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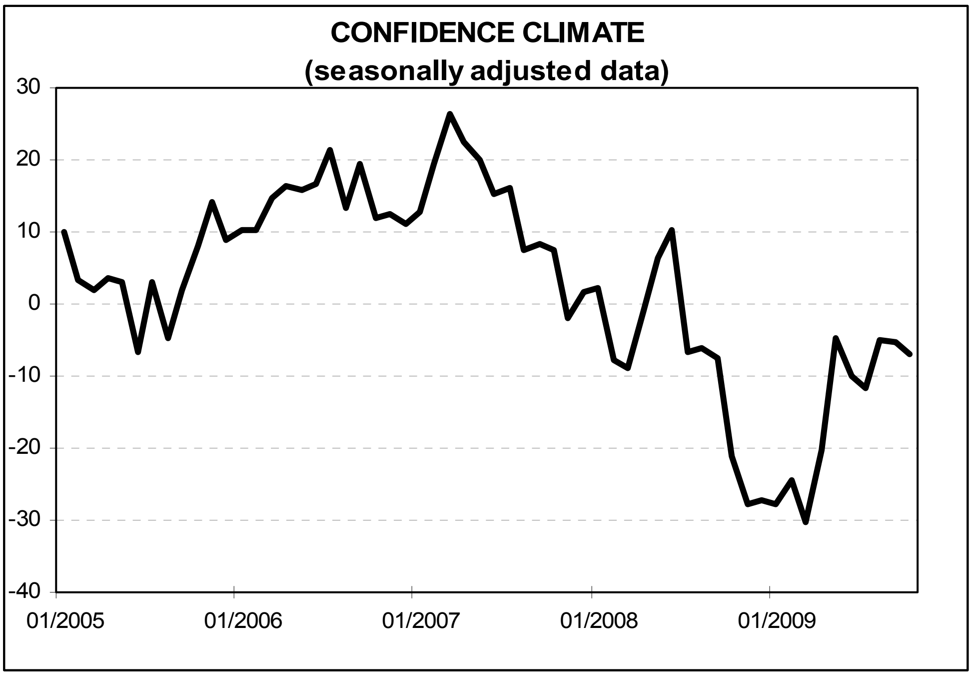
CONFIDENCE IN MARKET SERVICES GOES DOWN IN OCTOBER

- **The confidence climate, considered net of seasonal factors, went down to -7 (from -5) in December)**
- **The deteriorated assessments on order books and the reduced expectations on the general economic trend contributed to the index fall; instead, the balance for expected orders improved**
- **The decrease in confidence was widespread at sector level; the climate dropped to -14 (from -11) in household services and to -11 (from 5) in financial ones. The indicator held steady instead to negative values (-4) in business services**
- **On the other hand, slight differences were reported at regional level: the index sank in the North West (to -7, from -6), the Centre (to -13, from -12) and the South (to -12, from -4) and recovered in the North East (to -1, from -3)**

IN THE 3Q OF 2009 THE PERCENTAGE OF FIRMS PERCEIVING THE EXISTENCE OF FACTOR LIMITING BUSINESS ACTIVITY INCREASED

- **According to the traditional quarterly survey, in the III quarter 2009 the share of firms which considered their activity hampered increased to 61% (it was 49% in the previous quarter)**
- **In this survey, firms considered the insufficient demand as the main obstacle to their activity (77% of answers), followed, in order of importance, by "other unspecified factors" (25%), financial constraints (15%) and labour shortage (1%)**



Data on November shall be released on 26 November 2009
The next ISAE surveys are scheduled as follows:
25 November*: ISAE Monthly Consumer Survey (Reference period: November)*

The full text of ISAE Surveys (either hardcopy or electronic format) is available for sale (for further information see the website www.isae.it)

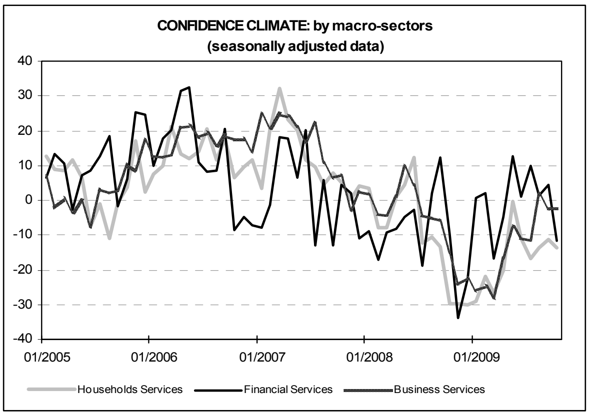
General results

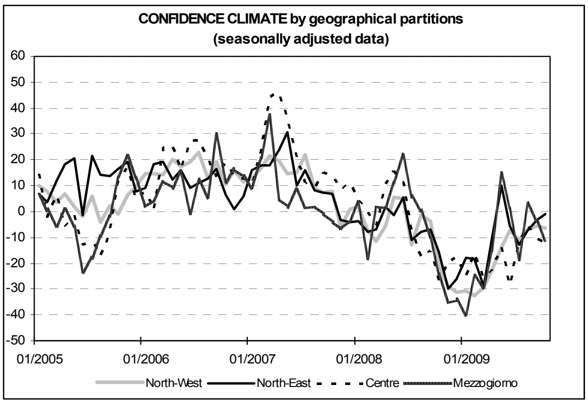
According to the ISAE survey carried out between 1 to 20 November on a panel of about 2,000 firms, confidence in Market services dropped in October. Considered net of seasonal factors, the index, in fact, fell to -7 (from -5 in September).

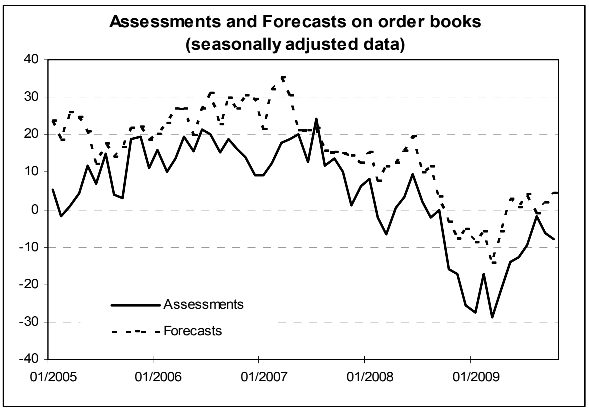
The worsened assessments on orders and the reduced expectations on general economy contributed to the index fall; on the other hand, the balance for expected orders recovered.

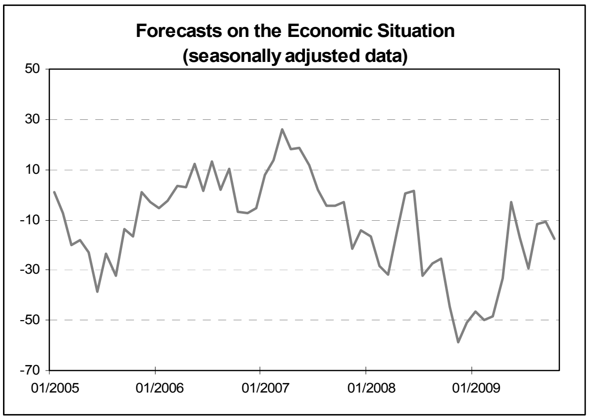
Widespread deterioration in the index level was reported at sector level: the climate dropped to -14 (from -11) in households services, to -11 (from 5) in financial services and held steady to negative values (-4) in business related services.

Slight differences, instead, arose at regional level: the index fell in the North West (from -6 to -7), the Centre (from -12 to -13) and the South (from -4 to -12) and recovered in the North East (from -3 to -1). According to the traditional quarterly survey, addressed to the same sample as the monthly survey, the share of firms declaring to find obstacles to their activity increased to 61% in the third quarter (it was 49% in the previous one).









Situation in the reference period

A deterioration in the current situation on orders was reported in October (seasonally adjusted balance to -8 from -6); assessments on employment recovered (from -11 to -9), though remaining steady to negative levels.

Differences across the operators' assessments arose at sector level. The balance for orders in household services fell to -16 (from -11) and to -15 (from 8) in financial services. Assessments on orders recovered, on the other hand, in business services coming in at -1 (from -9). The current employment situation improved in both household services (balance to -10, from -14) and financial ones (to 5, from 4); the balance dropped, on the other hand, to -10 (from -8) in business services.

At regional level, assessments on orders worsened in the North West (-6, from -1), the Centre (to -14, from -13) and the South (-16, from -13); on the other hand, the balance increased in the North East (-3, from -6). The balance for employment recovered in the North West (to -9, from -18), the Centre (to -13, from -16) and the *Mezzogiorno* (to 1, from -2); assessments on orders, however, worsened, in the North East (balance to -9, from -1).

Outlook on the next three months

Expectations on order books and employment improved in October (seasonally adjusted balance from 1 to 3 and from -6 to 2, respectively). The balance for the general economic trend strongly receded, coming in at -18 (from -11). The balance for prices, finally, rose to -3 (from -4 in October).

As to expectations either, slight differences, were observed in the macro-sector and territorial related analysis. The balance for expected orders recovered in household services (from -7 to -3) but fell in financial (from 15 to 14) and business services (from 2 to a -1). Employment expectations markedly improved in household services (from -20 to 2), but dropped in financial (from 1 to 0) and business services (from 2 to -3) Widespread optimistic hints were sent on the general economic situation, with the balance moving to -23 (from -16) in household services, to -32 (from -7) in financial services and to -10 (from -5) in business services.

At regional level, the operators from the North West were optimistic as to both orders (balance from 3 to 10) and employment (from -2 to 1); a further drop, however, was recorded in the balance for the general economic trend (from -18 to -24). In the North East, a deterioration was observed in both the balance for orders (from 3 to -9) and employment, which held steady to negative values (-1). To buck the trend, the national data on the general economic situation climbed to 9 (from -7). In the Centre, the balance for orders (from -5 to -8) and the general economic trend (from -16 to -19) dropped; on the other hand, a strong recovery was reported in the balance for employment (from -22 to -1). Stronger hints of optimism compared to September were sent from southern operators on the balance for orders (from 2 to 8) and employment (from -20 to 1); a marked fall was, however, recorded in the balance for the general economic trend (from to -27).

Quarterly survey results (III quarter 2009)

The percentage of firms perceiving the existence of factors limiting their production activity rose to 61% (it was 49% in the previous quarter). The share climbed to 66% (from 54) household services, to 68% (from 41) in financial services and to 55% (from 44) in business ones.

In this survey either, firms considered the insufficient demand as the main obstacle to their activities (77% of answers), followed, in order of importance, by “other unspecified factors” (25%), financial constraints (15%) and labour shortage (1%). Like in the previous surveys, firms did not deem the lack of equipment and facilities as a main obstacles to their activities.