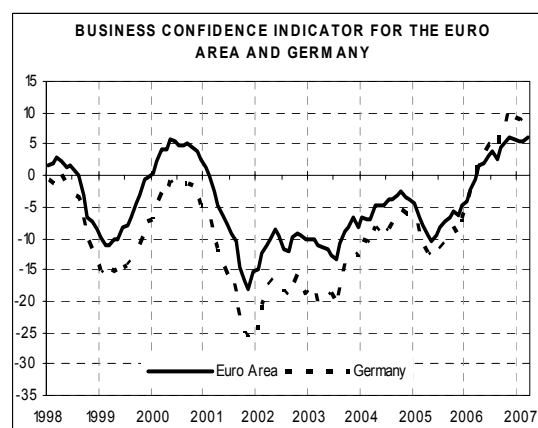
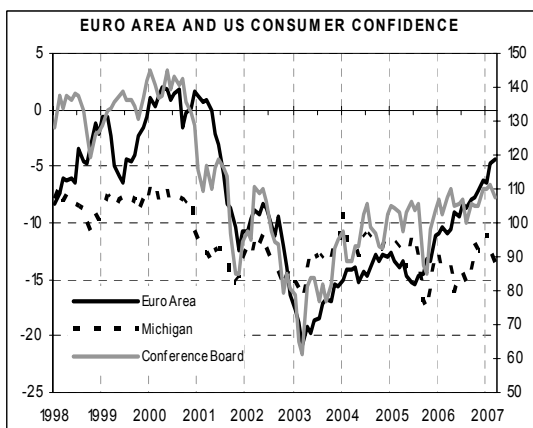




Date: April 5, 2007
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IN MARCH, CONSUMER AND BUSINESS OPTIMISM RISES IN THE EURO AREA, BUT CONSUMER CONFIDENCE WORSENS IN THE UNITED STATES

- In the Euro Area, consumers became more optimistic about the prospects for their personal situation and general economic conditions (which hit the highest level in the last five years). In addition, fears of inflationary pressures eased
- With regard to the main Euro Area countries, German consumers did not seem to be negatively affected by the VAT increase at the beginning of the year: the confidence indicator reached a six-year high. The indicator stabilized in Spain, but declined in France, maybe also because of current electoral uncertainties
- US consumer confidence, instead, suffered a setback, according to both the Conference Board and the University of Michigan: in particular, pessimism about general economic prospects increased, perhaps also owing to the recently emerged negative data about the housing market
- In the average of the Euro Area, the confidence climate for manufacturing firms slightly edged up. Expectations of a rise in selling prices increased as well
- Also German firms did not seem to feel the effects of the rise in indirect taxation which took place at the start of the year: in Germany, the confidence indicator stabilized at the high level reached in the last months. The other main economies of the area sent positive signals too, mainly thanks to the improvement in expectations for short-term productive activity. Confidence declined instead in the United Kingdom



Data on April shall be released on May 8, 2007

The next ISAE surveys are scheduled as follows:

April 24: ISAE Monthly Consumer Survey (reference period: April)

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

April 30: ISAE Monthly Business Services Survey (reference period: April); ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: April) and ISAE Monthly Survey on Construction (reference period: March)

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

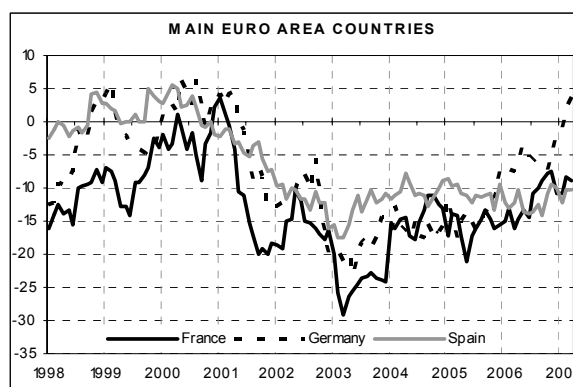
According to the European Commission survey, in the average of the Euro Area consumer confidence slightly edged up in March to -4 (from -5 in the previous month), mainly thanks to an improvement in short-term prospects for the respondents' personal economic situation (from -3 to -1, the highest level in the last five years) and general economic conditions (from -4 to -3, the best result since March 2001). Stability characterized, instead, future saving opportunities and expectations on labour market developments (the balance referring to the share of consumers anticipating a rise in unemployment in the following twelve months actually stabilized at 5, the lowest value since April 2001). Furthermore, consumers anticipated a slowdown in inflation (the balance declined from 20 to 18).

Among the main countries, consumer confidence improved in Germany, reaching 4 (from 2 in the previous month), the best result since April 2001, thanks to an improvement in prospects for the consumers' personal situation (from -4 to -1, the highest level since October 2001), the general economic situation (from 4 to 7, an eight-year high) and labour market developments (the share of consumers anticipating a rise in unemployment actually continued to be lower than the share of those expecting a decline, and the balance stood at -9, compared to -7 in February). Finally, inflationary pressures markedly cooled down: the balance declined from 30 to 25, the level posted last April. Confidence decreased instead in France (from -8 to -9), prompted by a deterioration in future saving opportunities and in prospects for labour market developments. Expectations for the general economic situation and for the respondents' personal situation remained, instead, unchanged compared to the previous survey. Finally, differently from the average of the Euro Area and from Germany, French consumers expected a slight increase in inflation for the following months: the balance rose to 15 from 14 in February. In Spain, instead,

confidence remained unchanged at -10, as in the previous month: forecasts for the personal economic situation improved, but labour market expectations deteriorated (the balance for the share of consumers anticipating a rise in unemployment in the following three months actually moved from 5 to 9). In line with developments in France, also Spanish consumers expected a moderate increase in inflationary pressures (the related balance increased from 25 to 26).

Lastly, the consumer climate improved moderately in the United Kingdom, reaching -5 (from -6 in February), helped mainly by a recovery in short-term prospects for the economy and future saving opportunities (the balance rose from 17 to 21). However, expectations on labour market developments marginally worsened. Finally, with regard to prices, British consumers did not expect significant changes for the inflation trend and the balance remained at 16, its previous month level.

The United States sent, instead, negative signals: according to the Conference Board and the University of Michigan, the confidence indicator declined from 111.2 to 107.2 and from 91.3 to 88.4, respectively. Surveyed consumers were generally more pessimistic about the economic trend.



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 increased in March to 6 (from 5 in the previous month), backed by an improvement in the opinions on the level of orders and in prospects for short-term productive activity. However, inventories moderately built up. As for prices, anticipations of a rise in industrial selling prices rose: the balance increased to 13 from 12 in the previous month.

In Germany, the confidence climate grew to 9 (from 8 in February), mainly driven by sharp progress in production expectations (the balance increased from 8 to 12). Inventories moderately built up and the assessments on order books remained instead unchanged. However, German firms anticipated a rise in industrial selling prices. The related balance rose to 14 from 12 in February. In France, confidence slightly edged up to 2 (from 1 in the previous month), thanks to an improvement in assessments on order books and in short-term production expectations. Also in this case, inventories inched up. Lastly, with regard to the price trend, French firms anticipated a moderate increase in inflationary pressures: the balance moved from 7 to 8. In Spain, confidence rose to 3 (from 1 in February), supported by the general improvement in all the underlying components of the indicator (the increase mainly characterized the balance related to the prospects for short-term productive activity, which rose from 7 to 10). As for prices, in line with the developments recorded for the average of the Euro Area, Germany and France, Spanish firms expected an acceleration in inflation, and the balance stepped up from 10 in the previous month to 14, the level reached last December. Finally, confidence declined in the United Kingdom (from 5 to 4), mainly because of a deterioration in short-term prospects for production (the related balance lowered from 23 to 20). However, the opinions on the level of order books improved (from 1 to 5), whereas inventories stabilized. With respect to prices, British entrepreneurs expected a

slight increase in inflationary pressures: the balance rose from 18 to 20 in March.

