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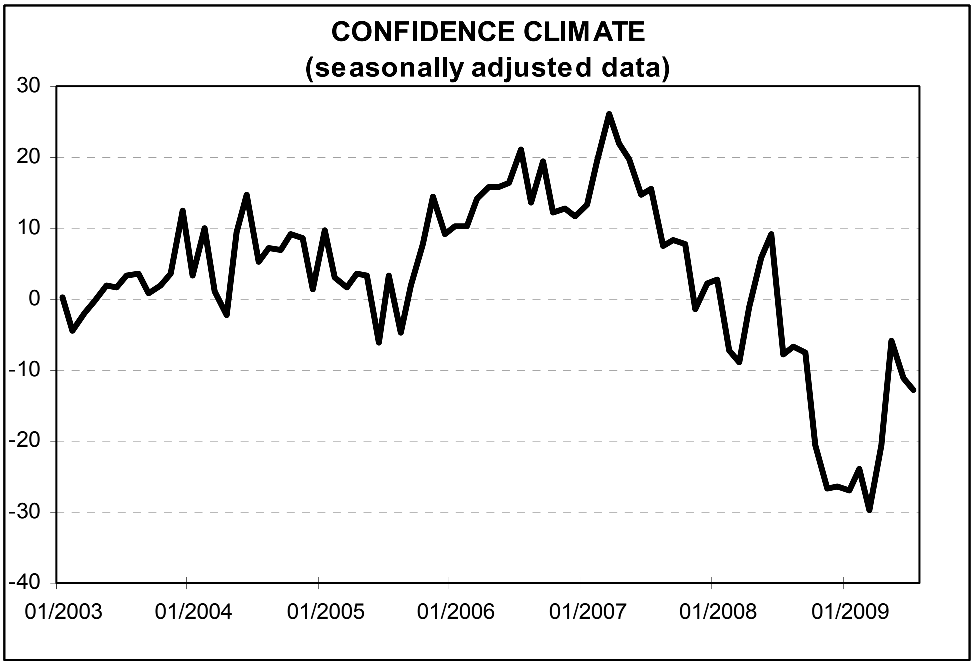
CONFIDENCE AMONG MARKET SERVICES CONTINUES TO DECLINE IN JULY

- **The seasonally adjusted confidence indicator decreased further in July, hitting -13 (compared to -11 in the pervious month). The fall was due to the worsening in expectations for the Italian economy. The balance for current and expected orders recovered instead**
- **At sector and regional level the trend in confidence showed slightly different patterns. The index dropped to -17 (from -11) in household services and to -14 (from -13) in business ones. The climate improved instead in financial services, reaching 9 (from 0 in June)**
- **At the regional level, confidence declined in the North West (the balance fell to -12 from -8), in the North East (to -13 from -6), and the South (to -19 from 1). The indicator recovered instead in the Centre, coming in at -12 (from -29)**
- **The balance for the opinions on current employment improved (it recovered four percentage points), whereas the one for expectations went back in negative territory**

IN THE SECOND QUARTER OF 2009, THE PERCENTAGE OF FIRMS PERCEIVING THE EXISTENCE OF FACTORS LIMITING BUSINESS ACTIVITY DECREASES

- **According to the traditional ISAE quarterly survey, in the second quarter of 2009 the share of operators perceiving the existence of obstacles limiting their business activity diminished to 49% (from 66% in the previous quarter)**
- **Also in this survey, insufficient demand was considered the main obstacle (80% of the responses). Financial constraints and "other unspecified factors" had a less relevant role (13% and 21%, respectively)**



Data on August shall be released on September 1, 2009
The next ISAE surveys are scheduled as follows:
August 27, 2009: *ISAE Monthly Consumer Survey (reference period: August)*

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)

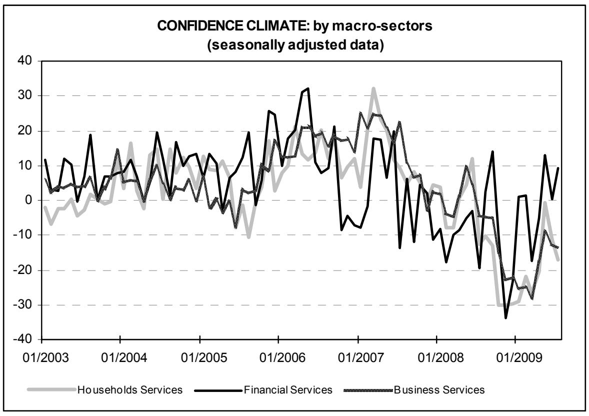
General results

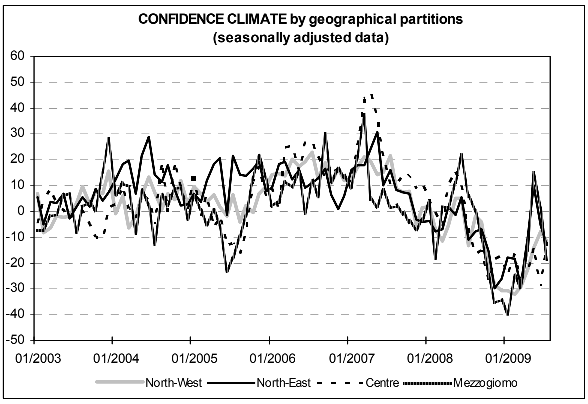
The ISAE Survey, carried out on a panel of about 2,000 firms between July 1 and July 20, showed a new decrease in market services firms' confidence in July. The seasonally adjusted indicator actually fell to -13 (from -11 in June), wholly because of the worsening in expectations for the Italian economy. The balance for current and expected orders recovered instead.

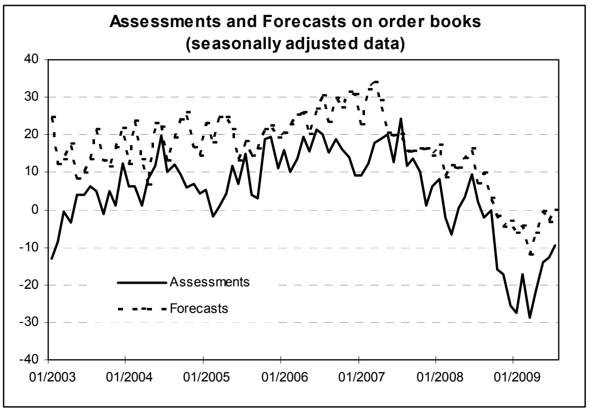
Some slight differences emerged at sector and regional level. The confidence index dropped to -17 (from -11) in household services and to -14 (from -13) in business ones. The climate improved instead in financial services, reaching 9 (from 0 in June).

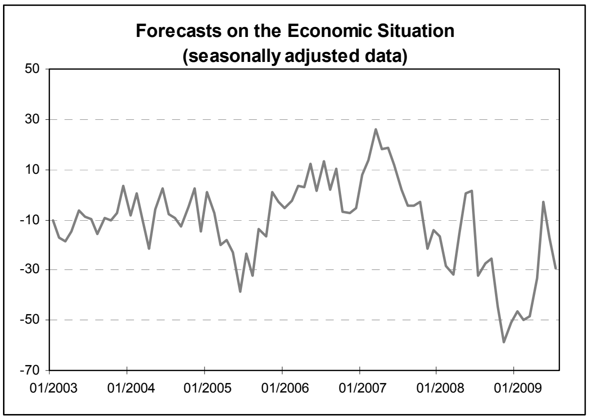
At the regional level, confidence declined in the North West (the balance fell to -12 from -8), in the North East (to -13 from -6), and the South (to -19 from 1). The index recovered instead in the Centre, coming in at -12 (from -29).

According to the traditional ISAE quarterly survey, conducted among the same panel of firms interviewed monthly, in the second quarter of 2009 the share of operators perceiving the existence of obstacles limiting their business activity lowered to 49% (from 66% in the previous quarter).









Situation in the reference period

In July, opinions on the current situation moderately recovered. In detail, the seasonally adjusted balance for orders and employment increased to -9 (from -13) and to -7 (from -8), respectively.

At sector level, however, firms' indications were heterogeneous. In household services, the balance for orders recovered (to -16 from -20) and the one for employment remained stable in negative territory (at -11). Operators in financial services gave instead favourable assessments on surveyed variables. The balance for orders rose to 3 (from -18) and the one for employment increased to 5 (from 0). In business services, the balances for orders and employment recovered, though remaining negative (to -12 from -3 and to -13 from -4, respectively).

At the regional level, in the North West and the Centre, the balance for orders picked up (reaching -8 in both areas, from -10 and -37, respectively) and the one for employment also improved (to -9 in both areas, from -17 and -10). Firms in the North East and the South gave instead a negative appraisal of the current situation. In detail, the balances for orders and employment decreased both to -8 (from -2 and -4) in the North East, and to -28 and -3 respectively (from -8 and 8) in the South.

Outlook for the next three months

Forecasts for the following quarter staged instead contrasting signals. The balance related to expectations for orders recovered (to 0 from -3), whereas the balance for employment declined slightly (to -1 from 1) and the one for the general economic trend continued to deteriorate (to -29 from -17). As for prices, moderate inflationary pressures emerged also in July (the balance rose to 2 from 1).

At sector level, predictions were heterogeneous too. In financial services, operators became more pessimistic with respect to June about all surveyed variables. The balance for orders, employment and the economy declined to 2 (from 6), to -5 (from 5) and to -37 (from -20), respectively. In financial services, instead, expectations for orders and employment improved (to 16 and 12 from 4 and 3), but the balance for the general economic trend diminished to 9 (from 15). In business services, the balances for orders and employment recovered (to -6 and 1 from -9 and 0) and the one for the economic trend continued to decrease (to -23 from -16).

At the regional level, in the North West the balance for orders and employment improved (to 4 from -5 and to 1 from -2, respectively), whereas the one for the overall economy worsened (to -31 from -8). In the North East, operators were pessimistic about all surveyed variables and the balances for orders, employment and the economy lowered respectively to -8, -1 and -23 (from 3, 7 and -18). In the Centre, the balance for orders and the overall economy recovered (to -3 from -11 and to -25 from -38), and the one for employment lowered (to -9 from -1). Finally, in the South, expectations for orders, employment and the economy deteriorated (to 3 from 31, to 0 from 17, and to -32 from -19).

Quarterly survey results (second quarter 2009)

In the second quarter of 2009, the share of firms perceiving the existence of factors limiting business activity declined to 49% (compared to 66% in the previous quarter). The percentage lowered to 54% (from 68%) in household services, to 41% (from 57%) in financial services, and to 44% (from 63%) in business services.

Also in this survey, insufficient demand was considered the main obstacle (80% of the responses). Financial constraints and "other unspecified factors" had a less relevant role (13% and 21%, respectively). As in the previous surveys, firms did not consider labour shortage or inadequate space and machinery a significant constraint.