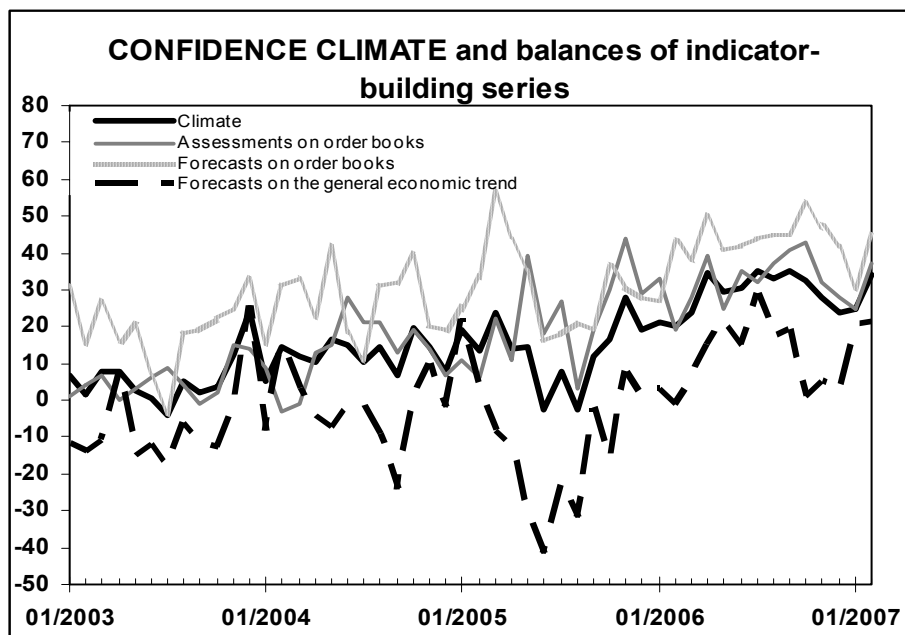




Date: February 27, 2007  
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## IN FEBRUARY CONFIDENCE AMONG MARKET SERVICES FIRMS CONTINUES TO INCREASE

- The raw index rose to 34 (from 25 in January), moving above its last year's average level. The year-on-year change in confidence – which is not affected by seasonal factors – confirmed the improvement (in February 2006, the index stood at 20)
- However, the rise in confidence was rather patchy at the industry level. For household service, in line with the results of the ISAE Consumer Survey, the index surged to 39 (from 7), wiping out the sudden fall recorded in January. The indicator declined instead for financial services (to -18 from -2) and for business services as well (to 31 from 35), where unfavourable expectations for the economy prevailed. In February 2006, the confidence climate for household, financial and business services came in at 11, 9 and 27, respectively
- On a regional basis, confidence remained at a favourable level in the North West (at 29), and lowered further in the North East (to 17 from 26). It increased, instead, markedly in the Centre and the South (to 46 from 13 and to 42 from 24, respectively). In February 2006, the confidence climate in the North West, the North East, the Centre and the South stood, in the order, at 30, 24, 4 and 6
- Among the variables excluded from the confidence indicator, opinions and expectations on turnover sent favourable signals. Also in February, the assessment on employment's current conditions improved. As for prices, inflationary pressures, recorded in the last quarter, cooled down



Data on March shall be released on March 28, 2007

The next ISAE surveys are scheduled as follows:

**March 7, 2007:** ISAE International Comparison of Consumer and Business Surveys (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))

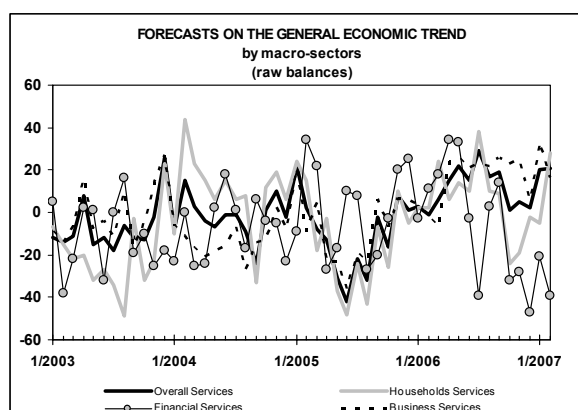
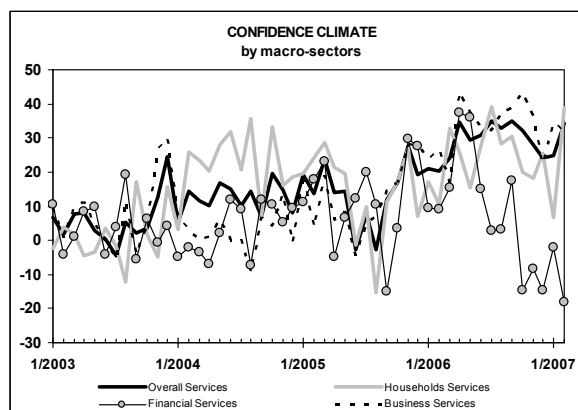
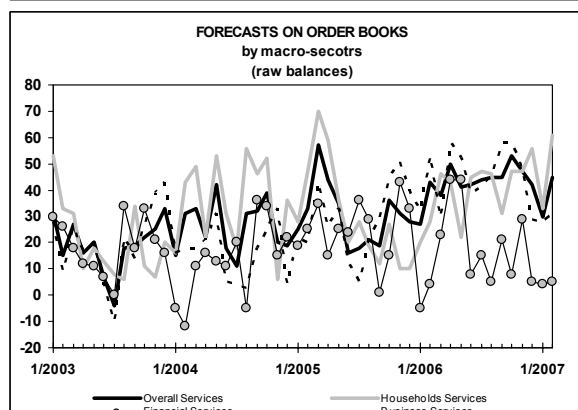
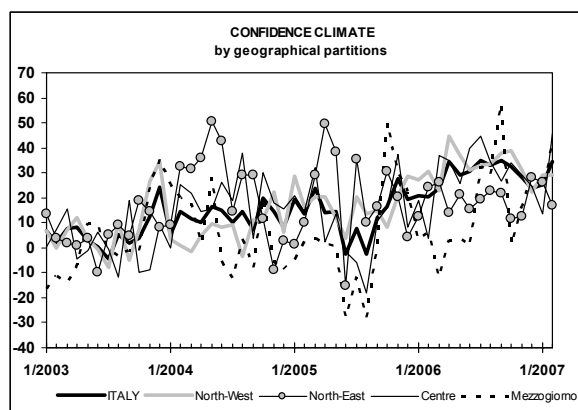
## General results

The ISAE Survey, carried out on a panel of around 2,000 firms between February 2 and February 20, showed a further rise in confidence for the market services sector in February.

The raw indicator expanded to 34 (from 25 in January), thanks to an improvement in all its underlying components, moving above its last year's average level. The year-on-year change in confidence – which is not affected by seasonal factors – also confirmed the progress (in February 2006, the index stood at 20).

The improvement in confidence was rather patchy at the industry level. For household services, in line with the results of the ISAE Consumer Survey, the index surged to 39 (from 7), offsetting the sharp drop posted in the previous month. The indicator declined, instead, for financial services (to -18 from -2) and also for business services (to 31 from 35), where unfavourable expectations for the economy prevailed. In February 2006, the confidence climate for household, financial and business services came in at 11, 9 and 27, respectively.

On a regional basis, confidence remained at a favourable level in the North West (at 29), lowered further in the North East (to 17 from 26) and increased markedly in the Centre and the South (to 46 from 13 and to 42 from 24, respectively). In February 2006, the confidence climate in the North West, the North East, the Centre and the South stood, in the order, at 30, 24, 4 and 6.



### **Situation in the reference period**

In February, market services operators indicated a clear improvement in the present situation. In detail, the balance for orders, turnover, and employment increased to 37, 25 and 12 respectively (from 25, 19 and 8 in January).

However, at the industry level operators' opinions were highly diverging across macro sectors. In the household services sector, firms were more optimistic than in January about all surveyed variables. However, the overall positive situation obscured mixed developments: ground transportation sent decidedly positive signals and travel agencies recovered, whereas the current situation for telecommunications worsened. Also in the business services sector operators gave a favourable assessment on all recorded variables. At the sector level, firms in IT services, architecture and engineering were particularly optimistic. For financial services, instead, the sudden deterioration in the balances for orders and turnover was only partly compensated by a moderate recovery in the one for employment.

On a regional basis, in the North West the balance referring to orders started to increase once more, but the opinions on turnover and employment became unfavourable. In the North East, operators were pessimistic about all surveyed variables. In the Centre, the opinions on orders, turnover and employment turned favourable. Lastly, in the South, operators were more optimistic about orders and employment, whereas the raw balance for turnover returned in negative territory.

### **Outlook for the next three months**

In February, short-term expectations were fairly optimistic. The balances for orders, turnover and the Italian economy actually improved (to 45, 45 and 21 from 30, 22 and 20, respectively). Expectations on turnover worsened instead (the balance lowered to 18 from 22). Moreover, inflationary pressures, which emerged during the last quarter, eased in February (the balance declined to 9 from 19).

Also with regard to forecasts, the situation was rather mixed at both the industry and the regional levels. For household services, the balances referring to orders, turnover and the Italian economy markedly bettered, but the one for turnover remained negative. In the financial services sector, on the other hand operators were fairly optimistic about orders and turnover. The balance for employment stayed positive, and the one for the economy decreased further. For business services, expectations for company variables bettered, whereas the balance for the economic trend worsened.

At the regional level, in the North West, operators gave an optimistic appraisal about company variables. Nonetheless, the balance for the economy deteriorated. In the North East, the balances for orders and employment edged up slightly, while those for turnover and the economy declined. In the Centre, operators became more optimistic, with respect to January, about both company variables and the overall economy. Finally, in the South, the balances related to the future trend for orders and turnover rose once more, and those for employment and the economy deteriorated instead.