

May 27, 2010**CONFIDENCE AMONG MARKET SERVICES WEAKENS IN MAY**

Data on June shall be released
on June 30, 2010

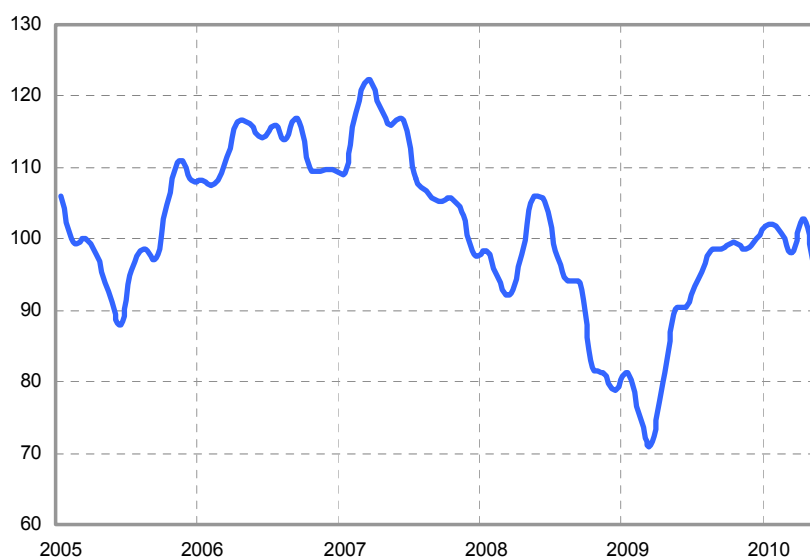
The next ISAE surveys are scheduled as
follows:

June 23, 2010: ISAE Monthly Consumer
Survey (reference period: June)

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

• **Starting this month, ISAE disseminates Italian Market Services' Confidence Survey data elaborated according to the ATECO 2007 classification of economic activities. A detailed description of the changes which have been introduced is contained in the Press Release "The new series of ISAE business surveys", published together with this document**

- **The seasonally adjusted confidence indicator (2005=100) decreased to 94.1 (from 102.7 in April)**
- **The fall mainly derived from the worsening of prospects for the Italian economy. However, also opinions and expectations for orders deteriorated**
- **The decline in confidence was widespread at sector level, but was particularly marked for transportation and storage (to 92.4 from 113.1) and more moderate for tourism services (to 93.2 from 97.6), information and communication (to 99, from 102.6), and business services and other services (to 96 from 101.7)**
- **On a regional basis, the indicator worsened all over the country, reaching 102.6 (from 105.9) in the North West, 85.6 (from 97.7) in the North East, 90.9 (from 102) in the Centre, and 101.5 (from 112) in the South**
- **With regard to the variables excluded from the calculation of the confidence index, evaluation of current employment moderately recovered, while both assessments on business activity and prospects for employment remained stable, at slightly negative values**

CONFIDENCE CLIMATE (index 2005=100, seasonally adjusted)

Market services firms' confidence

The ISAE Survey, carried out on a panel of about 2,000 firms between May 3 and May 20, showed that market services firms' confidence lowered in May. The seasonally adjusted indicator (2005=100) actually decreased to 94.1 (from 102.7 in April). The fall in the indicator mainly derived from the worsening of prospects for the Italian economy, probably negatively affected by the tensions emerged on international markets. However, also opinions and expectations for orders deteriorated.

Confidence declined in all sectors but at different rates. Deterioration was particularly marked for transportation and storage and more moderate for tourism services, information and communication, and business services and other services. On a regional basis, the indicator worsened all over the country.

Situation in the reference period (May 2010)

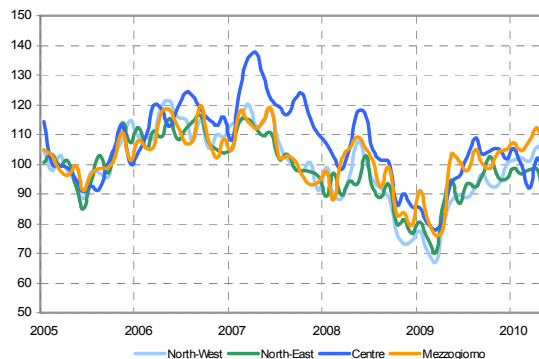
According to surveyed firms, opinions on orders deteriorated in May: the seasonally adjusted balance hit -5, compared to -3 in the previous month. In contrast, the balance for employment recovered, though remaining negative (at -3, from -4). The balance for business activity remained unchanged at -2 (it expresses the difference between the percentages of favourable and unfavourable responses to questions related to assessments on companies' business activity over the past three months).

Outlook for the following months

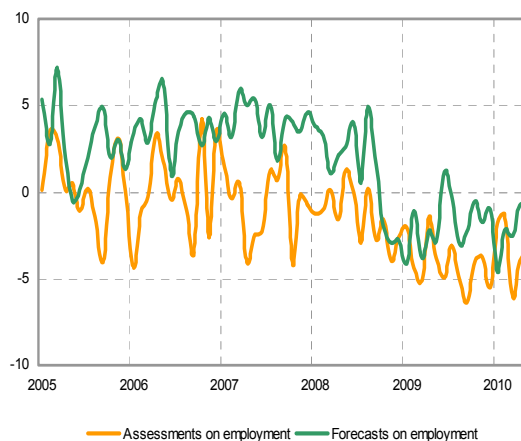
In May, signs of widespread uncertainty prevailed, mainly with regard to overall economic conditions. In detail, the seasonally adjusted balance for orders lowered to 3 (from 9) and the one for the Italian economy decreased to -26 (from -10), probably due to the tensions recently emerged on the international scenario. The balance for employment, instead, held steady, though at a negative value (-1).

As for prices, the moderate inflationary pressures, surfaced last month, eased: the balance declined to -3 (from 1).

BOTH EXPECTATIONS FOR THE ITALIAN ECONOMY AND OPINIONS AND FORECASTS FOR ORDERS WORSEN



FOR EMPLOYMENT, ASSESSMENTS RECOVER AND FORECASTS STABILIZE



THE BALANCE FOR THE TREND IN BUSINESS ACTIVITY REMAINS UNCHANGED, IN NEGATIVE TERRITORY



Firms' confidence at sector level

Confidence declined in all sectors but at different rates in the various macro-sectors. Deterioration was particularly marked for transportation.

In the **Transportation and Storage** sectors, the indicator nose-dived to 92.4 (from 113.1), mainly because of the sharp downturn recorded by the balance for the Italian economy (to -38 from 1). The fall related to opinions and expectations for orders was instead more moderate: the balance lowered to -6 (from 0) with regard to the current situation and to 2 (from 14) for future prospects.

In **Tourism services**, the confidence climate decreased to 93.2 (from 97.6). In this macro-sector, in contrast with the overall indicator, the opinions on orders recovered (to -12 from -15). The balances for expected orders and the economy worsened instead (to 2 from 3 and to -15 from 1, respectively).

Confidence worsened also in **Information and Communication**, though the fall was decidedly lower than the national average. The deterioration in confidence mainly stemmed from the clear fall in the opinions on orders (to 2 from 11). Also the balance for order prospects and the general economic trend diminished, though moderately (to 17 from 18 and to -13 from -11).

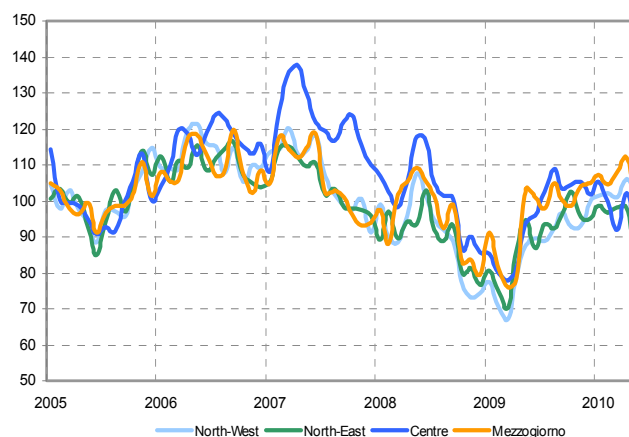
In **Business services and other services**, the decline in confidence (to 96 from 101.7) was due to the worsening of all its components. Both assessments and forecasts for orders actually deteriorated (to -8 from -4 and to -2 from 5). Also the balance for the overall economy diminished (to -18 from -13).

assessments and forecasts for orders diminished (to -10 from -3, for both variables).

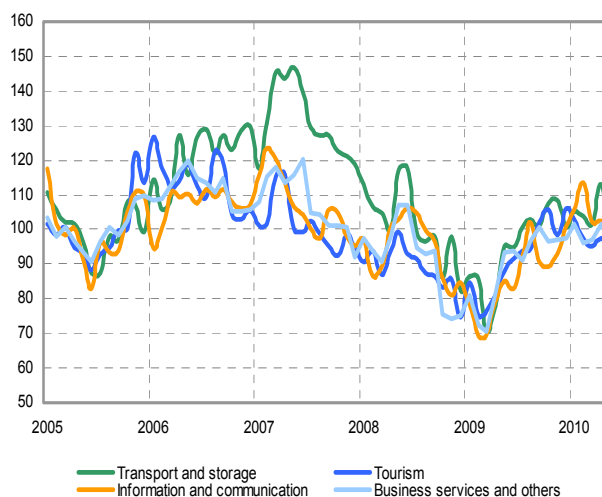
Also in the **Centre**, the confidence climate recorded clear deterioration (moving to 90.9 from 102). The balances for both current and expected orders, as well as the overall economic trend diminished (in the order, to -13 from -5, to -3 from 7, and to -26 from -12).

Lastly, for firms in the **South**, assessments and forecasts for orders worsened (to -16 from -12 and to 5 from 17, respectively). Also the balance for the Italian economy dropped, though the fall was lower than the national average (to -14 from -2).

CONFIDENCE DECLINES ALL OVER THE COUNTRY



CONFIDENCE LOWERS IN MAIN MACRO-SECTORS, PARTICULARLY IN TRANSPORTATION AND STORAGE



Confidence on a regional basis

Confidence declined all over the country. The fall was however higher than the national average in the North West, the Centre, and the South, and more moderate in the North East.

In the **North West**, the indicator declined to 102.6 (from 105.9), owing to the worsening in all its underlying components. In detail, the balance for current orders diminished to 1 (from 2), the one for expected orders fell to 10 (from 14), and the balance for the overall economy lowered to -11 (from -6).

In contrast, operators in the **North East** posted a 12 points fall in confidence (to 85.6 from 97.7). The decline was mainly driven by markedly negative expectations for the overall economy (the balance plunged to -29, from -8). Both