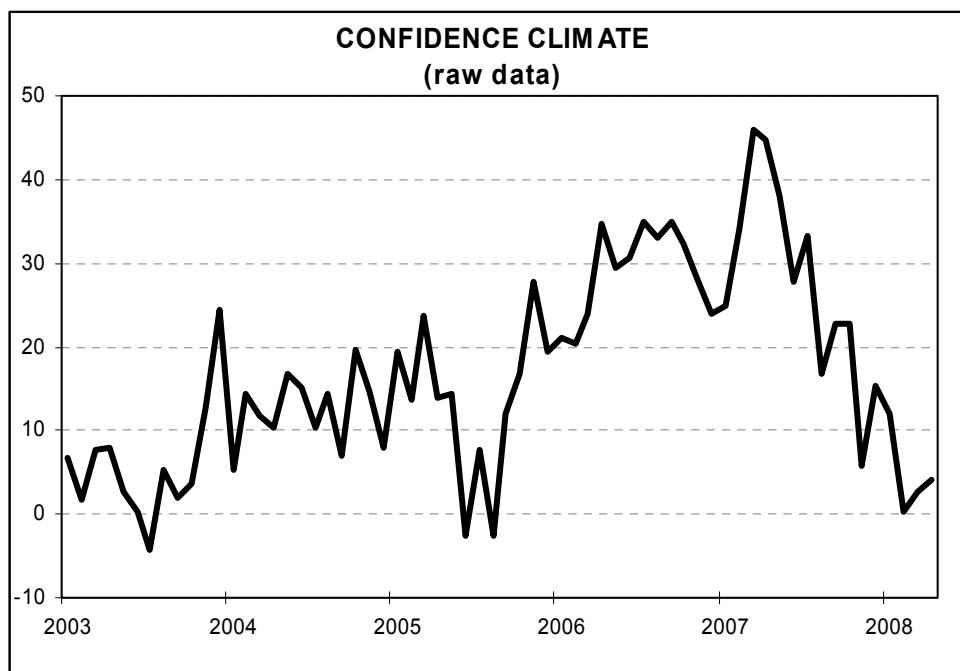




Date: April 29, 2008
TEL.: 06/444821

IN APRIL CONFIDENCE AMONG MARKET SERVICES FIRMS IMPROVES SLIGHTLY

- The confidence indicator came in at 4, compared to 3 in March. Firms viewed a decline in the current and future level of orders, but predicted a recovery for the Italian economy in the following months
- Among the variables excluded from the calculation of the index, entrepreneurs' evaluation of the present trend in employment worsened, but opinions and expectations on turnover bettered. Selling price pressures eased
- The improvement in confidence was not evenly spread across sectors: the index declined in business services (from 13 to 8), but increased in financial and, mainly, household services (from -16 to -14 and from -11 to 2)
- At the regional level, the confidence climate improved in the North East (from -18 to 1) and the Centre (from -15 to 11), whereas it showed signs of deterioration in the North West (from 13 to -4) and stabilized in the *Mezzogiorno* (at 20)



Data on May shall be released on May 28, 2008

The next ISAE surveys are scheduled as follows:

May 6, 2008: *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

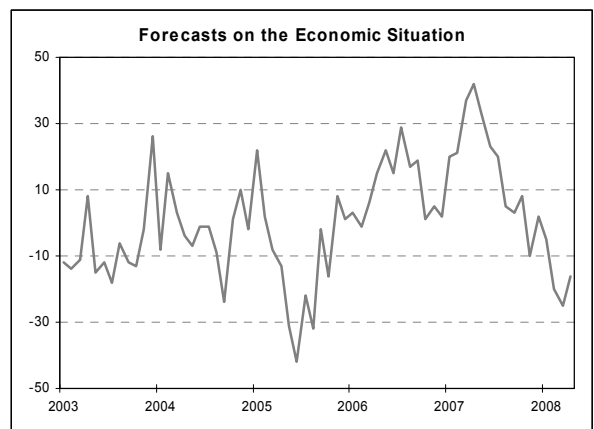
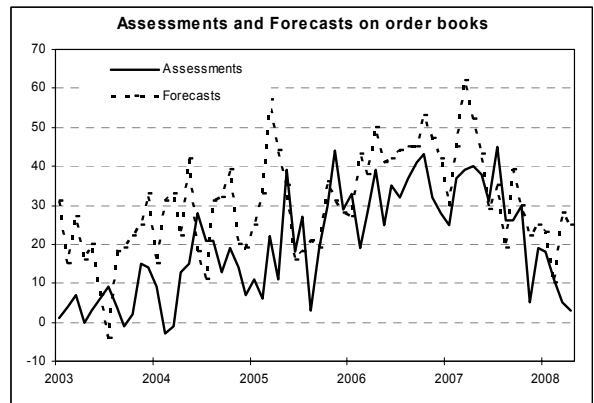
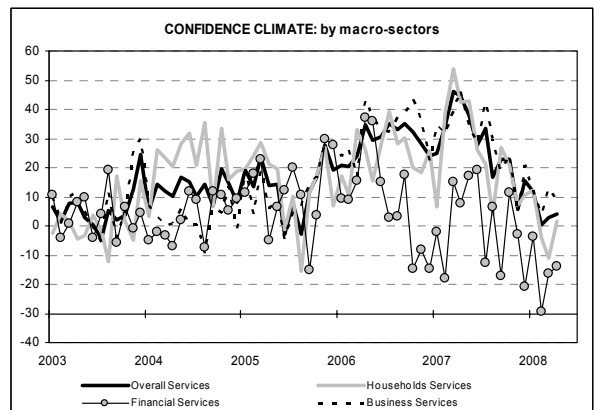
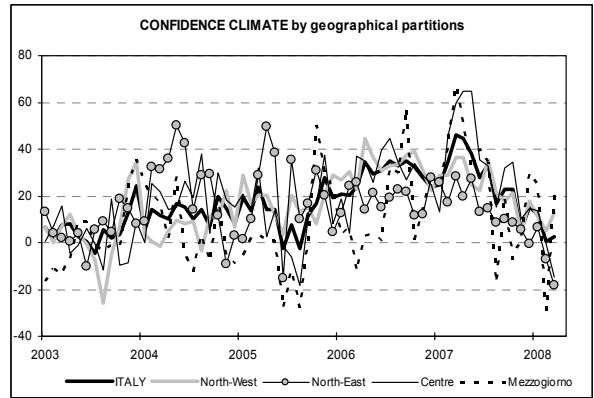
The ISAE Survey, carried out on a panel of about 2,000 firms between April 1 and April 20, showed that confidence among market services firms improved slightly in April, moving to 4 from 3 in the previous month. Firms viewed a decline in the current and future level of orders, but predicted a recovery for the Italian economy in the following months.

Among the variables excluded from the calculation of the index, respondents' evaluation of the present trend in employment worsened, whereas opinions and expectations on turnover improved. Lastly, selling price pressures eased.

However, the improvement in confidence was not evenly spread across sectors: the index declined in business services (from 13 to 8), but increased in financial and, mainly, household services (from -16 to -14 and from -11 to 2). At the regional level, the confidence climate improved in the North East (from -18 to 1) and the Centre (from -15 to 11), but showed signs of deterioration in the North West (from 13 to -4) and stabilized in the *Mezzogiorno* (at 20, its previous month level).

Situation in the reference period

In April, the opinions of market services firms on orders and employment worsened over the previous month. Assessments on turnover improved instead. The balance for the current trend in orders and demand declined from 5 to 3, the one for employment moved to -7 (from 5), while the balance for turnover rose from 1 to 11. The industry breakdown showed that in household and financial services firms improved their opinions on orders, turnover and employment. In business services, instead, assessments on orders and employment deteriorated, while those on turnover bettered.



At the regional level, the opinions on orders improved in the North East and, mostly, in the Centre, but worsened in the North West and the Mezzogiorno. The evaluation of turnover worsened instead in the North West, whereas it improved in all the other areas. Lastly, assessments on employment deteriorated in the North and the Centre, but showed signs of recovery in the South.

Outlook for the next three months

Basic uncertainty distinguished short-term forecasts for orders, turnover and employment, while anticipations of a fall in selling prices were confirmed and short-term prospects for the Italian economy markedly recovered. The balance for future orders and employment declined from 28 to 25 and from 3 to -6, respectively, whereas the one for turnover increased from 17 to 29. As for prices, the share of firms expecting a rise continued to be lower than the one of those predicting a decline (the balance moved from -9 to -10). Finally, forecasts for the general economic situation showed clear signs of recovery (the balance rose to -16 from -25 in March).

At the industry level, also expectations were somewhat different. In household services, the balances for future orders, turnover and the country's economic situation improved. In contrast, employment anticipations worsened and forecasts for prices stabilized. In financial services, employment prospects worsened slightly, but those for orders and turnover recovered. On the contrary, forecasts for the general economic situation dropped. Lastly, in business services, the balances for orders, turnover and employment deteriorated, but the one for the overall economic situation bettered. As for prices, the share of firms expecting a rise equalled the proportion of those predicting a fall. At the regional level, expectations for orders, turnover and economic developments worsened in the North West, but picked up in the North East, the Centre and the Mezzogiorno.

Prospects for employment recovered in the North East, but deteriorated in all the other areas. Lower inflationary pressures were expected everywhere, but in the North East.

