



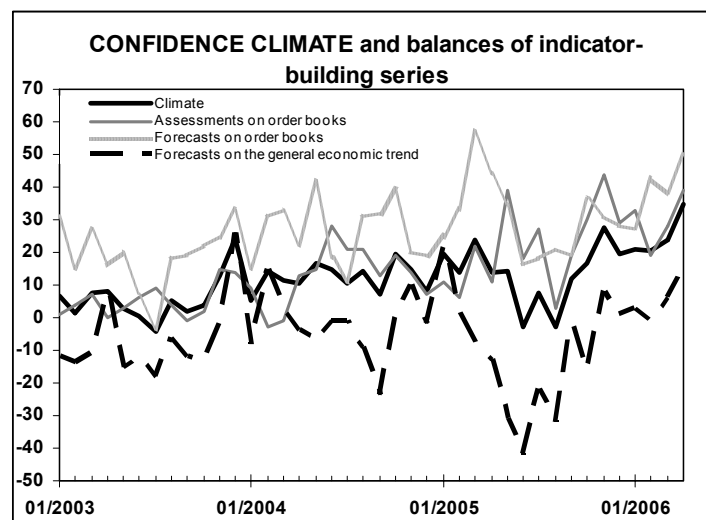
Date: April 28, 2006
TEL.: 06/444821

IN APRIL CONFIDENCE AMONG MARKET SERVICES FIRMS CLIMBS TO THE HIGHEST LEVEL IN THE LAST THREE YEARS

- The raw confidence index increased to 35 from 24 in March, reaching the best result since January 2003. The year-on-year change in sentiment - which is not affected by seasonal factors - confirmed the improvement in confidence (in April 2005, the index stood at 14)
- Also the variables excluded from the confidence indicator sent favourable signals: assessments and expectations on turnover improved; as for employment, operators gave a decisively positive evaluation of the current situation and were also optimistic about the outlook
- However, confidence developments were not homogeneous across sectors and regions: for household services firms, the indicator declined to 26 (from 33), while it increased from 15 to 37 for financial services and from 17 to 43 for businesses services (in line with the results of the ISAE manufacturing firms' survey). In April 2005, confidence among household, financial and business services firms amounted to 21, -5 and 6, respectively
- On a regional basis, confidence worsened in the North East (from 26 to 14) and the Centre (from 37 to 35), while it improved in the North West (from 23 to 45) and the South (from -12 to 3)

IN THE FIRST QUARTER, THE PERCENTAGE OF FIRMS PERCEIVING THE EXISTENCE OF FACTORS LIMITING BUSINESS ACTIVITY INCREASED

- The traditional ISAE quarterly survey pointed to a rise in the percentage of firms perceiving the existence of production constraints (to 32% from 23% in the previous survey). Nevertheless, at the industry level, obstacles increased only according to household services operators
- Among the factors limiting production, also in this quarter financial constraints were considered highly relevant (for 48% of respondents, compared to 35% in the previous survey), while the importance of insufficient demand diminished (from 26% to 15%). The percentage of firms that quoted other "unspecified factors" started to increase once more (from 38% to 64%)



Data on May shall be released on May 29, 2006

The next ISAE surveys are scheduled as follows:

May 4, 2006: ISAE International Comparison of Consumer and Business Surveys (reference period: April)

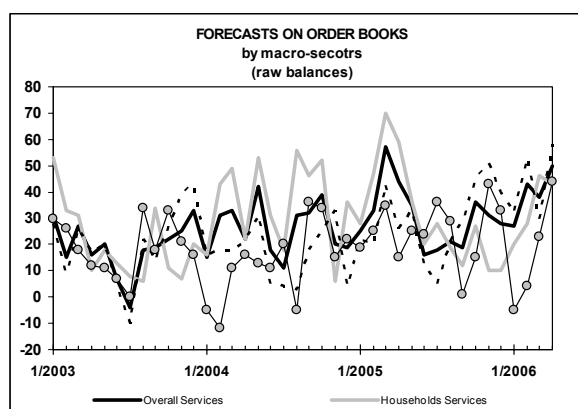
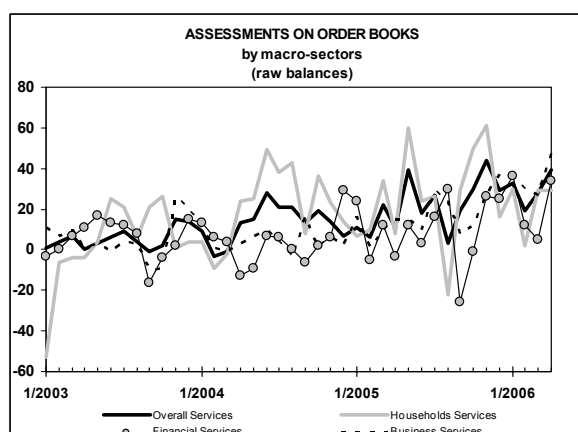
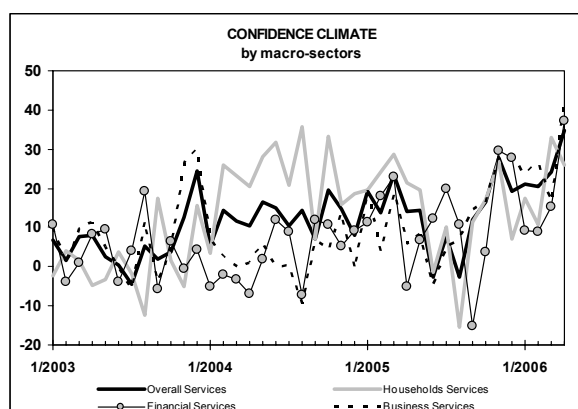
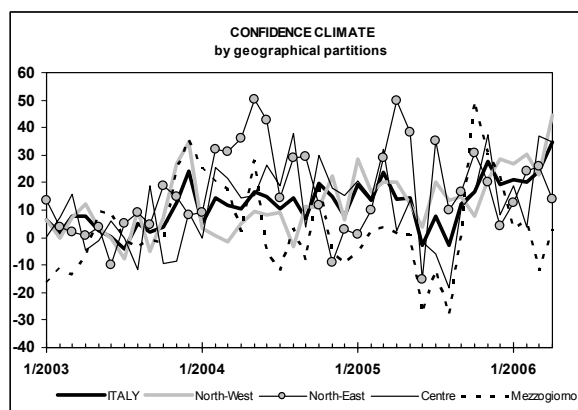
The full text of ISAE Surveys (either hardcopy or electronic format) is available for sale (for further information see the web site www.isae.it)

General results

The ISAE Survey, carried out on a panel of around 2,000 firms between April 3 and April 21, pointed to an improvement, also in April, in confidence in the market services sector, which reached the highest level since January 2003. The raw index actually increased to 35 from 24 in March, owing to a rise in all its components. The year-on-year change in sentiment - which is not affected by seasonal factors - confirmed the enhancement of confidence (in April 2005, the index stood at 14).

The industry breakdown painted a mixed picture for the trend in confidence. Following the improvement posted in the previous month, household services firms scaled down their expectations on orders and the economy, and the overall indicator decreased from 33 to 26. Confidence improved, instead, in the financial and business services sectors (from 15 to 37, and from 17 to 43, respectively). For the latter sector, optimism was backed by all the underlying components of the indicator, in line with the results of the ISAE manufacturing firms' survey. In April 2005, confidence among household, financial and business services firms amounted to 21, -5 and 6, respectively. On a regional basis, sentiment worsened in the North East (from 26 to 14) and the Centre (from 37 to 35). The indicator improved, instead, in the North West (from 23 to 45) and the South (from -12 to 3).

According to the traditional ISAE quarterly survey, in the first quarter of 2006, the percentage of firms perceiving obstacles to production increased (to 32%, from 23% in the previous survey). Nevertheless, at the industry level, obstacles increased only according to household services operators.

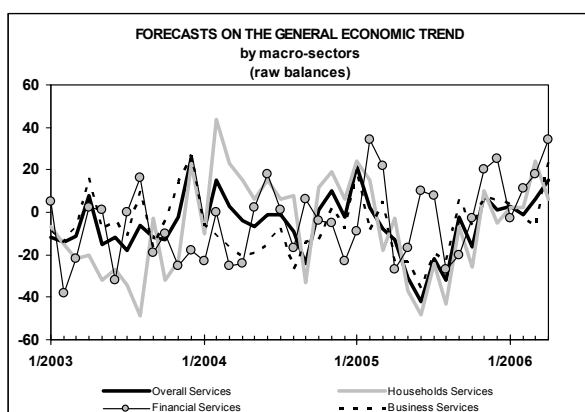


Situation in the reference period

In April, surveyed firms gave an optimistic assessment on all recorded variables. In particular, the raw balances for orders and turnover amounted to 39 and 33 respectively (compared to 28 and 16). According to the surveyed firms, the recovery in demand and sales was also matched by a rise in employment, for which the balance reached the highest level recorded over the last twelve months (increasing from -3 to 29).

At the industry level, household services operators maintained their favourable assessment on orders and improved their evaluation of turnover and employment, more than compensating for the worsening of the previous months. In the financial services sector, entrepreneurs were optimistic about orders and turnover, while the balance for employment declined. Highly positive signals came, instead, from the business services sector, where operators were optimistic about all surveyed variables.

On a regional basis, in the North West the balances for orders, turnover and employment increased. In the North East, the balances for orders and employment improved, while that for turnover remained unchanged. In the Centre, firms were more optimistic with respect to turnover and employment, while the balance for orders decreased. Finally, in the South the balance for employment held steady, while those for the assessments on orders and turnover improved.



Outlook for the next three months

Market services firms expressed upbeat sentiment with regard to expectations. The balances for company variables – orders, turnover and employment – reached 50, 49 and 20, respectively (compared to 38, 31 and 10 in March). Signs of improvement also came from expectations regarding the economic trend, for which the balance posted the highest level recorded over the last twelve months (moving from 6 to 15).

The industry classification showed that in the household services sector balances for orders, turnover and the economic trend declined, while employment expectations improved. The worsening of prospects for orders and turnover characterised mainly real estate services and, to a lesser extent, services related to tourism (probably due to seasonal factors). In the latter sector, nonetheless, the balances remained positive. In the financial services sector, operators were optimistic about orders, turnover and the economy, while the balance for employment decreased. In line with the results for production of the ISAE survey on manufacturing firms, operators in the business services sector were optimistic with regard to both company variables and the economic trend.

Also the geographical breakdown disclosed several differences. In the North West, operators were markedly optimistic with respect to all the surveyed variables. In contrast, in the North East firms gave a pessimistic appraisal of expectations for the company variables and the economy. In the Centre, firms were optimistic about turnover and employment, while the balance for orders declined and that for the Italian economy remained positive. Finally, in the South operators gave more pessimistic evaluations regarding expectations for turnover, employment and the economy, whereas the balance for orders improved.

Quarterly survey results (first quarter of 2006)

According to the traditional ISAE quarterly survey, in the first quarter of 2006, the percentage of firms recording the existence of factors limiting production increased (to 32%, from 23% in the previous survey). Financial constraints were cited, also in this quarter, among the main obstacles to production (48%, compared to 35%), while the importance of insufficient demand decreased (to 15% from 26%). Furthermore, the share of firms quoting other “unspecified factors” rose anew (to 64% from 38%).

Nevertheless, at the industry level, perceived obstacles increased only for household services operators (to 49%, from 28% in the fourth quarter of 2005). On the other hand, the percentage of firms that declared meeting production constraints decreased to 10% in the financial services sector (from 41%) and to 16% for business services (from 19%). Some important sectorial differences characterized also the range of factors limiting production. In particular, insufficient demand was considered as an obstacle mainly by financial services operators (56% of firms, compared to 6% in the previous survey), and by business services firms (39% of the replies, as against 42% in the previous quarter). Instead, in the household services sector, financial constraints prevailed (62% of the answers, as against 64% in the fourth quarter of 2005), and only 7% of the respondents signalled insufficient demand as a possible constraint.

