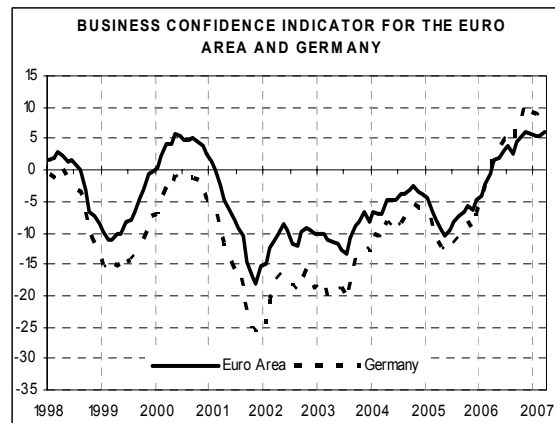
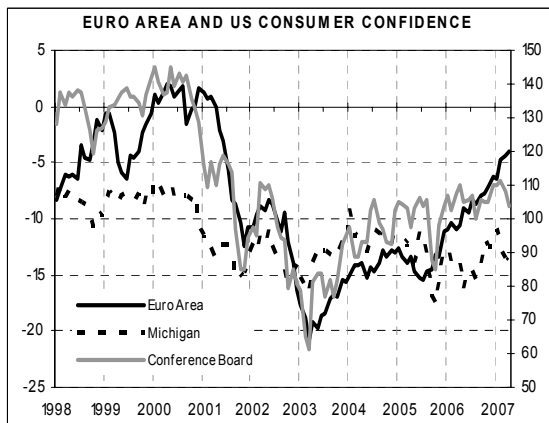




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MANUFACTURING FIRMS' CONFIDENCE CONTINUES ITS UPTURN IN THE EURO AREA. CONSUMER CLIMATE STABILIZES IN EUROPE AND WORSENS IN THE UNITED STATES

- The rise in manufacturing firms' confidence recorded in April in the Euro Area stemmed from the improvement in both assessments on orders and production prospects. The index remained unchanged in Germany and France, but declined in Spain, mainly because of a sharp reduction in expectations for productive activity. Lastly, the United Kingdom also sent negative signals
- In the Euro Area, consumers scaled down the prospects for their personal situation and for future saving opportunities. Also fears of inflationary pressures eased. With regard to the main Euro Area countries, confidence improved in France, reached the highest level in the last seven years in Germany, but worsened in Spain
- In April, US consumer confidence remained virtually stable according to the University of Michigan, but stepped down abruptly according to the Conference Board. In the later case, the fall was mainly due to the worsening in the opinions on the present situation, probably related to the rise in oil product prices and to the declined in house prices, which were only partly offset by the still favourable trend in wages and stock prices



Data on May shall be released on June 6, 2007

The next ISAE surveys are scheduled as follows:

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

May 24: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: May), and ISAE Investment Survey on Manufacturing and Extractive Firms (reference period: January-June 2007)

May 29: ISAE Monthly Business Services Survey (reference period: May); ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: May) and ISAE Monthly Survey on Construction (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

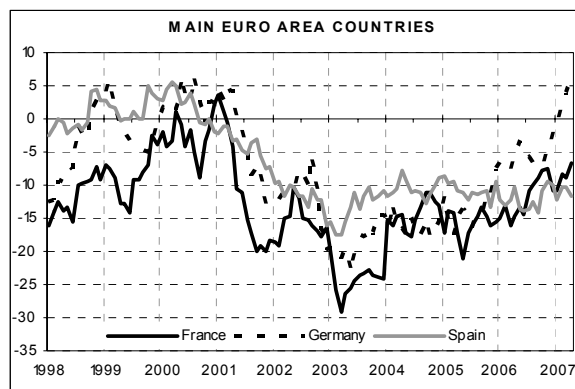
According to the European Commission survey, in the average of the Euro Area consumer confidence held steady in April at -4 (as in the previous month): prospects for the respondents' personal situation and for future saving opportunities declined moderately, in the presence of a slight improvement in expectations for labour market developments (the balance referring to the share of consumers anticipating a rise in unemployment in the following twelve months actually declined from 5 to 3, the lowest value since April 2001). Moreover, consumers expected a marginal slowdown in inflation (the related balance edged down from 18 to 17).

Among the main countries, consumer confidence improved in Germany, reaching 7 (from 4 in the previous month), the best result since August 2000, thanks to an improvement in prospects for the consumers' personal situation (from -1 to 0, the highest level since July 2001), the general economic situation (from 7 to 10) 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 -12, compared to -9 in March). Finally, inflationary pressures markedly cooled down: the balance declined to 22, compared to 25 in the previous month. Confidence rose also in France (from -9 to -7), helped by an improvement in prospects for the country's general economic situation and for labour market developments (the balance for the proportion of respondents anticipating a rise in unemployment in the following twelve months actually shrunk from 12 to 5). Differently from consumers in the average of the Euro Area and in Germany, French ones did not expect significant changes for the price trend in the following months, and the balance remained unchanged at 15, as in March. In Spain, instead, confidence lowered to -12 (from -10 in the previous month), prompted by deterioration in all the underlying components of the confidence climate, except future saving opportunities.

In line with developments in France, also Spanish consumers did not expect changes in the inflation trend: the balance remained unchanged at 26, its previous month level.

Lastly, the consumer climate worsened also in the United Kingdom, lowering to -7 (from -5 in March), mainly due to the deterioration in the balance for future saving opportunities (from 21 to 13) and for expectations on labour market developments. With regard to prices, as in France and Spain, inflation in the United Kingdom stabilized and the related balance remained at 16.

The United States also sent negative signals: the confidence indicator moderately lowered, moving from 88.4 to 87.1 according to the University of Michigan, but dropped from 108.2 to 104 according to the Conference Board, because of deterioration in both short-term expectations and opinions on the current situation. At this stage, a negative effect came from the rise in oil product prices and the fall in house prices, which was only partly offset by the still favourable trend in wages and stock prices.



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 April to 7 (from 6 in the previous month), thanks to the improvement in the opinions on the level of orders and in prospects for short-term productive activity. However, inventories stayed at their previous month level. As for prices, anticipations of a rise in industrial selling prices finally eased: the balance declined to 11 from 13 in March.

In Germany, the confidence climate remained in April at 9 (its previous month reading). The opinions on order books stabilized, but production expectations improved (from 12 to 15). However, inventories moderately built up. Lastly, German firms anticipated a slowdown in industrial selling prices. The related balance declined from 14 to 12. Confidence remained unchanged in France too, where the worsening in the opinions on orders and in production expectations contrasted with the moderate de-stocking of inventories. Finally, with regard to the price trend, French firms anticipated a small decline in inflationary pressures: the balance moved from 8 to 5. In Spain, instead, confidence inched down in April to 2 (from 3 in March), mainly because of a sharp deterioration in expectations for short-term productive activity (the balance lowered from 10 to 4). However, firms gave slightly better assessments on orders, but did not report any change in inventories. As for prices, in line with the developments recorded for the average of the Euro Area, Germany and France, Spanish firms expected a slowdown in inflation, and the balance decreased to 12 from 14 in March. Lastly, confidence declined in the United Kingdom (from 4 to 2), mainly due to deterioration in all the underlying components of the indicator. With respect to prices, British entrepreneurs however expected a sharp easing of inflationary pressures: in April the balance dropped from 20 to 13.

