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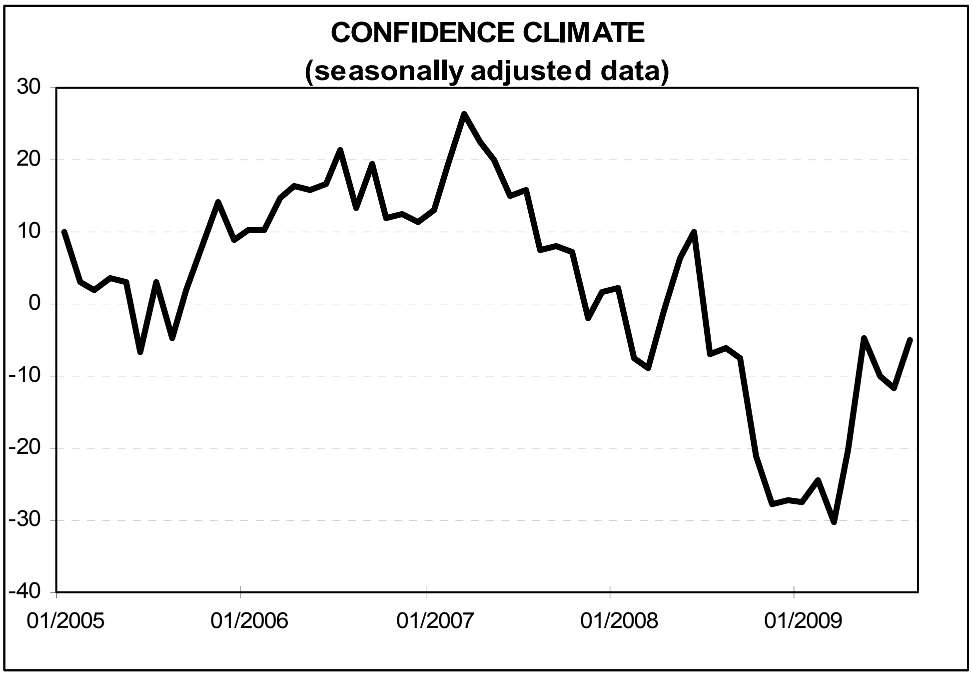
RECOVERY OF CONFIDENCE IN MARKET FOR SERVICES IN AUGUST

- **Considered net of seasonal factors, the confidence index rose to -6 (from -13 in July).**
- **The perceptions about orders and the expectations about the general situation of the nation's economy were both more favourable; on the other hand, the expectations about orders and employment were again descending.**
- **Several differences can be seen sub-segments of the market: the seasonally adjusted index rose to -14 (from -17) with regard to services to households, and to 0 (from -13) for services to businesses; instead, the index for financial services fell to 2 (from 10).**
- **The rebound in confidence was fairly evenly spread across the nation: the index rose to -7 (from -12) for the northwestern regions, to -7 (from -13) for the northeastern regions, to -5 (from -11) for the central regions, and to 3 (from -19) for the southern regions.**



The data in relation to the month of September are to be published on 29 September **2009**

The next planned ISAE surveys are:

28 September 2009: *ISAE monthly survey **of consumers** (month of reference: September)*

The complete text of the ISAE surveys (in paper and electronic form) is available for sale, at the conditions indicated on the site:*www.isae.it*

General results

Confidence in the market for services rebounded in August according to a survey of 2,000 businesses conducted by ISAE between 3 and 21 August. Considered net of seasonal factors, the confidence index rose to -6 (from -13 in July). The improvement is due to more favourable perceptions about orders and improved expectations about the trend of the Italian economy; instead, the balance about expected orders was lower.

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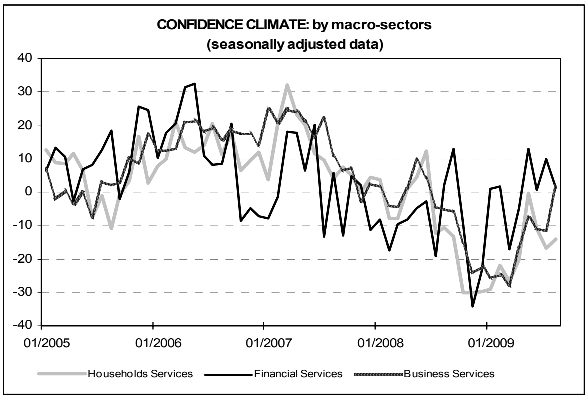
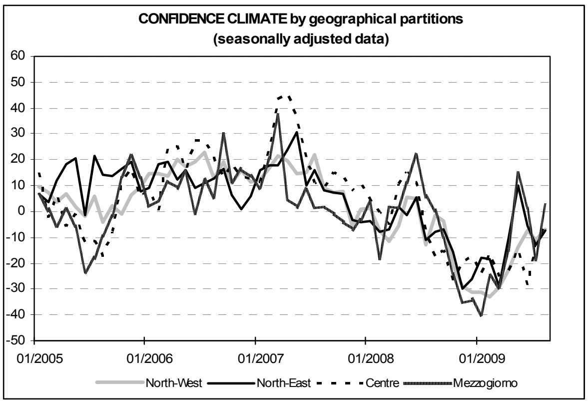
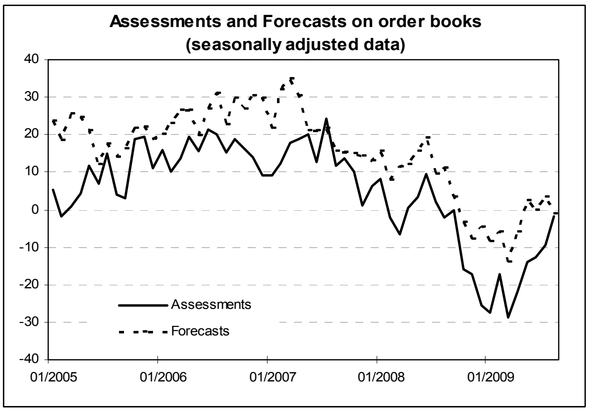
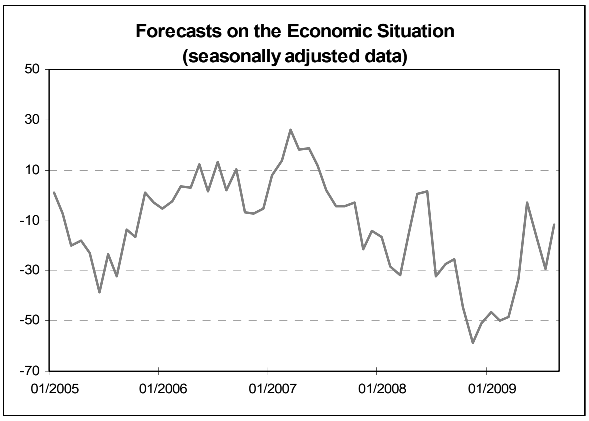
Situation during period of reference

The perceptions about orders also recovered in August, with the seasonally adjusted balance at -2 (versus -9 for the preceding month). On the other hand, the balance related to current employment fell to -11 (from -7).









The analysis shows the presence of slight differences at a regional level and in terms of the sub-segments. With reference to services to households, the balance referring to orders rose (from -15 to -11), while that referring to employment descended -14 (from -11 to -14). With regard to financial services, the perceptions were better with regard to both orders (with balance going from 4 to 10) and employment (from 6 to 13). Finally, with reference to services to businesses, strong improvement was seen in the current order situation (with the balance going from -12 to 6); whereas the balance on employment dropped (from -3 to -8).

Turning to the regional situation, improvements in the northwest during the month were seen in terms of both the balance for orders (from -8 to 2), and employment (from -9 to -7). In the northeastern regions, the balance for orders moved against the national trend by descending from -8 to -14, whereas the balance for employment rebounded from -8 to -2. In the central and southern regions, the survey participants indicated favourable perceptions about orders, but were more pessimistic than in July with regard to employment. The balances for orders went from -7 and -28, for the central and southern regions, respectively, to -2 and 3, whereas the balances for employment fell from -9 and -3 to -24 and -16, respectively.

Outlook for the next three months

According to the businesses surveyed, the expectations about orders and employment grew worse in August. The seasonally adjusted order index went from 0 to -3, whereas that for employment went from -1 to -5. The indications were more favourable with respect to the general trend of the economy, with the balance recovering from -29 to -12. On the pricing front, some further easing was seen in the slight inflationary tensions noted in July, with the related balance decreasing from 2 to -1.

The analysis by sub-segment and by region showed the presence of some differences also with regard to expectations. For services to households, the survey participants were more pessimistic than in July with regard to business variables. The balance for orders went from 2 to -12, while that for employment went from -5 to -15; on the other hand, the balance for the economy rose from -37 to -20. For financial services, the expectations got worse with respect to orders (from 17 to 8), employment (from 10 to -2), and the economy (from 9 to -13). For services to businesses, the responses were more optimistic for all of the variables. The balance on orders recovered from -5 to -4, the balance on employment rose from 1 to 2, and the balance on the economy overall was up from -23 to -2.

Turning to the regional data, the balances for the northwestern regions worsened in the case of orders (from 4 to -3) and employment (from 1 to -7), while the figure for the economy overall improved (from -31 to -21). For the northeastern regions, the balances rose in the case of orders (from -8 to 1) and the economy (from -23 to -9), while the balance for employment descended (from -1 to -6). Businesses in the central regions were pessimistic about the performance of business variables. The balances fell for orders (from -3 to -6) and employment (from -9 to -13), whereas the balance for the trend of the economy was better (going from -24 to -8). Finally, for the southern regions, the balance for orders declined (from 3 to 0), while that for employment remained stable (at 0); the balance for the economy reflected significant improvement (going from -32 to 5).