

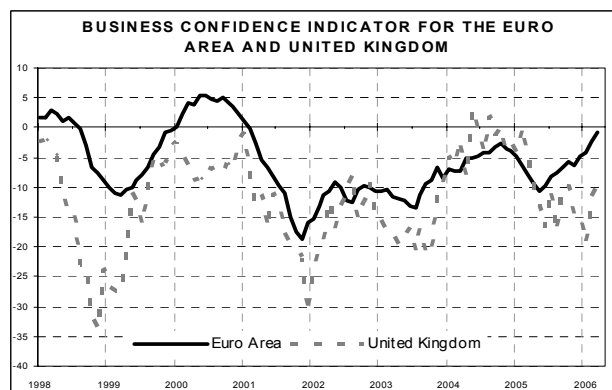
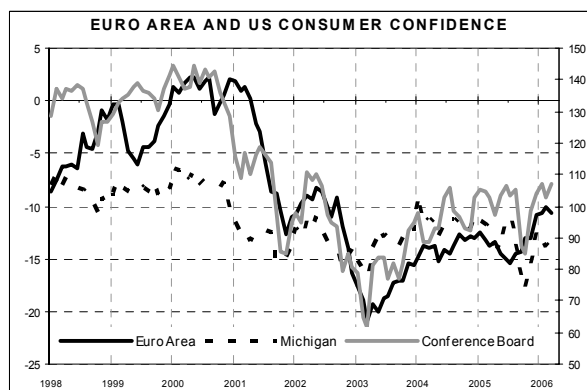


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IN MARCH, CONSUMER CONFIDENCE EDGES DOWN IN THE EURO AREA AND RECOVERS IN THE UNITED STATES, WHILE MANUFACTURING FIRMS' CLIMATE IMPROVES BOTH IN THE EURO AREA AND IN THE UNITED KINGDOM

- In the Euro Area, consumer confidence slipped back in March, due to a weakening in Germany and mainly in France, probably related to recent social tensions caused by the proposed labour market reform
- The indicator improved instead in the United States, where the Conference Board index rose to a four-year high
- Manufacturing firms' climate continued to recover in March in the Euro Area: the index attained its best result since September 2000, thanks to positive indications coming largely from Germany and, to a lesser extent, from Spain
- The indicator instead edged down in France, whereas a positive evolution was reported in the United Kingdom, where confidence regained the peak recorded last October



Data on April shall be released on May 5, 2006

The next ISAE surveys are scheduled as follows:

April 20: ISAE Monthly Consumer Survey (reference period: April)

April 27: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: April)

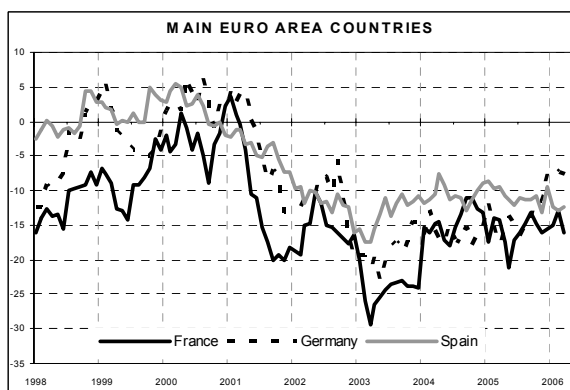
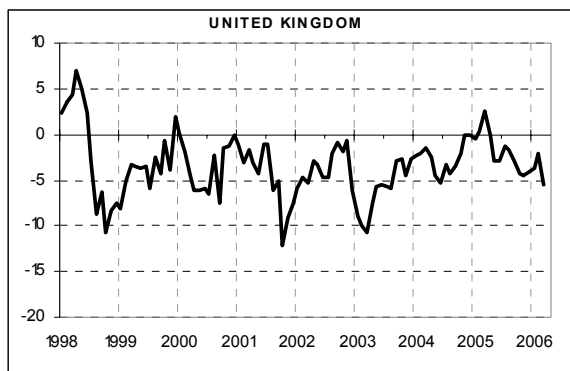
April 28: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: March) and ISAE Monthly Business Services Survey (reference period: April)

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 reported virtual stability for confidence in the average of the Euro Area in March (the indicator moved from -10 to -11): respondents slightly improved their expectations on future saving opportunities, while the proportion of those expecting a rise in unemployment in the following months increased (the related balance was up from 19 to 21). As for prices, respondents pointed to a moderate easing of inflation (the balance moved from 17 to 16).

Regarding the main Euro Area countries, confidence edged down in Germany, attaining -8 (from -7): survey participants expected a slight worsening in the country's overall situation, but were less pessimistic about future saving opportunities. With respect to prices, consumers reported a small acceleration of inflation (the related balance increased from 19 to 20). In France, the deterioration in confidence was worse. The index declined to -16 (from -13 in the previous month). In particular, the percentage of respondents expecting an increase in unemployment in the following twelve months grew to its highest level since last September, probably owing to recent social tensions related to the proposal of the so-called "first job contract" for the youth. Furthermore, French consumers expected a slight easing of inflationary pressures (the related balance decreased from 18 to 16). Signs of moderate improvement were instead evident in Spain, where the indicator increased to -12 (from -13 in the previous month), mainly because of more favourable expectations on saving opportunities. As for prices, consumers expected a moderate reduction of inflationary pressures (the related balance declined to 26, from 27 in February).



In the United Kingdom, consumer confidence markedly worsened in March, lowering to -6 (from -2 in the previous month), due to a worsening in all the underlying components of the indicator (mainly with regard to respondents' expectations on their personal economic situation and on the country's general economic conditions). As for prices, surveyed consumers expected a modest increase in inflationary pressures (the balance rose to 14, from 12 in the previous month).

In the United States, the consumer confidence index improved in March both according to the Conference Board (from 102.7 to 107.2, its highest reading since May 2002) and to the University of Michigan (from 86.7 to 88.9), mainly thanks to the respondents' more favourable appraisal of their own financial situation.

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 continued to improve in March. The balance rose from -2 to -1, reaching the highest level since February 2001. Production expectations and the assessments on the level of orders improved, but inventories built up somewhat. As for prices, firms expected instead industrial selling prices to remain largely stable. The related balance stayed at 7, as in the previous month.

In particular, with regard to the main Euro Area countries, in Germany business confidence rose to -1 (from -3 in February), attaining the best result since September 2000: both the prospects for production and the assessment on the level of orders improved, while inventories remained unchanged. Furthermore, firms expected a moderate decline in industrial selling prices (the balance moved to 5, from 6 in February). In France, instead, the business climate worsened slightly in March (from -4 to -5), owing to a deterioration in all the underlying components of the indicator, with the exception of the assessments on orders. Finally, with regard to the price trend the proportion of firms expecting a fall in industrial selling prices continued to equal that expecting a rise, and the balance remained stable at 0 in March, as in the previous two months.

In Spain, instead, confidence slightly recovered in March, reaching -3 (from -6 in February) and returning to the level posted last December, thanks to an improvement in production expectations (from 0 to 6) and in the appraisal of orders. Inventories, instead, increased markedly. Regarding prices, following a moderate increase in February, inflationary pressures eased once more (the related balance declined from 9 to 7).

Even in the United Kingdom, confidence slightly increased, reaching -10 (from -12 in the previous month), the best result since last October, due to an improvement in short-term expectations for production activity and in the assessments on the level of orders. On the other hand, inventories rose. Finally firms anticipated an increase in industrial selling prices (the related balance equalled 9, compared to 4 in the previous month).

