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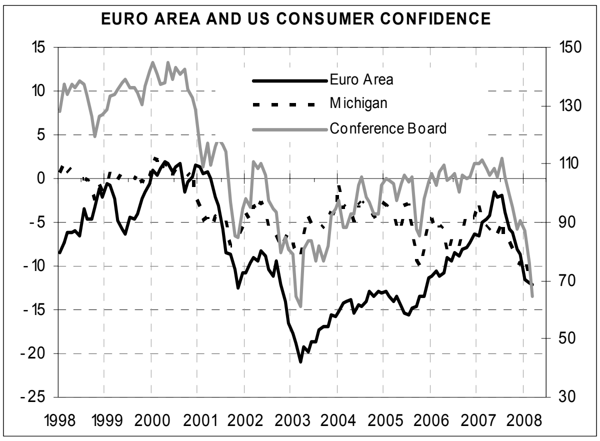
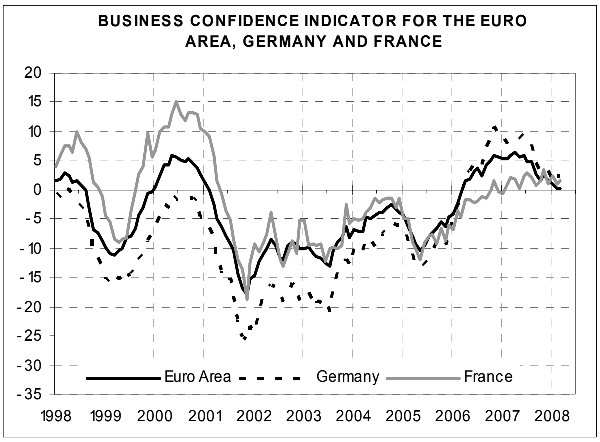
IN EUROPE, CONSUMER CONFIDENCE REMAINS STABLE AND MANUFACTURING FIRMS' CONFIDENCE WORSENS IN MARCH

- **In the Euro Area, manufacturing firms' confidence declined to its lowest value since March 2006. Production expectations deteriorated, but the opinions on the current state of demand recovered slightly, and inventories remained unchanged. In Germany and France, an improvement characterized assessments on the level of orders, mainly foreign ones. In Spain, production expectations declined to a value last seen in May 2002**
- **Consumer confidence remained at the low level experienced at the end of 2005, due to less favourable forecasts on future saving opportunities. Confidence improved in Germany and Spain, but deteriorated in France, owing to respondents' heightened concerns about prospects for their personal economic situation and future saving opportunities**

IN THE UNITED STATES, CONSUMER CONFIDENCE PLUNGES

- **The Conference Board index declined in March to the lowest level in five years, prompted by sharp deterioration in the expectations component, which slumped to a thirty-five-year low. According to the Survey of the University of Michigan, confidence fell to a value last reached in November 1991, driven mainly by respondents' rising concerns about the labour marked and the country's general economic prospects**





Data on April shall be released on May 6, 2008

The next ISAE surveys are scheduled as follows:
April 24: *ISAE Monthly Consumer Survey (reference period: April)*
April 28: *ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: April)*
April 29: *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)*

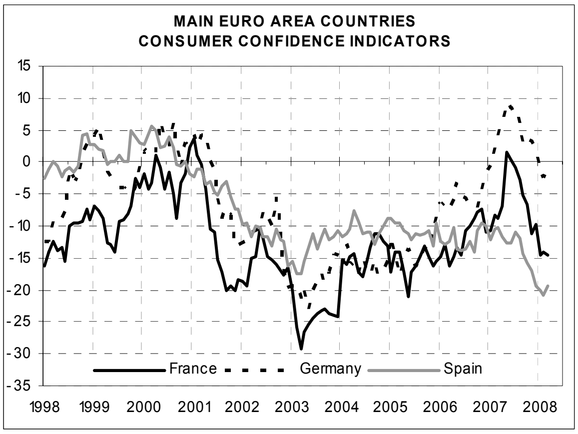
The full text of ISAE Surveys (either hardcopy or electronic format) is available for sale (for further information see the web site www.isae.it)

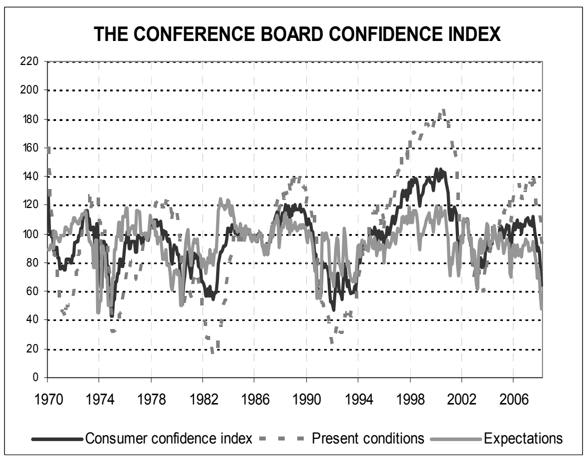
Consumer confidence in the Euro Area, the United States and the United Kingdom

According to the European Commission survey, in the average of the Euro Area, also in March consumer confidence held steady at -12, the lowest level since the end of 2005. Forecasts about future saving opportunities became less favourable, but expectations for the general economic situation and for labour market developments recovered slightly. Consumers were also less concerned about inflation: the balance lowered to 26, from 28 in the previous month.

Among the main countries, the index recovered somewhat in Germany, moving to -2 (from -3), mainly thanks to the improvement in prospects for the general economic situation and future saving opportunities. Lastly, inflation expectations continued to increase (the related balance rose from 32 to 35, the level last seen in August 2007). In France, instead, the index went down to -15 (compared to -14 in the previous month), mainly prompted by the worsening in respondents' expectations for their personal economic situation and future saving opportunities. However, labour market developments improved, and inflationary pressures eased (the balance diminished from 27 to 16, the lowest level since June 2007). On the other hand, confidence increased in Spain, moving to -21 from -19. Positive signals distinguished expectations for the family economic situation, general economic conditions, and the labour market. Future saving opportunities stabilized. Lastly, inflationary pressures inched up (the balance reached 18, compared to 17 in the previous month). Finally, the confidence climate worsened in the United Kingdom, where the indicator came in at -10 (from -9 in February), because of deterioration in expectations for the general economic situation, the labour market, and future saving opportunities. Lastly, inflationary pressures increased.

In contrast, the United States sent highly pessimistic signals. According to the index calculated by the Conference Board, consumer confidence plunged in March to 64.5 (from 76.4 in February), hitting the lowest level in five years. The fall was mainly prompted by further deterioration in the gauge measuring expectations, which lowered from 58 in February to 47.9 in March, a thirty-five-year low (in December 1973, the index stood at 45.2). Moreover, the present situation indicator dropped from 104 to 89.2, the lowest value since March 2004. According to the survey of the University of Michigan, confidence decreased from 70.8 to 69.5 (a low last reached in November 1991), driven by the worsening in the sole expectations component (which diminished from 62.4 to 60.1). The deterioration in US confidence mirrored respondents' concerns about the general economic trend and labour market developments: over approximately nine months, Wall Street's banks, involved in the sub-prime mortgage crisis, shed 35000 jobs, one of the largest cuts since 2001 after the internet bubble burst.





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 held steady in March at 0 (its previous month value), the lowest reading since March 2006. Production expectations worsened, but views on the current state of demand recovered slightly, and inventories stabilized. Moreover, entrepreneurs projected lower industrial selling price pressures (the balance edged down to 13, from 14 in the previous month).

However, country developments were not homogeneous. In Germany, firms' confidence remained unchanged at 2, its previous month level. Entrepreneurs gave positive indications on the level of orders (the balance rose from 4 to 5), while production expectations declined slightly, and inventories stabilized. As for prices, German entrepreneurs did not expect changes in the inflation rate. On the contrary, in Spain the indicator extended its downward path, moving from -8 to -9, mainly because of a worsening in production expectations (from 1 to -6, the lowest showing since May 2002). The opinions on order books improved slightly, and inventories remained unchanged. Lastly, Spanish entrepreneurs expected a slowdown in inflation (the balance lowered from 12 to 8). In France, the confidence climate increased to 2 (from 1 in the previous month), owing to a recovery in the opinions on the level of orders (from -1 to 2). Production expectations diminished instead, inventories held steady, and inflationary pressures remained unchanged. Finally, the United Kingdom sent positive signals. The confidence indicator stood at 1 (compared to -3 in February), driven by the sharp recovery in assessments on the current state of demand (from 0 to 4) and in production expectations (from 4 to 13). Inventories stabilized instead. As for prices, industrial selling price pressures eased.