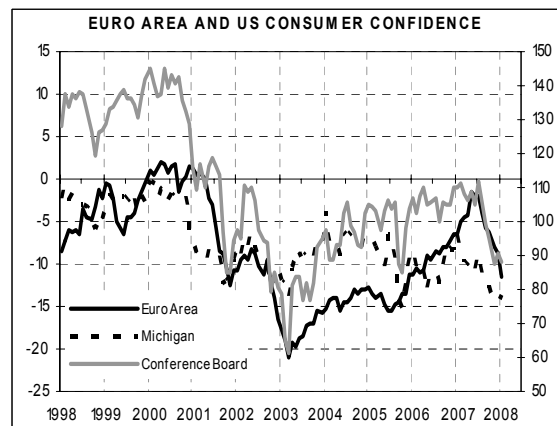
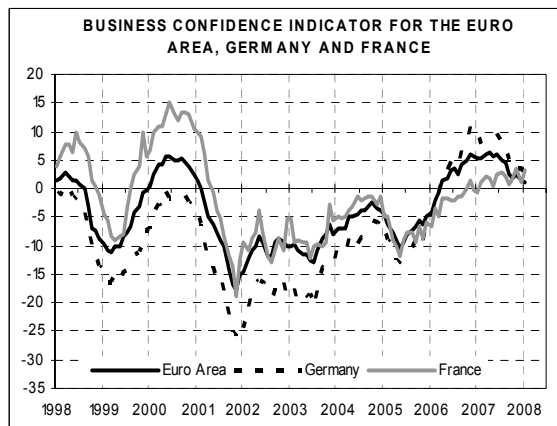




Date: February 7, 2008
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IN JANUARY, MANUFACTURING AND CONSUMER SURVEYS CONTINUE TO SEND NEGATIVE SIGNALS IN THE EURO AREA AND THE UNITED STATES

- In the Euro Area, manufacturing firms' confidence hit the lowest level since March 2006, due to the worsening in the opinions on the current state of orders and demand. Production expectations remained stable at their previous month value, but inventories started to diminish once more
- Country developments were not homogeneous: confidence declined in Spain and, above all, in Germany, where orders and production expectations deteriorated and inventories increased. It recovered, instead, in France, thanks mainly to more favourable prospects for production
- In the Euro Area, also consumer confidence deteriorated in January, mainly because of the worsening in the forecasts for the general economic conditions and, to a lesser extent, for the family situation
- In this case, deterioration was widespread across main countries, but was especially strong in France, where consumers were particularly pessimistic about the prospects for the economy in general and the labour market in particular
- Also in the United States, main consumer confidence surveys gave by and large negative indications. Following the small improvement recorded in December, the Conference Board index plunged, prompted mainly by the deterioration in short-term forecasts for the country's economic situation. The indicator of the University of Michigan slightly edged up instead, but remained however below the level posted the year earlier. In particular, assessments on the family financial situation were markedly diversified according to consumer income brackets



Data on February shall be released on March 6, 2008

The next ISAE surveys are scheduled as follows:

February 21: ISAE Monthly Consumer Survey (reference period: February)

February 26: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: February)

February 27: ISAE Monthly Business Services Survey (reference period: February); ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: February) and ISAE Monthly Survey on Construction (reference period: January)

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)

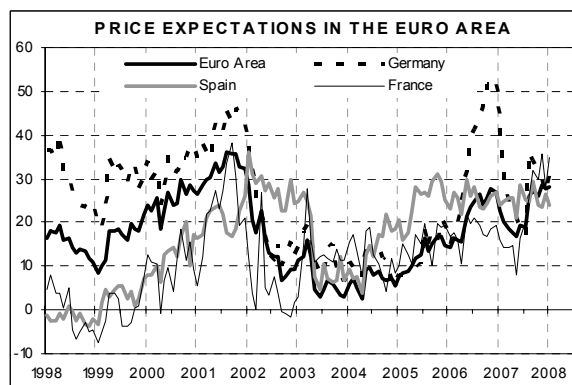
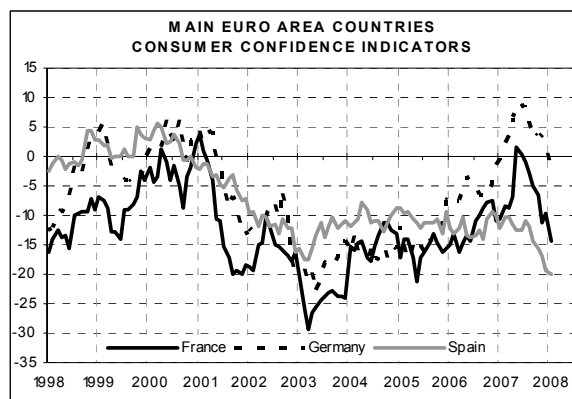
Consumer confidence in the Euro Area, the United States and the United Kingdom

According to the European Commission survey, in the average of the Euro Area consumer confidence confirmed in January its downward trend (declining from -9 to -12, the lowest level since the end of 2005). The clear worsening in consumers' forecasts on the country's general economic trend and on labour market developments mirrored the deterioration in international economic conditions. However, also the family's economic prospects and future saving opportunities declined. Lastly, consumers continued to worry about the price trend: the balance for inflation in the following twelve months remained at its highest level since the changeover to the euro (at the start of 2002).

The worsening in confidence was widespread across main countries. In Germany, the index hit -1 (from 2 in December), returning in negative territory for the first time in the last twelve months. Deterioration mainly distinguished unemployment prospects, but inflation expectations also started to rise. The fall was sharper in France, where the index fell from -10 to -15, the lowest level since April 2006. In particular, in January French consumers became clearly more pessimistic about short-term prospects for the economy (the balance lowered from -14 to -25) and the labour market (unemployment expectations went up from 7 to 12). Also in this case, inflation prospects started to increase again. Confidence deteriorated slightly in Spain as well, moving from -19 to -20. The labour market sent negative signals, but expectations for the family economic situation and for saving opportunities improved moderately. Lastly, inflationary pressures eased slightly. Finally, the confidence climate worsened also in the United Kingdom, where the indicator reached -7 (compared to -5 in December), because of the deterioration in all its underlying components. Also inflationary pressures increased once more.

The United States gave overall negative indications. The consumer confidence index calculated by the

Conference Board moved to 87.9 (from 90.6 in December), prompted by the sharp fall in the gauge measuring expectations, which lowered from 75.8 to 69.6. The present situation indicator improved instead (from 112.9 to 115.3), though remaining decidedly lower than the level posted the year earlier. According to the survey of the University of Michigan, the confidence indicator bettered somewhat, rising from 75.5 to 78.4, backed, above all, by the improvement in the sole expectations component, which increased from 69.1 to 75.5 (the present situation index declined instead from 115.7 to 108.3). However, consumers mentioning financial difficulties reached the highest level in the last two decades, mainly because of the markedly negative trend among low revenue respondents (those with annual revenue below 75,000 dollars).



Business confidence in the Euro Area and the United Kingdom

According to the European Commission survey, in the average of the Euro Area manufacturing firms' confidence declined in January to 1 (from 2 in December), the lowest reading since March 2006. Opinions on the current state of demand clearly worsened, but production expectations recovered moderately and inventories stabilized. Lastly, entrepreneurs expected a rise in industrial selling price pressures in the following months (the balance rose to 14 from 13 in the previous month).

However, country developments were definitely not homogeneous. In Germany, confidence declined from 4 to 1, the lowest level since March 2006: both the opinions on orders and production expectations deteriorated and inventories started to build up again. Lastly, the share of entrepreneurs expecting a rise in industrial selling prices in the following months increased. In Spain as well, the indicator extended its downward trend, moving from -3 to -4, mainly because of a sharp restocking of inventories, which more than offset the recovery posted by the opinion on orders and production expectations (the balances moved from -6 to -5 and from 4 to 6, respectively). Spanish entrepreneurs expected an easing in inflationary pressures in the following months. In France, instead, confidence recovered, moving from 1 to 3, thanks mainly to the sharp improvement in production expectations (the balance rose from 12 to 18). Also inflation expectations declined slightly. Lastly, the United Kingdom sent positive signals. The confidence indicator compensated the fall posted in December, returning to its November value (to 4 from 1 in December). Production expectations remained stable, but the opinions on orders recovered and inventories continued to decline. Finally, industrial selling price pressures eased slightly.

