

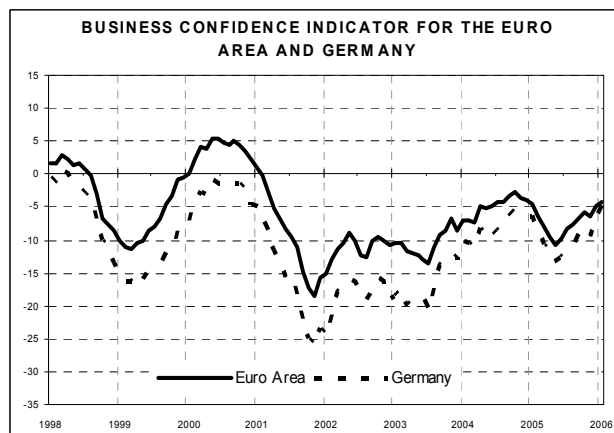
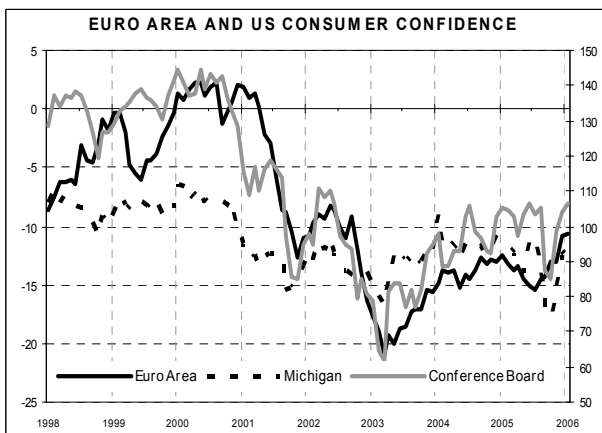


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IN JANUARY, CONSUMER CONFIDENCE STABILIZES IN THE EURO AREA AND RECOVERS IN THE UNITED STATES; BUT IN THE EURO AREA MANUFACTURING FIRMS' OPTIMISM EDGES UP, BACKED ESSENTIALLY BY POSITIVE SIGNALS FROM GERMANY

- Starting from this January and on a monthly basis, ISAE will comment on the European Commission surveys of consumers and manufacturing firms in the Euro Area, the United Kingdom, France, Germany and Spain, and on the United States consumer sentiment surveys carried out by the Conference Board and the University of Michigan
- In the Euro Area and the United Kingdom, consumer confidence remained stable in January, although indications of a mild recovery in Germany and France, balanced by a moderate worsening in Spain. Whereas in the United States consumers confirmed the recovery signals already reported in the last few months
- Manufacturing firms' confidence edged up in the Euro Area owing to a moderate rise in Germany, only partly offset by a worsening in France and Spain. While in the United Kingdom the index dropped, attaining the worst result since October 2003



Data on February shall be released on March 6, 2006

The next ISAE surveys are scheduled as follows:

February 22: ISAE Monthly Consumer Survey (reference period: February)

February 24: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: February)

February 28: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: January) and ISAE Monthly Business Services Survey (reference period: February)

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)

Consumer confidence in the Euro Area, the United States and the United Kingdom

The European Commission survey pointed to stabilization of confidence in January in the Euro Area, at -11, as in the previous month. Respondents gave a more confident appraisal for prospects concerning both personal and general economic conditions, although they did not modify their expectations on future saving opportunities and on the labour market. With regard to prices, the survey did not signal any rise in inflation prospects over the following twelve months: the related balance remained unchanged at 15.

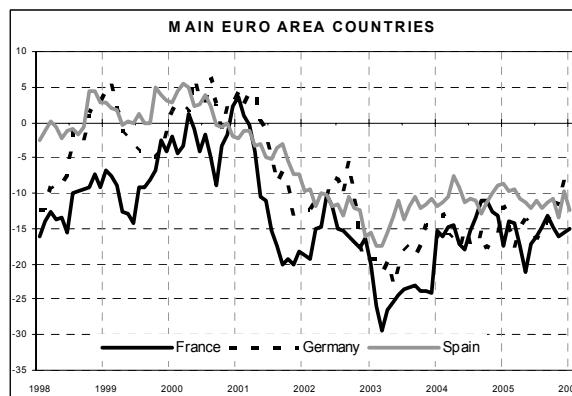
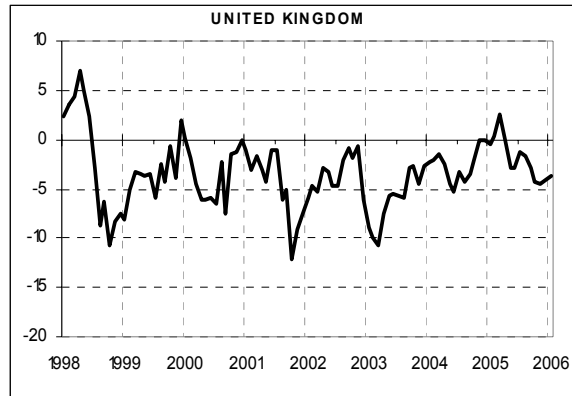
In the United Kingdom, consumer sentiment stayed stable for the fourth month running (at -4), owing to a wide-ranging recovery in expectations on the general and personal economic situation and on future saving opportunities, and to a moderate worsening of prospects for the job market. With regard to prices, respondents expected a slight acceleration of inflation: the related balance rose from 13 to 14.

In the United States, consumer confidence improved in January according to both the Conference Board and the University of Michigan. In particular, the Conference Board consumer confidence indicator reached 106.3, up from 103.8 in December. The rise was the result of the improvement in the present situation component (from 120.7 to 128.4) and a decline in the expectation sub-index (from 92.6 to 91.5).

Regarding the main euro area countries, in Germany confidence recovered in January (from -8 to -6), reaching the highest level since September 2002. The rise was supported by all underlying components, apart from the assessment on future saving opportunities. In particular, positive expectations stemmed from the labour market: the percentage of respondents predicting a rise in unemployment decreased from 19 to 18, reaching, also in this case, the best level since September 2002. With regard to prices, inflationary pressures markedly eased: the related balance diminished from 20 to 15, the lowest level since last August.

Also in France, confidence recovered in January, attaining -15 (from -16 in the previous month) and returning to the value posted last October. The improvement in consumer confidence was backed by all its components. Finally, just like in Germany, French consumers predicted an easing of inflationary pressures: the balance moved from 19 to 17, lower than at any time since last September.

Whereas in Spain, consumer sentiment edged down slightly, to -12 (from -10 in December), reflecting a worsening in all its components, aside from expectations on the job market (in fact, the proportion of respondents predicting a rise in unemployment remained stable at 12). The negative indications mainly came from consumers' forecasts on future saving opportunities, for which the balance worsened from -18 to -25. In line with the forecasts in France and Germany, Spanish consumers predicted a slight slowing of inflation (from 25 to 23 on balance).



Business confidence in the Euro Area and the United Kingdom

The European Commission survey for the Euro Area pointed to a moderate increase in January in manufacturing firms' confidence (from -5 to -4), owing to positive developments for all the underlying components. Furthermore, respondents expected a decline in industrial selling prices in the following twelve months, with the related balance diminishing from 6 to 5.

In the United Kingdom, confidence moderately decreased, reaching -19 (compared with -15 in the previous month), due to the worsening of all the components (assessments on orders and inventories, production expectations).

With regard to the main Euro Area countries, in Germany business confidence continued to recover in January, attaining -5 (from -7 in the previous month), the best score since January 2001. Once more, the improvement was reflected in all the components. As for prices, firms expected a slight increase in selling prices (to 4, from 3 on balance in the previous month).

In France, instead, business climate moderately worsened in January (from -6 to -7): a negative performance characterized short term expectations for business activity, as against a moderate improvement in the evaluation of present demand. The assessment on inventories remained unchanged. As for prices, French firms posted a reduction in inflation expectations: the balance between the respondents expecting a fall in selling prices and those predicting a rise returned in positive territory (moving from -1 to 9).

Manufacturing firms' confidence worsened also in Spain, lowering to -7 from -3 in the previous month and reflecting a fall in all its components. With regard to prices, following an easing in December, inflationary pressures resumed their upward trend (rising from 5 to 6 on balance).

