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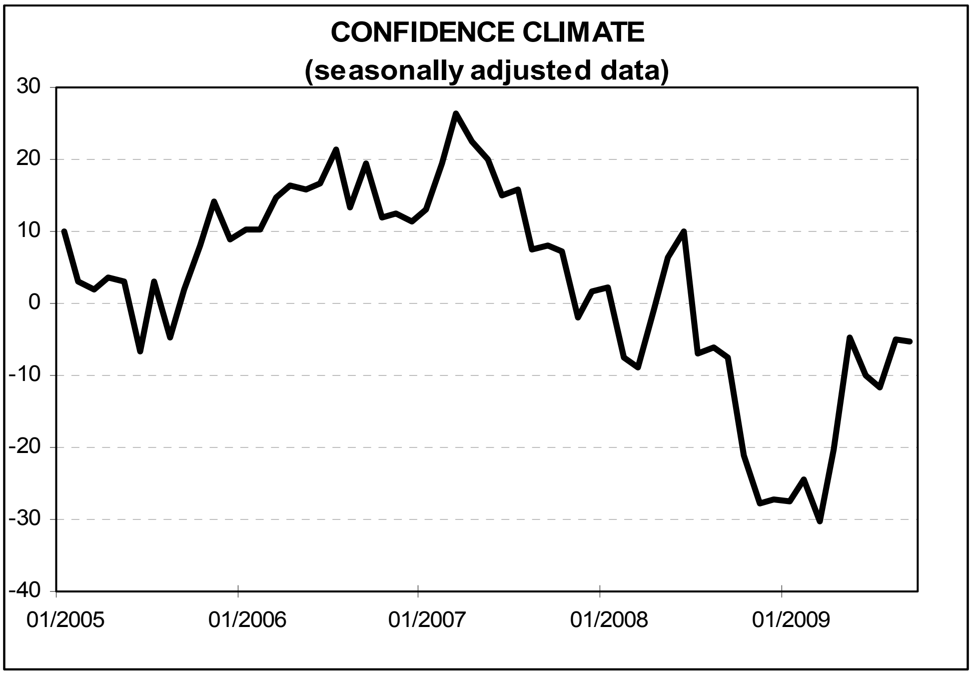
SLIGHT DROP IN SEPTEMBER IN CONFIDENCE IN THE MARKET FOR SERVICES

- **Considered net of seasonal factors, the confidence index declined to -6 (from -5 in August)**
- **The perceptions about orders and employment both grew worse in September; instead, the expectations about orders and employment were both recovering as were the expectations about nation's economic situation**
- **Several differences can be seen sub-segments of the market: the seasonally adjusted index rebounded to -11 (from -14) in services to households, rose to 5 (from 2) in the case of financial services, and, in line with the ISAE survey's findings about manufacturing businesses, descended to -4 (from 1) in the case of services to businesses**
- **The trend of confidence also varied at a regional level: the index recovered in the northern regions (to -6 (from -7) for northwestern regions and to -3 (from -7) in the northeastern regions) but grew worse for the central regions (from -6 to -12) and al southern regions (from 3 to -4)**



The data in relation to the month of October are to be published on 28 October 2009

The next planned ISAE surveys are:

27 October 2009: *ISAE monthly survey* ***of consumers*** *(month of reference: October)*

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 receded in September according to a survey of 2,000 businesses conducted by ISAE between 1 and 18 September. Considered net of seasonal factors, the confidence index fell to -6 (from -5 in August).

Perceptions about orders and employment both declined in September; instead, the expectations about orders and employment both recovered as did expectations about nation's economic situation.

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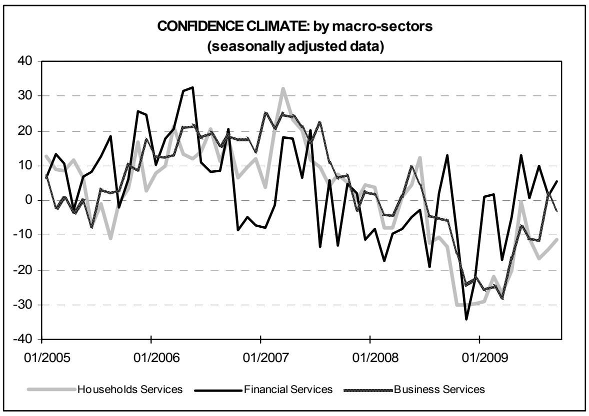
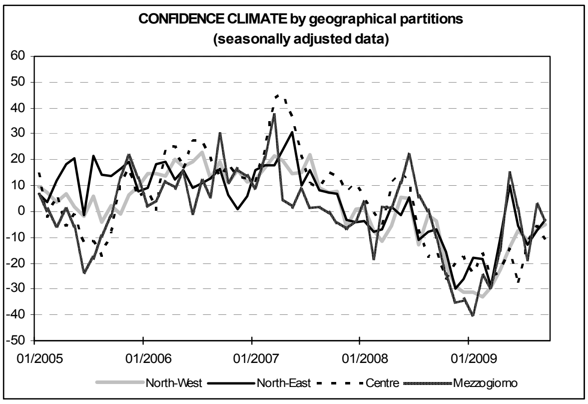
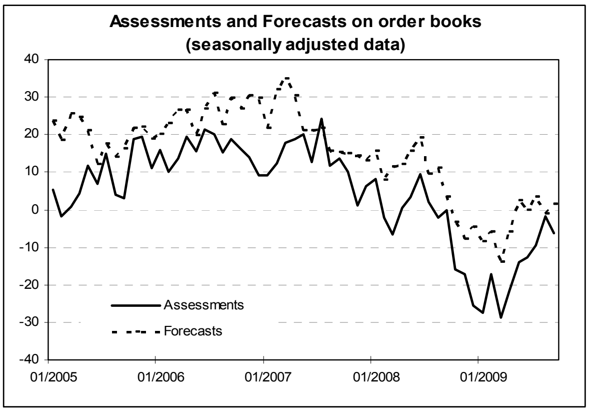
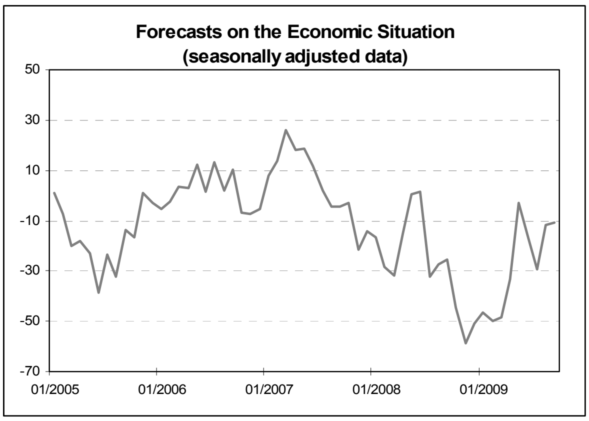
Situation during period of reference

According to the survey participants, the current order situation was worse as of September, with the seasonally adjusted balance descending to -6 (from -2 in August). The balance in relation to employment remained stable at -11, continuing to near the year's lowest levels. The trend of perceptions about orders varied from one sub-segment to another.









The balance declines to -11 (from -10) in services to households, to 7 (from 9) in financial services, and to -9 (from 6) in services to businesses. By contrast, there were some differences in relation to current employment. The balance dropped in the case of financial services (from 13 to 5) and remained stable at negative values in the case of services to households (-14) and businesses (-8).

At a regional level, the businesses in the northwest indicated they were less optimistic than in preceding months with regard to orders (the seasonally adjusted balance went from 2 to -1), and employment (from -7 to -18). More favourable indications came from businesses in the northeastern regions where a recovery was seen in the balance for orders rebounded (from -14 to -6) and the balance for employment (from -2 to -1). For the central regions and southern regions, the balances for orders were down (from -2 and 3, respectively, to -13 for both segments), whereas the data on employment were better (going from -24 and -16 respectively for the central and southern regions to -16 and -2).

Outlook for next three months

In September, service businesses expressed cautiously optimistic expectations. A recovery was seen in the balance with respect to orders (from -3 to 0), and the general trend of the economy (from -12 to -11). Instead, the balance with reference to expected employment dipped slight (from -6 to -7). On the pricing front, some further easing was seen in September in the slight inflationary tensions noted in July, with the related balance decreasing from -1 to -4.

The analysis by sub-segment and by region showed the presence of some differences also with regard to expectations. The balance referring to expected orders improved in the main macro sectors, going from -12 to -7 for services to households, from 8 to 15 for financial services, and from -2 to 2 for services to businesses. Instead, the expectations about employment grew worse in services to households (from -15 to -20), while they recovered with regard to financial services (from -2 to 1), and were stable at a positive value for services to businesses (2). As to the trend of the Italian economy, the firms providing services to households and financial services were more optimistic than in August, with the balances recovering from -20 and -13, respectively, to -16 and -7; instead, the balance for services to businesses was down from -2 to -5.

As in the case of the trend of confidence, the analysis of expectations by region also reflects several slight differences between the northern regions and the central-southern regions. Business in the northwestern and northeastern regions indicated they were more optimistic than in August with respect to all variables. The balances about orders, employment and economy rose from -2, -7, and -21, respectively, to 2, -2 and -18 for the northwestern regions, and from 1, -6 and -9, respectively, to 3, -1 and -7 for the northeastern regions. In the central and southern regions, the expectations about orders were moderately more favourable (from -6 and 0, respectively, to -5 and 2); instead, the data were worse in the case of employment (from -13 and 0, respectively, to -22 and -20) and the trend of the economy (from -9 and 5, respectively, to -16 and 0).