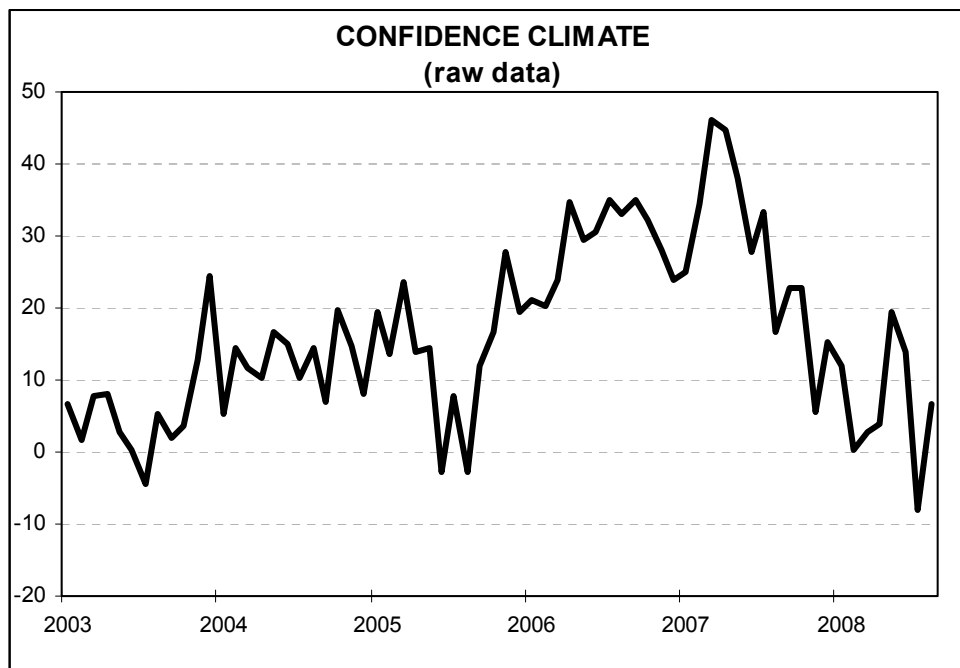




Date: September 4, 2008
TEL.: 06/444821

CONFIDENCE AMONG MARKET SERVICES FIRMS RISES IN AUGUST

- The raw indicator moved from -8 to 7, recovering part of the fall recorded in July, but remaining however well below its year-earlier level (when the index stood at 17)
- Assessments on the current level of demand continued to worsen, whereas short-term forecasts for orders and the country's economic situation improved. Also predictions for turnover and employment recovered
- The upturn was evenly spread across sectors. The indicator increased from -5 to 10 in business services, from -10 to -2 in household services, and from -23 to 12 in financial services. However, with the only exception of financial services, the indicator remained below its August 2007 value (which came in at 4 in household services, 7 in financial services, and 30 in business services)
- At the regional level, indications were somewhat mixed: the confidence climate bettered in the North (from -24 to 7 in the North West and from -4 to 13 in the North East), remained virtually stable in the Centre (moving from 1 to 0), but worsened drastically in the *Mezzogiorno* (from 22 to -17). In August 2007, the indicator stood at 21, 9, 15 and -17, respectively



Data on September shall be released on September 25, 2008

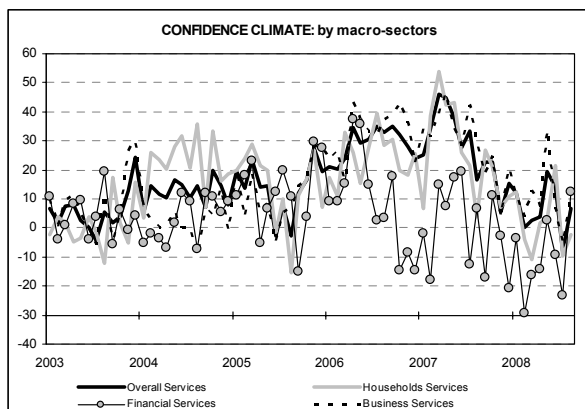
The next ISAE surveys are scheduled as follows:

September 9, 2008: *ISAE International Comparison of Consumer and Business Surveys (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

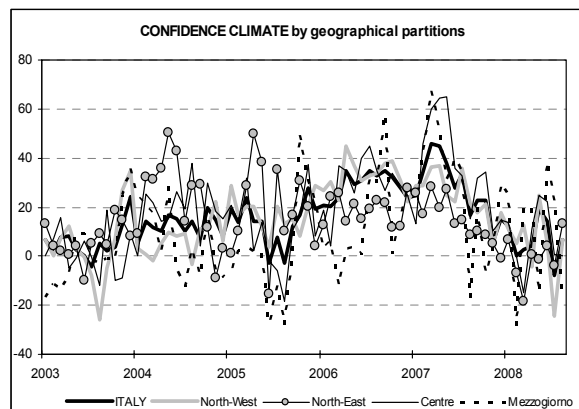
The ISAE Survey, carried out on a panel of about 2,000 firms between August 1 and August 22, showed that confidence among market services firms increased in August. The confidence indicator moved from -8 to 7, recovering part of the fall recorded in July, but remaining however well below its year-earlier value (when the index stood at 17). The evaluation of the current level of demand continued to decline, whereas short-term forecasts for orders and the country's economic situation improved. Also predictions for turnover and employment recovered. The upturn was evenly spread across sectors, but somewhat mixed across areas. The indicator increased from -5 to 10 in business services, from -10 to -2 in household services, and from -23 to 12 in financial services. However, with the only exception of financial services, the indicator remained below its August 2007 value (which came in at 4 in household services, 7 in financial services, and 30 in business services). At the regional level, the confidence climate bettered in the North (from -24 to 7 in the North West and from -4 to 13 in the North East), remained virtually stable in the Centre (moving from 1 to 0), but worsened drastically in the *Mezzogiorno* (from 22 to -17). In August 2007, the indicator stood at 21, 9, 15 and -17, respectively, showing a significant year-on-year fall in confidence in the Centre and virtually stability in the *Mezzogiorno*.



Situation in the reference period

In August, market services firms' opinions on orders and turnover continued to worsen over the previous month, whereas assessments on employment showed some signs of recovery. The balance for orders declined from 12 to 1, the lowest level since March 2004. The balance for turnover diminished so much as 35 points, from 18 to -17, a low last seen in January 2003. As for employment, the balance rose from -3 to 4, going back in positive territory for the first time since last May.

The industry breakdown showed that in household services the opinions on orders and turnover markedly worsened, but those for employment improved. In business services, instead, the opinions on orders and employment bettered, whereas those for turnover deteriorated. Lastly, in financial services, assessments on orders worsened, while those on turnover and employment improved. At the regional level, evaluation of orders and turnover deteriorated in all areas, apart from the North West - but only for orders. Lastly, opinions on employment improved in the North West and the Centre, but decreased in the North East and the *Mezzogiorno*.



Outlook for the next three months

In August, forecasts for main company variables (orders, turnover, and employment) and short-term prospects for the Italian economy improved with respect to the previous month. Also expectations of an acceleration of inflation diminished. More in detail, the balance for future orders amounted to 31 (from 6), above its June value, the one for turnover increased to 29 (from 12), retracing, also in this case, its July fall. Employment expectations and those for the country's general economic situation bettered as well (from -15 to 12 and from -42 to -12, respectively). Finally, firms expected an easing of selling price inflation (the related balance lowered from 1 to -10).

The improvement in expectations was evenly spread across sectors. However, at the regional level, prospects for the country's economic situation were expected to improve all over the country, whereas forecasts were mixed for orders, turnover and employment. Expectations for orders were negative in the South, put positive in the other areas, the ones for turnover improved in the North, but worsened in the Centre and the South, and lastly those for employment bettered in the North West and the Centre, but deteriorated in the North East and the *Mezzogiorno*. Lastly, as for prices, new inflationary pressures were predicted by firms in the North and the Centre. In contrast, a sharp drop in inflation was expected in the *Mezzogiorno*.

