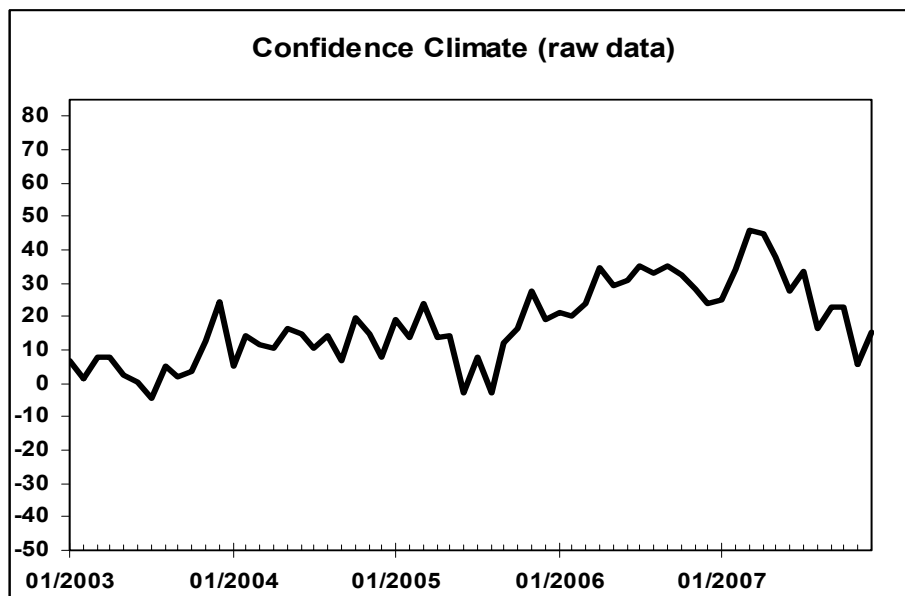




Date: December 27, 2007
TEL.: 06/444821

AFTER THE NOVEMBER PLUNGE, IN DECEMBER CONFIDENCE AMONG MARKET SERVICES FIRMS IS ON THE MEND

- The raw confidence index surged to 15 from the low of 6 recorded in November. The year-on-year change in the indicator – which is not affected by seasonal factors – continued to show a fall in confidence (in December 2006, the index stood at 24)
- Firms further bettered their opinions on the current level of orders and demand, and forecast a new improvement, in the following three months, for both demand and the Italian general economic situation
- In particular, progress in confidence characterised household services (from 7 to 11) and, mainly, business ones (from 4 to 21). Instead, the confidence climate markedly worsened for financial services (from -2 to -21). In December 2006, confidence among household, financial and business services firms amounted to 26, -15 and 22, respectively
- The regional breakdown pointed to an improvement in confidence in the North West (from 4 to 18), the Centre (from 10 to 15) and, above all, the *Mezzogiorno* (from 3 to 30). Confidence declined instead in the North East (from 5 to -1). In December 2006, the confidence climate in the North West, the North East, the Centre and the South stood, in the order, at 22, 28, 25 and 29
- Among the variables excluded from the calculation of the index, the evaluation of the trend in current turnover bettered, opinions and expectations on employment remained virtually stable and selling prices pressures were confirmed



Data on January 2008 shall be released on January 30

The next ISAE surveys are scheduled as follows:

January 10, 2008: *ISAE International Comparison of Consumer and Business Surveys (reference period: December)*

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

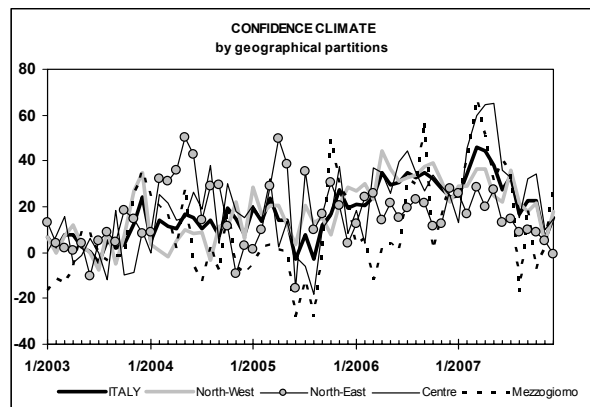
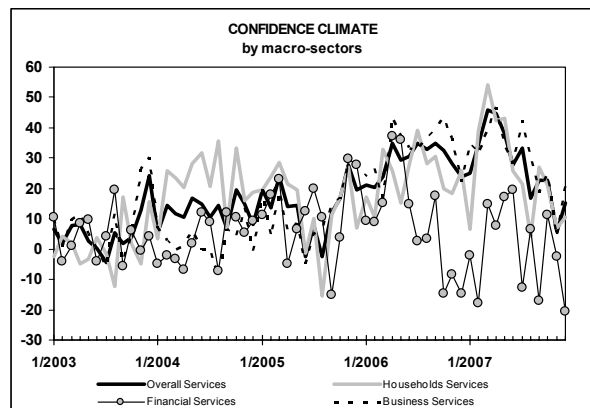
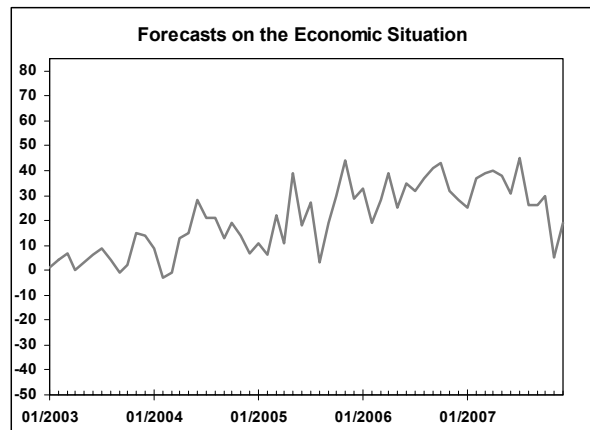
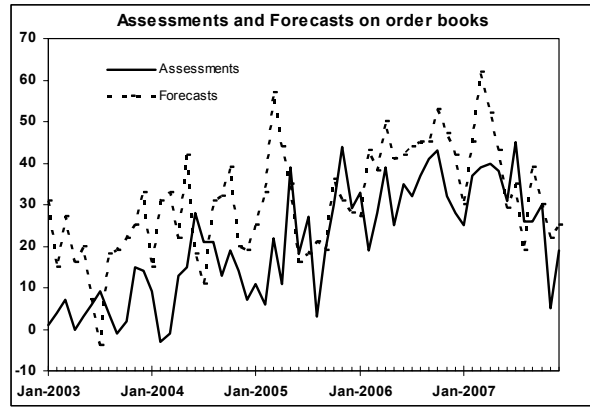
The ISAE Survey, carried out on a panel of about 2,000 firms between December 3 and December 19, showed signs of recovery, following the plunge posted in November. In December, the raw indicator surged to 15, from the low of 6 posted in the previous month. The year-on-year change in the indicator – which is not affected by seasonal factors – continued to record a fall in confidence (in December 2006, the index stood at 24).

Firms further bettered their opinions on the current level of orders and demand, and forecast a new improvement, in the following three months, for both demand and the Italian general economic situation.

In particular, progress in confidence characterised household services (from 7 to 11) and, mainly, business ones (from 4 to 21). Instead, the confidence climate markedly worsened for financial services (from -2 to -21). In December 2006, confidence among household, financial and business services firms amounted to 26, -15 and 22, respectively.

The regional breakdown pointed to an improvement in confidence in the North West (from 4 to 18), the Centre (from 10 to 15) and, above all, the *Mezzogiorno* (from 3 to 30). Confidence declined instead in the North East (from 5 to -1). In December 2006, the confidence climate in the North West, the North East, the Centre and the South stood, in the order, at 22, 28, 25 and 29.

Among the variables excluded from the calculation of the index, the evaluation of the trend in current turnover bettered, opinions and expectations on employment remained virtually stable and selling prices pressures were confirmed.



Situation in the reference period

In December, the opinions of market services firms about main company variables showed signs of improvement from the low level recorded in the previous month. The balances for the current trend of orders and demand recovered, but remained however below their third quarter average. Likewise, the balance for turnover increased (from 15 to 21), whereas the one for employment remained virtually stable.

The industry breakdown showed however a mixed picture. In household services and, mainly, business ones, the opinions on orders and turnover recovered. The evaluation of employment plunged, instead, in household services and increased in business ones. The situation was uniformly negative for financial services, where the opinions on orders and turnover clearly dropped and the ones on employment held steady at a low value.

At the regional level, the opinions on orders and turnover improved in the Centre and, mainly, in the North West and the *Mezzogiorno*. In the North East, the level of demand recovered, but the one for turnover declined. As for employment, the balance held virtually stable (at a low value) in the Centre, recovered in the North West and declined, instead, in the North East and, above all, in the *Mezzogiorno*.

Outlook for the next three months

In December, basic uncertainty characterized short-term prospects for orders, turnover and employment, while expectations for a rise in selling prices continued to increase, and prospects for the Italian economy strongly recovered. The balance for expected orders rose from 22 to 25 and the ones for turnover and employment declined from 27 to 21 and from 11 to 10, respectively. The balance for prices doubled (from 4 to 8), and the one for the general economic situation went back in positive territory, reaching 2 (from -10 in November).

Also forecasts were somewhat mixed across sectors. For household services, the balances for

orders, turnover and the country's economic situation improved, those for employment worsened instead, and expectations of higher inflation intensified. For financial services, operators slightly scaled down their forecasts for orders, but improved those for turnover and employment. In opposing trend with respect to the sector average, expectations for the general economic situation and the price trend declined. In the business services sector, the balances for orders and the general economic situation improved, whereas the ones for turnover and employment deteriorated. Furthermore, selling price inflation was forecast to increase.

At the regional level, the situation was expected to improve markedly in the *Mezzogiorno*, where inflationary pressures also emerged. Prospects were more mixed in the other areas: turnover was expected to decline or, at the best, remain stable; employment prospects worsened in the North and recovered in the Centre; inflationary pressures were forecast to increase everywhere, but in the North West.