



ISTITUTO DI STUDI E ANALISI ECONOMICA

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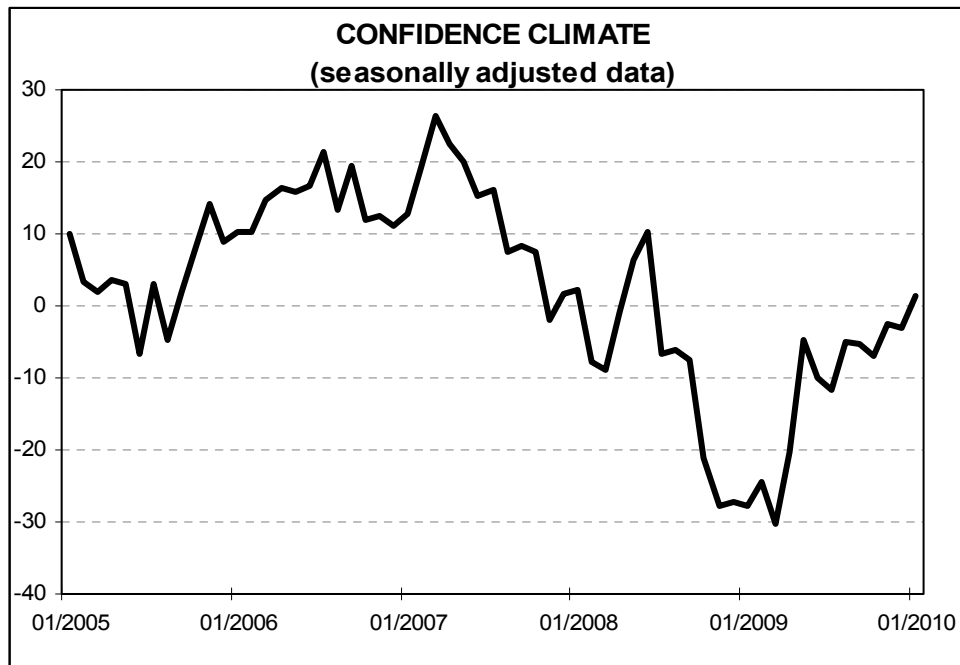
Date: January 28, 2010

### CONFIDENCE AMONG MARKET SERVICES TURNS POSITIVE IN JANUARY

- The seasonally adjusted confidence indicator increased to 1 (from -3 in December), going back in positive territory for the first time since June 2008
- The improvement was due to the recovery in the opinions on orders and in expectations for the Italian economy. Prospects for orders slightly worsened instead
- At sector and regional level some differences emerged. Confidence dropped to -7 (from -6) in household services, for which both opinions and expectations on orders worsened. The indicator increased instead to 13 (from 9) in financial services and to 11 (from -1) in business ones
- At regional level, the indicator grew to 1 (from -5) in the North West, to 7 (from -2) in the North East, and to 3 (from -4) in the Centre. The confidence climate deteriorated instead for firms in the South, lowering to -12 (from 1)

### IN THE FOURTH QUARTER OF 2009 THE PERCENTAGE OF FIRMS PERCEIVING THE EXISTENCE OF FACTORS LIMITING BUSINESS ACTIVITY REMAINED STABLE

- According to the traditional ISAE quarterly survey, in the fourth quarter of 2009 the share of operators perceiving the existence of obstacles limiting their business activity held steady at 61%
- Also in this survey, insufficient demand was considered the main obstacle (89% of the responses), followed, in the order, by “other unspecified factors” (12%) and financial constraints (8%)



**Data on February shall be released on February 25, 2010**

*The next ISAE surveys are scheduled as follows:*

**February 23, 2010:** ISAE Monthly Consumer Survey (reference period: February)

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 on a panel of about 2,000 firms between January 2 and January 20, showed an increase in market services firms' confidence in January. The seasonally adjusted indicator actually rose to 1 (from -3 in December), turning positive for the first time since June 2008.

The improvement was due to the recovery in the opinions on orders and in expectations for the Italian economy. The balance for order prospects slightly diminished instead.

At sector and regional level some differences emerged. Confidence dropped to -7 (from -6) in household services, for which both assessments and expectations on orders worsened. The indicator increased instead to 13 (from 9) in financial services and to 11 (from -1) in business ones.

At regional level, the indicator grew to 1 (from -5) in the North West, to 7 (from -2) in the North East, and to 3 (from -4) in the Centre. The confidence climate deteriorated instead for firms in the South, lowering to -12 (from 1).

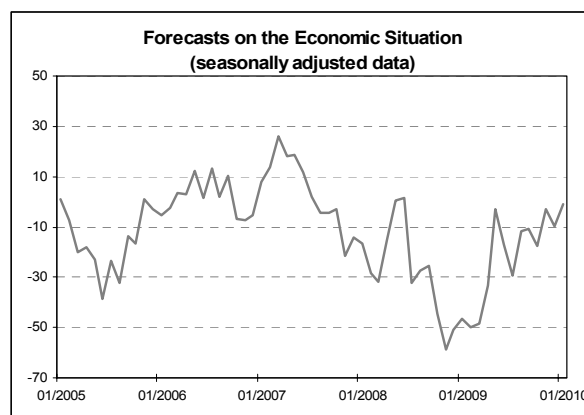
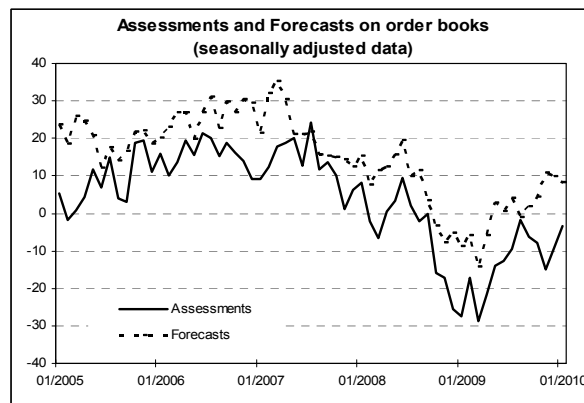
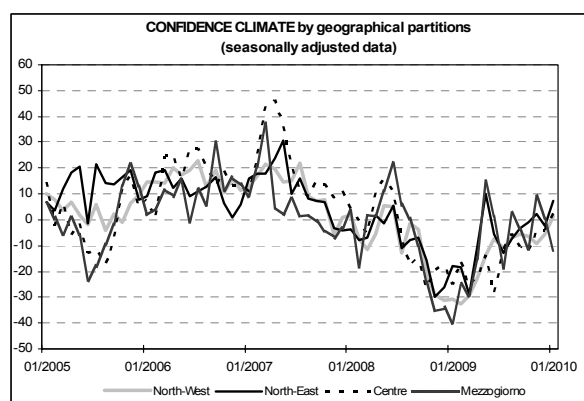
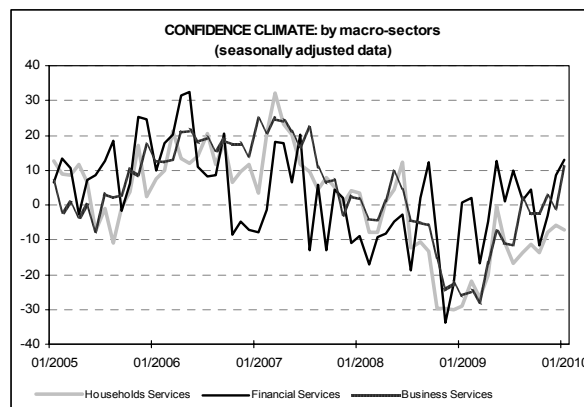
According to the traditional ISAE quarterly survey, conducted among the same panel of firms interviewed monthly, in the fourth quarter of 2009 the share of operators perceiving the existence of obstacles limiting their business activity held steady at 61%.

## Situation in the reference period

Opinions on current orders and employment recovered in January. In detail, the balances for demand and employment increased to -3 (from -9) and to 0 (from -8), respectively.

At sector level, however, firms' indications were somewhat heterogeneous. In household services, the opinions on orders worsened (to -9 from -6) and employment assessments recovered (to -1, from -11). In financial services, the balance for orders increased to -5 (from -20) and the one for employment remained stable at -3. Operators in financial services gave instead more optimistic assessments than in December for both

orders and employment (the balances moved to 11 from -5 and 1 to -5, respectively).



At the regional level, favourable indications distinguished the North West, where the opinions on orders recovered 16 percentage points and the balance jumped to 0 (from -16). The balance for employment increased to 6 (from -3). In the North East, the balance for orders deteriorated (hitting 6, from 7) and the one for employment improved (to 3 from -1). In the Centre, operators were more optimistic than in December for both orders (the balance rose to 4 from -5) and employment (to -15 from -21). Lastly, in the South, assessments on orders worsened (lowering to -22 from -7) while those for employment recovered (up to -1 from -5).

### Outlook for the next three months

In January, prospects for orders and employment deteriorated (the related seasonally adjusted balances lowered to 8 from 10 and to -6 from -1, respectively). In contrast, the balance for the general economic trend recuperated (reaching -1, from -10 in December). As for prices, inflationary pressures, which emerged in the previous months, eased (the balance declined to 5 from 8).

The breakdown of data by macro-sectors and regions showed that also predictions sent some contrasting signals. In household services the balances for orders and employment worsened (to -4 from 1 and to -9 from 1, respectively), while the balance for the Italian economy recovered instead (to -9 from -12). Also in financial services operators were pessimistic about orders (to 16 from 21) and employment (to -4 from 1); in contrast, the balance for the general economic trend increased to 27 (from 25). In business services, improvement characterized both the balance for company variables and the one for the overall economy. In detail, the balance for orders grew to 14 (from 11), the one for employment to -1 (from -2), and the balance for the economy to 7 (from -9).

At the regional level, operators in the North West were pessimistic about expectations for orders (the balance moved to 10 from 17) and employment (to -3

from 4). The balance for the overall economy recovered instead (to -6 from -17). In the North East, improvement distinguished the balances for orders, employment as well as the general economic trend (the balances rose to 17 from 2, to 6 from 4, and to 0 from -15, respectively). In the Centre, the balances for orders and the Italian economy bettered (to -1 from -6 and to 3 from -2). The balance for employment slightly decreased instead (to -13 from -12). Finally, in the South, the balances for orders, employment, and the overall economy deteriorated (to -15 from 5, to -13 from -1, and to 2 from 4).

### Quarterly survey results (fourth quarter 2009)

In the fourth quarter of 2009, the share of operators perceiving the existence of obstacles limiting their business activity remained unchanged at 61%. The percentage held steady at 66% in household services, lowered to 50% (from 68%) in financial services, and increased to 56% (from 55%) in business services.

Also in this survey, insufficient demand was considered the main obstacle (89% of the responses), followed, in the order, by “other unspecified factors” (12%) and financial constraints (8%). As in previous surveys, firms did not consider labour shortage or inadequate space and machinery a significant constraint to their activity.

