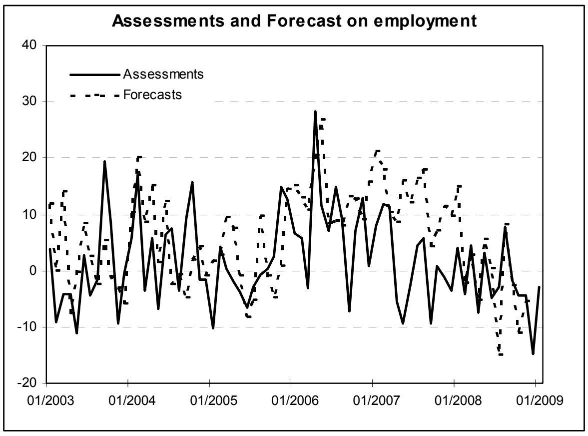


Situation in the reference period

Opinions on orders continued to worsen in January, while those on employment recovered. In detail, the raw balance for orders dropped to -27 (from -23) and the one for employment rose to -3 (from -15).

However, some discrepancies emerged at sectoral and regional levels. In household services, operators gave unfavourable assessments on all surveyed variables. In contrast, in financial services opinions on current orders improved further and the balance for employment diminished slightly. Finally, in business services the balance for orders continued to deteriorate, whereas the one for employment improved 24 percentage points.

The regional breakdown also showed a mixed situation. In the North, operators gave a more confident appraisal, with respect to December, of both orders and employment. In contrast, in the Centre and the South, operators were pessimistic about all surveyed variables.



Outlook for the next three months

In January, expectation for orders worsened. The related raw balance stood at -13 (compared to -1 in December). The balances for employment and the economy in general recovered (from -10 to -15 and from -11 to -53, respectively). As for prices, the share of firms that intended to keep prices unchanged increased and, at the same time, the proportion of those that were going to cut them diminished (the balance moved to -10 from -15).

As recorded for assessments on current conditions, the sectoral situation was heterogeneous also with regard to forecasts. In household services, the balances for orders and the economy declined, whereas the one for employment recovered. In financial services, operators were more optimistic than in December about all surveyed variables. Lastly, in business services the balances for orders and employment deteriorated, while the one for the overall economy was on the mend.

At the regional level, in the North the balances for orders and employment worsened and the one for the general economic trend increased, remaining however negative. In the Centre, operators became more pessimistic, with respect to the December, about all surveyed variables. Finally, in the South the balance for orders recovered modestly, the one for employment rose, and the balance for the Italian economy declined once more.

Quarterly survey results (fourth quarter 2008)

According to the traditional ISAE quarterly survey, carried out on the same sample surveyed monthly, in the fourth quarter of 2008 the share of firms perceiving the existence of factors limiting productive activity went down. The percentage actually fell to 59% (from 66% in the previous quarter). Among the considered obstacles, the role of insufficient demand increased further (it was mentioned by 75% of the firms in the sample, compared to 56% in the third quarter). The weight of financial obstacles and of "other unspecified factors" diminished instead (to 23% from 29% and to 5% from 27%, respectively).

Also in this quarterly survey, there were some differences at the sector level. In detail, in contrast with the aggregate data, in household services the share of firms perceiving the existence of obstacles to productive activity increased to 79% (from 76% in the previous quarter). The proportion decreased instead to 25% (from 32%) in financial services and to 40% (from 56%) in business services.