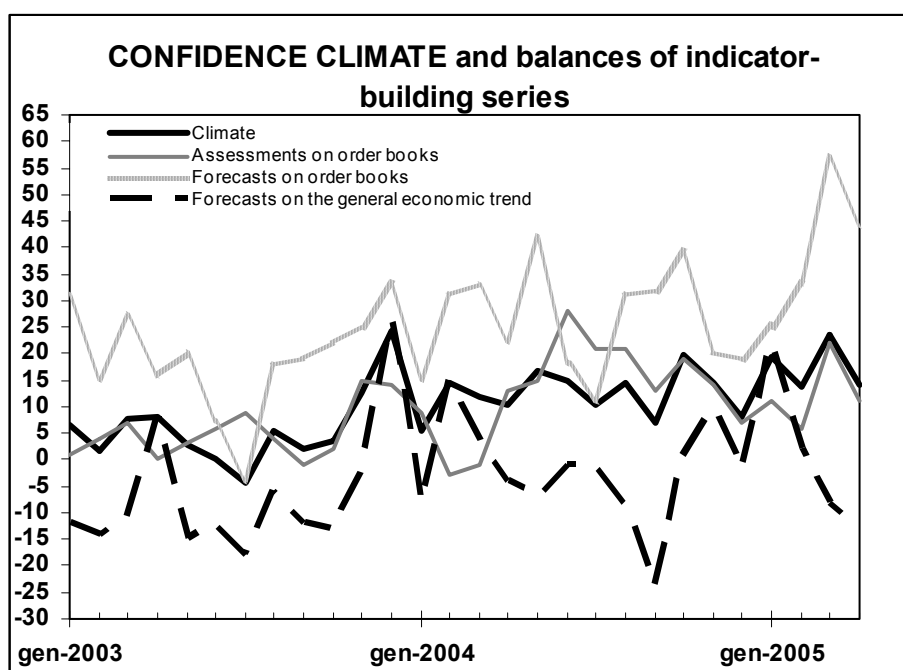




APRIL CONFIDENCE FALLS IN THE MARKET SERVICE SECTOR WITH RESPECT TO THE MONTH, THOUGH IT SHOWS A MODERATE GROWTH ON A YEARLY PREVIOUS BASIS

- The raw index falls from 24 to 14, thus getting again close to the February levels: however, in the comparison with the April 2004 figure (equalling 10) - which is not subject to seasonal adjustment - confidence shows a moderate growth
- Turning to geographical partitions, confidence continues to grow in the North-east, thanks to the improvement of all variables; conversely, the index worsens in the Centre and in the South and it remains stable in the North-west
- The confidence deterioration is common to all sectors: the index falls from 29 to 21 in households services and deteriorates from 23 to -5 in financial services and from 19 to 6 in business services. In April 2004, the indicators of households, financial and business services equalled 20, -7 and 1 respectively
- According to the usual quarterly Survey, the share of firms perceiving the existence of obstacles to production in Q1 2005 rises from 35% in Q4 2004 to 40%
- Among the production-hampering factors, "other reasons" prevail in Q1, even though the share of firms mentioning them as the major production obstacle falls from 75 to 66%. Conversely, insufficient demand (indicated by 28% of firms as against 21%), financial constraints (35% compared to 25%) and lack of manpower (11% as against 2%) play a larger role. Indeed, firms don't perceive the insufficient room and machinery as a binding constraint in this quarter as well



Data on May shall be diffused on **May 26, 2005**

Next ISAE Surveys are scheduled as follows:

April 28, 2005: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference month: April)

May 3, 2005: Comparative Business Surveys for Italy, Germany and France (Reference months: April)

The full text of ISAE Surveys (either hardcopy or electronic) is available on sale (for further information see web site www.isae.it)

General results

According to the ISAE Survey on Market Services carried out between April 1 and 20 on a panel of about 2,000 firms, the April confidence falls from 24 to 14, thus getting again close to the February levels: however, in the comparison with the April 2004 figure (equalling 10) - which is not subject to seasonal adjustment - confidence seems to be growing.

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Turning to geographical partitions, confidence deteriorates in the Centre (from 32 to 2) and in the South (from 4 to 2), while it remains stable in the North-west (20) and grows in the North-east (from 29 to 50), thanks to the improvement of all variables.

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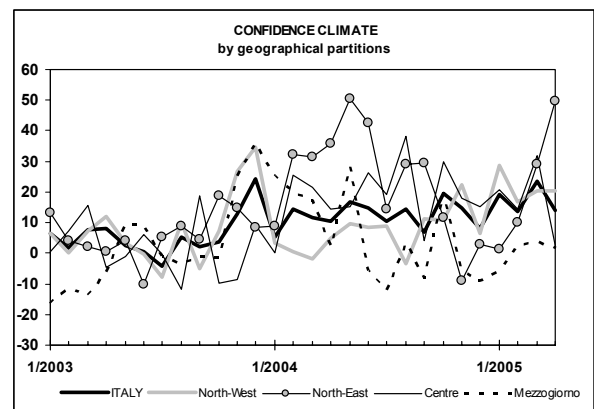
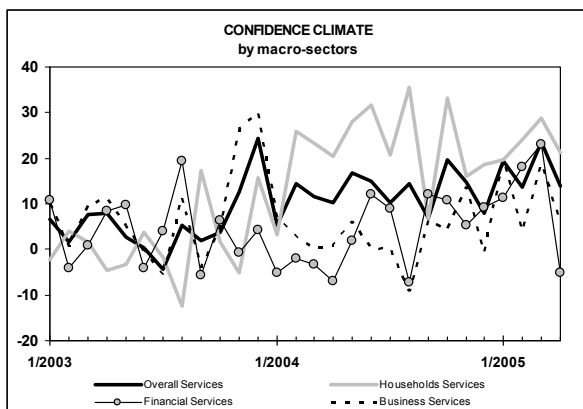
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Situation in the reference month

In April, assessments on the current order-book worsen (the balance decreasing from 22 to 11), as do those on turnover (from 17 to 15) and employment (from 0 to -2).

The analysis by sectors is rather heterogeneous: indeed, the balances of order books and turnover decrease in households services, particularly in road transportation, while the balance of employment slightly recovers. Operators in financial services are pessimistic on all variables; favourable assessments on order books and turnover prevail in business services, while the employment balance is deteriorating.

Looking at geographical partitions, North-western operators are optimistic on order books, while their balances of turnover and employment decrease. Balances of order books and turnover grow in the North-east, while the employment one slightly recover. Firms from the Centre are rather pessimistic on all variables. Finally, in the South the balance of order-books slightly fall, while the one on turnover and employment improve.

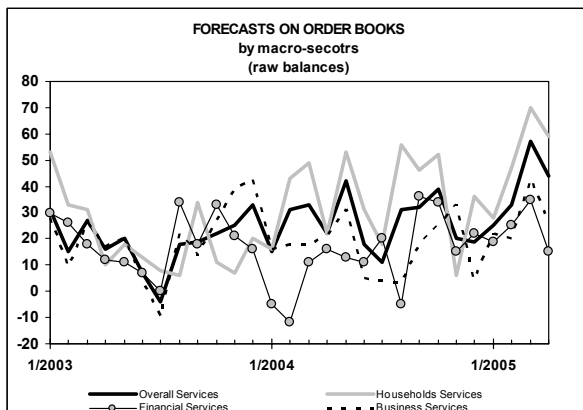


Forecasts for next quarter

In April, ISAE respondents provide darker information on the m/m trends of the main firm variables and of the general economic situation. Indeed, the raw balances referring to order books, turnover, employment and the general economic situation fall from 57, 49, 9 and -8 to 44, 38, 7 and -13 respectively.

Discrepancies emerge in expectations as well. Indeed, the balances of order books, turnover and the general economic situation recover in households services, while expectations on employment are worsening. Conversely, operators in financial and business services are pessimistic on order books, turnover and the general economic trend, while their employment balance is growing.

Looking at geographical partitions, entrepreneurs in the North-west express dark expectations on order books and turnover, while their balances on employment and the general economic trend are recovering. North-eastern firms are optimistic on all variables. The balances of order books, turnover, employment and the general economic trend deteriorate in the Centre, while operators from the South express rosier expectations on order books, turnover and employment, though their balance concerning the general economic trend is contracting.



The main quarterly results (Q1 2005)

In Q1 2005, the share of firms perceiving obstacles to production considerable grows (from 35 to 40% of respondents). Indeed, the number of those considering their production activity to be hampered markedly increases in business services (from 34 to 46%), slightly grows in households services (from 35 to 36%) and loses 20 percentage points in financial services (from 67 to 36%).

Among the main production-hampering obstacles, “other reasons” prevail, though the percentage of firms mentioning them falls from 75 to 66%. Conversely, the weights of “insufficient demand” (from 21 to 28%), “financial constraints” (from 25 to 35%) and “lack of manpower” (from 2 to 11%) become heavier. Indeed, entrepreneurs don’t perceive the insufficient room for machinery and equipment as a binding constraint in Q1 as well.

