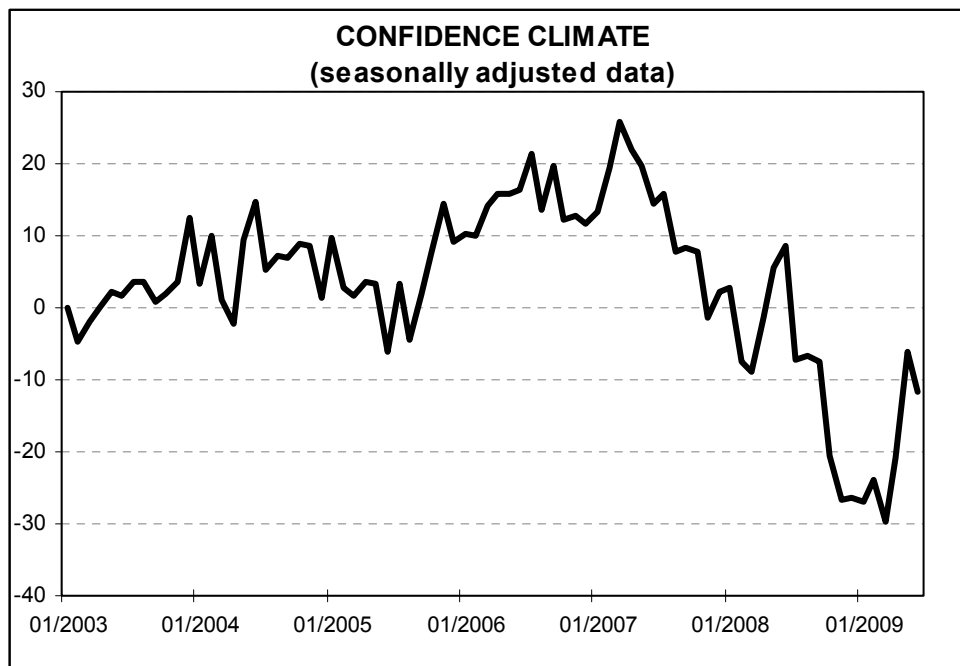




Date: **June 25, 2009**

## CONFIDENCE AMONG MARKET SERVICES EDGES DOWN SLIGHTLY IN JUNE

- Starting from this month, ISAE will report data for market services firms on a seasonally adjusted basis
- In June, the seasonally adjusted confidence climate declined to -12 (from -6 in May)
- The fall was due to the worsening in expectations for orders and the Italian economy. The balance for current orders recovered instead
- The deterioration in confidence was widely spread across sectors: the index dropped to -12 (from -1) in household services, to 0 (from 12) in financial services, and to -13 (from -10) in business services
- Some slight differences emerged instead at the regional level. In line with the national average, the confidence climate decreased in the North East (to -6 from 10), the Centre (to -30 from -16), and the South (to 1 from 15). In contrast, the indicator recovered in the North West, reaching -8 (from -15)
- Among the variables excluded from the calculation of the confidence indicator, in June the balances for current and expected employment diminished



**Data on July shall be released on July 29, 2009**

*The next ISAE surveys are scheduled as follows:*

**July 28, 2009:** *ISAE Monthly Consumer Survey (reference period: July)*

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 about 2,000 firms between June 1 and June 19, showed a slight decrease in market services firms' confidence in June.

The seasonally adjusted confidence climate actually fell to -12 (from -6 in May), due to the worsening in expectations for orders and the Italian economy. The balance for current orders recovered instead.

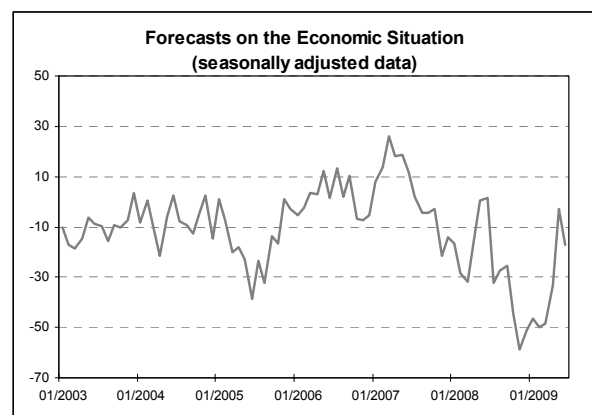
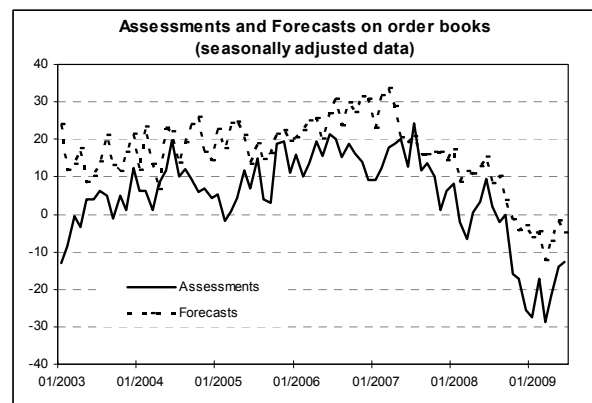
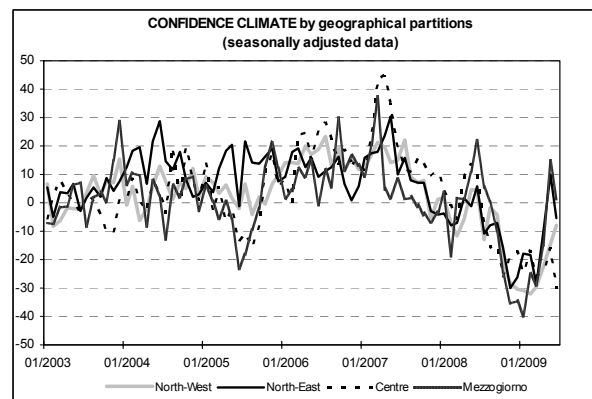
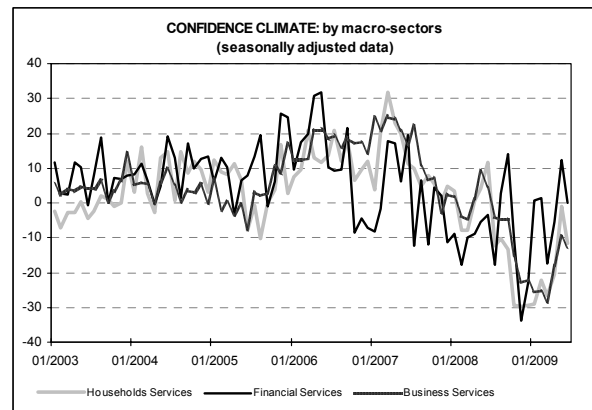
The fall in confidence was widely spread across sectors: the index dropped to -12 (from -1) in household services, to 0 (from 12) in financial services, and to -13 (from -10) in business services.

Some slight differences emerged instead at the regional level. In line with the national average, the confidence climate declined in the North East (to -6 from -12), the Centre (to -30 from -16), and the South (to 1 from 15). In contrast, the indicator recovered in the North West, reaching -8 (from -15).

## Situation in the reference period

In June, the opinions on orders moderately recuperated, though remaining in negative territory (the seasonally adjusted balance reached -13 from -14). Surveyed firms gave, on the contrary, less favourable opinions than in May on employment (the balance diminished to 8 from 0).

Respondents' indications were heterogeneous at sector level. In household and financial services, the opinions on both orders and employment deteriorated. The balance for orders fell to -22 from -18 in the former sector and to -19 from 15 in the latter one, while the one for employment dropped to -11 from 1 and to 0 from 2, respectively. In business services the balance for orders recovered (to -13 from -19 in May) and the one for employment declined (to -4 from -1).



At the regional level, in the North West the balance for orders picked up (to -10 from -26), whereas the one for employment continued to drop (to -17 from -5). Firms in the North East and the Centre gave instead a negative appraisal of the current situation. In detail, the balances for orders and employment decreased respectively to -2 and -4 (from 2 and 13) in the North East and to -39 and -10 (from -19 and -2) in the Centre. In contrast with the national data, operators in the South were instead more optimistic than in May about orders (the balance rose to -8 from -13) and employment (to 8 from 3).

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

The analysis of forecasts for the following quarter showed instead negative indications. The balance related to expectations for orders and the general economic trend declined (to -5 from -2 and to -17 from -3, respectively). The one for employment stood instead at 1. As for prices, slight inflationary pressures emerged also in June (the balance rose to 1 from -1).

At sector level, also predictions were somewhat heterogeneous. In detail, the balance for orders diminished in both household and financial services (to 6 from 21 and to 4 from 8, respectively). It remained stable in negative territory (at -10) in business services. The balance for employment declined to 5 (from 8) in household services, while it rose to 3 (from 2) in financial services and to 0 (from -1) in business services. Expectations for the economic trend worsened in household and business services (to -20 from -6 and to -16 from 0). The balance inched up instead in financial services (to 15 from 14). Operators in both household and business services indicated they planned to increase selling prices (the related balance rose to 5 from 3 and to 0 from -4); in financial services the balance declined instead (to -2 from 1).

At the regional level, data also showed some differences. In the North West, the balance fell for orders (to -7 from -4) and employment (to -2 from 2), while it recovered instead for the overall economy (to

-8 from -13). In the North East, operators were pessimistic about all surveyed variables, and the balances for orders, employment and the economy lowered respectively to 3, 7 and -18 (from 14, 13 and 15). In the Centre, the balance for orders and the overall economy decreased (to -11 from 9 and to -41 from -36), and the one for employment recovered (to -2 from -11). Finally, in the *Mezzogiorno*, expectations for orders and the economy deteriorated (to 31 from 33 and to -19 from 25), whereas the balance for employment improved (to 17 from 10).