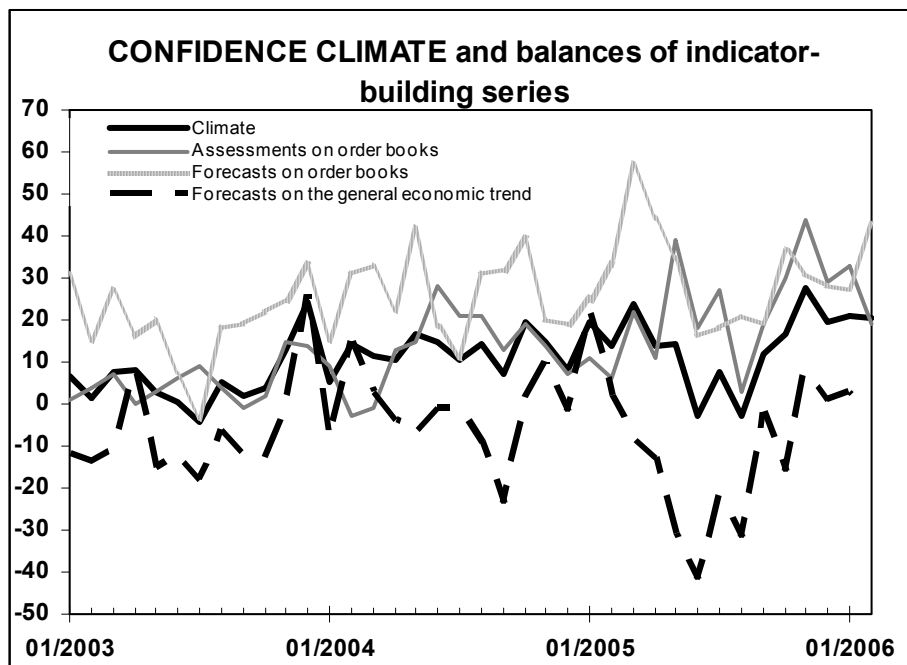




Date: February 28, 2006
TEL.: 06/444821

CONFIDENCE EDGES DOWN AMONG MARKET SERVICES FIRMS IN FEBRUARY

- The raw confidence index eased to 20 from 21 in January, because of the decline in the assessment on orders and in short term expectations for the Italian economy. Nevertheless, the year-on-year change in confidence (which is not affected by seasonal factors) posted a net improvement. In February 2005, the index stood at 14
- The variables excluded from the confidence indicator also sent negative signals. The balance of both assessments and expectations on employment decreased, and the view on current turnover deteriorated. However, the latter was offset by better prospects for the following quarter
- As for prices, market services operators indicated that they planned to raise selling prices. This trend was more obvious for the household services sector than for the business one
- The industry breakdown highlighted divergent trends: the raw confidence index decreased for household services firms (from 17 to 11), due to a marked worsening in the assessment on orders; the index remained unchanged for financial services (at 9), while it bettered for business services (from 24 to 27), backed by the net improvement in order expectations. In February 2005, confidence among household, financial and business services operators was equal to 24, 18 and 4, respectively
- On a regional basis, confidence rose in the North West (from 27 to 30), the North East (from 13 to 24) and the South (from 3 to 6), while it decreased in the Centre (from 19 to 4), where firms mainly recorded highly negative assessments on orders



Data on February shall be released on March 29, 2006

The next ISAE surveys are scheduled as follows:

March 1, 2006: ISAE Survey on Construction (reference period: January 2006)

March 6, 2006: ISAE International Comparison of Consumer and Business Surveys (reference period: February 2006)

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

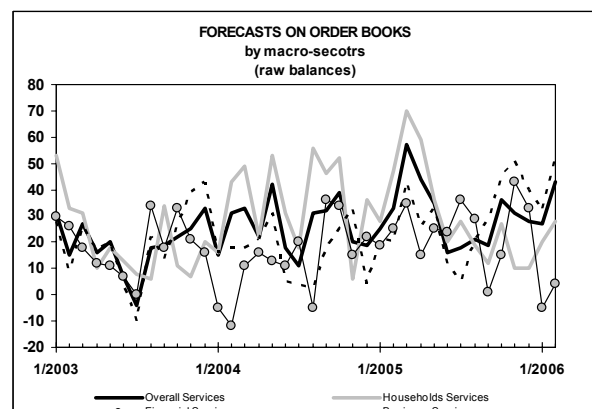
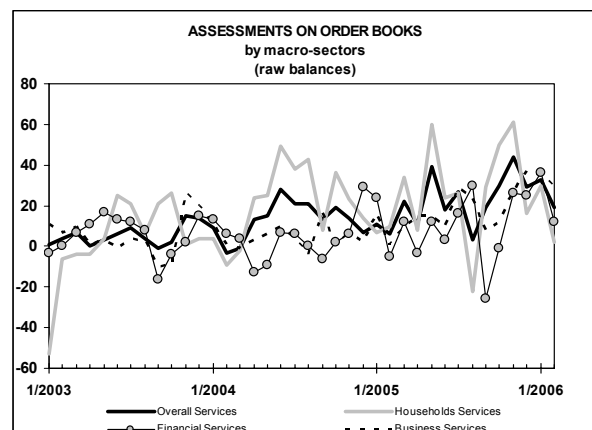
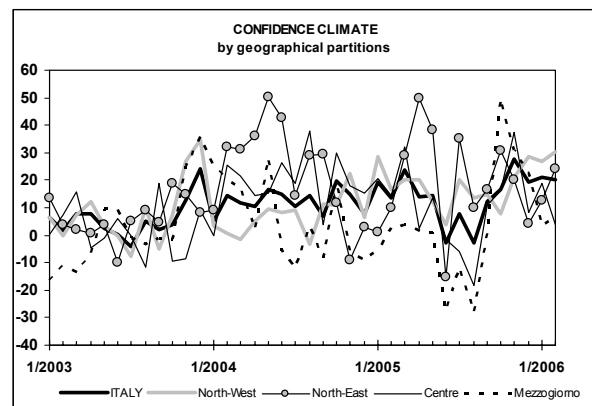
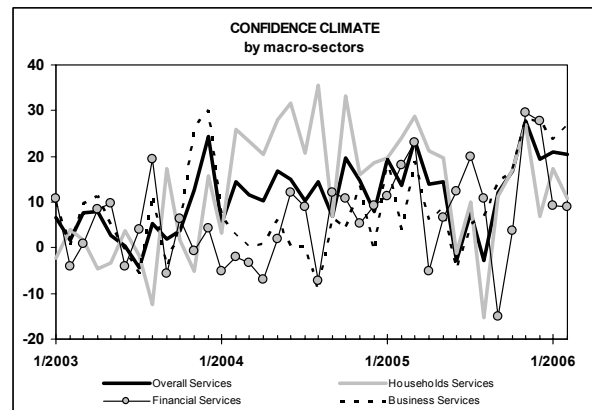
The ISAE Survey, carried out on a panel of around 2,000 firms between February 2 and February 20, pointed to a slight worsening in confidence in the market services sector. The raw index eased to 20 from 21 in January, due to a deterioration in the assessment on orders and in short-term prospects for the Italian economy. Nevertheless, the year-on-year change in confidence, which is not affected by seasonal factors, showed a net improvement (in February 2005 the index was equal to 14).

The industry breakdown painted a mixed picture. The raw index decreased for household services firms (from 17 to 11), because of the sharp worsening in the assessment on orders, mainly for hotels and restaurants, as well as transportation. Whereas the indicator remained stable (at 9) for financial services and improved for business services (from 24 to 27). The latter development was principally backed by better expectations for orders, mainly with regard to some advanced tertiary sectors (IT services, market research, management and administration consultancy, architecture and engineering). In February 2005, confidence among household, financial and business services firms was equal to 24, 18 and 4, respectively.

On a regional basis, sentiment improved in the North West (from 27 to 30), the North East (from 13 to 24) and the South (from 3 to 6), while it worsened in the Centre (from 19 to 4), chiefly because of marked negative assessments on orders.

Situation in the reference period

In February, the balances for orders, turnover and employment deteriorated (from 33, 27, 7 to 19, 9 and 6 respectively).



At the industry level, the worsening was particularly obvious for household services firms, which reduced their assessment on orders and turnover, while their balance for employment remained stable in negative territory. As for single sectors, the worsening characterized mainly hotels and restaurants, transportation and real estate services. Also financial and business services firms were more pessimistic, with respect to the previous month, about all surveyed variables.

On a regional basis, in the North West and the South the balance for orders remained unchanged, while that for turnover and employment deteriorated. Market services operators in the North East and the Centre positively appraised employment, but worsened their assessment on orders and turnover.

Outlook for the next three months

Forecasts for the next three months for orders and turnover were optimistic: the balances increased from 27 and 39, in January, to 43 and 49 respectively. Nevertheless, expectations on employment and on the overall economic trend worsened (the balances declined from 16 to 13, and from 3 to -1, respectively).

With regard to selling prices, operators reported that they planned to raise them (the balance increased from -3 to 16). This trend mainly characterized household services (in particular, hotels and restaurants as well as transportation) and, to a lesser extent, business services.

The industry classification showed that in the household services operators were optimistic about orders and turnover. Whereas the balance for employment decreased, and the one for the economic trend remained stable in positive territory. In the financial services sector, the balance for new orders, turnover and the economic trend improved, while that for employment deteriorated. Business services firms were optimistic about company variables (orders, turnover and employment). However, the balance for the economic trend declined. Short-term economic prospects improved mainly for some advanced tertiary sectors (IT services, market research, management and administration consultancy, architecture and engineering) which posted a net improvement in the balances for orders and turnover.

Also the geographical breakdown showed some diverging trends. In the North West, firms posted favourable expectations for orders and turnover. The balances for employment and short-term economic prospects, instead, decreased. In the North East, market services firms were optimistic with respect to all the surveyed variables. In the Centre, the balances for turnover, employment and the economic trend improved, while the one for orders marginally decreased. Finally, in the South, operators gave more pessimistic evaluations regarding company variables, while the balance for the general economic prospects improved.