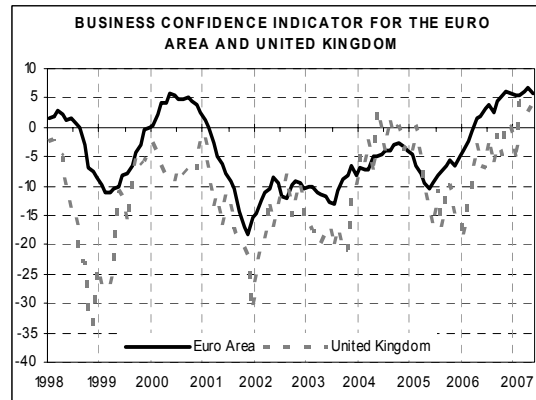
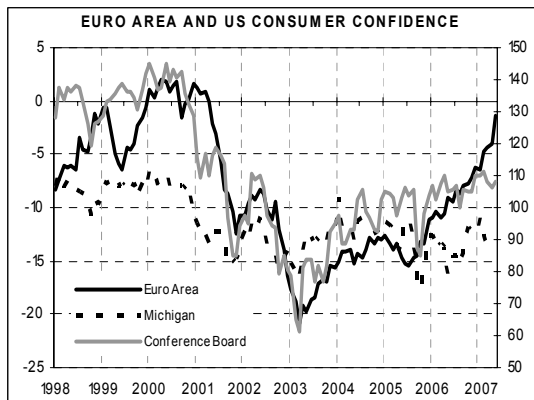




Date: June 6, 2007
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CONSUMER OPTIMISM RISES IN EUROPE AND THE UNITED STATES. MANUFACTURING FIRMS' CONFIDENCE WORSENS INSTEAD IN THE EURO AREA

- In the Euro Area, consumer confidence surged in May to a six-year high, and fears of inflationary pressures stabilized. Among the main countries, the index rose in France, reached the highest level over the last seventeen years in Germany, but worsened in Spain
- The United States also sent favourable signals. The confidence indicator increased to 88.3 from 87.1 in April according to the University of Michigan, and soared to 108 from 106.3 according to the Conference Board, prompted by an improvement in both short-term expectations and opinions on current conditions
- Manufacturing firms' confidence declined, instead, in the Euro Area, due to the worsening in both the assessments on orders and inventories and production prospects. The indicator remained unchanged in Germany, but decreased in Spain and France. Lastly, the United Kingdom also sent positive signals, mainly because of a marked de-stocking of inventories
- However, inflationary pressures increased sharply, and the related balance reached the highest value in the last twelve years



Data on June shall be released on July 5, 2007

The next ISAE surveys are scheduled as follows:

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

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

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

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

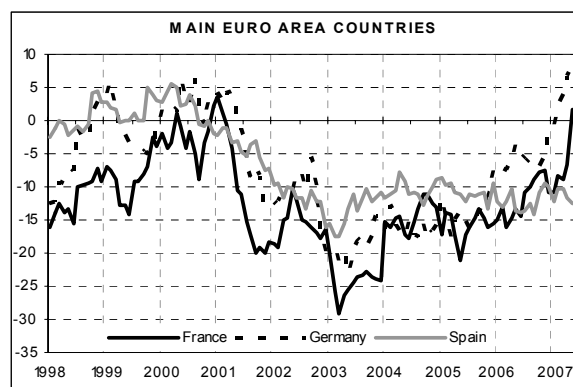
According to the European Commission survey, in the average of the Euro Area consumer confidence increased in May to -1 (from -4 in April), the best result since April 2001. The rise was supported by the general improvement in all the underlying components of the indicator. In particular, the balance for the share of respondents anticipating a rise in unemployment in the following twelve months moved from 3 to 1, the lowest value since February 2001. However, consumers did not expect changes in inflation, and the related balance remained at 17, as in the previous month.

Among the main countries, consumer confidence improved in Germany, reaching 9 (from 7 in April), the best result recorded over the last seventeen years. An improvement characterized the prospects for the consumers' personal situation (from 0 to 1, the highest level since June 2001), the general economic situation (from 10 to 15, the best result since 1990), future saving opportunities (from 5 to 7, a value unseen since March 2002) and labour market developments (the balance lowered to -15 from -12 in April). Finally, inflationary pressures slightly cooled down: the balance stood at 21, compared to 22 in the previous month. Confidence rose also in France (from -7 to 2, the best result since January 2001), helped by a marked improvement in all the underlying components of the indicator. In particular, the proportion of respondents anticipating a rise in unemployment was lower than the share of those expecting a decline, and the balance decreased to -3 from 5 in April. Lastly, French consumers expected a significant slowdown in inflation in the following months. The related balance moved from 15 to 8, the lowest level since December 2004. In Spain, instead, confidence notched down to -13 (from -12 in April), prompted by a worsening in all the underlying components of the confidence climate except prospects for the country's general economic situation (the balance moved from -12 to -10). In line with developments in France and Germany, also

Spanish consumers expected an easing of inflation, and the balance moved from 26 to 21.

Lastly, the consumer climate improved in the United Kingdom, reaching -3 (from -7 in April), thanks to the general improvement in all the components of the indicator. With regard to prices, inflation in the United Kingdom remained unchanged, and the related balance stayed at 16, its previous month level.

The United States also sent favourable signals: the confidence indicator actually rose to 88.3 from 87.1 in April according to the University of Michigan, and surged to 108 from 106.3 according to the Conference Board. In both cases, the best result came above all from the assessments on the current situation, while short-term expectations remained cautious, also because of the recent rise in gasoline 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 slightly declined in May to 6 (from 7 in the previous month), because of a worsening in all the underlying components of the indicator. As for prices, expectations of a rise in industrial selling prices increased moderately: the balance moved to 12 from 11 in April.

In Germany, the confidence climate remained at 9: stability distinguished production expectations and assessments on inventories, but entrepreneurs' evaluation of order books improved slightly. Lastly, German firms did not anticipate changes in the trend for industrial selling prices. The related balance remained at 12, its previous month level. Confidence decreased instead in France (from 2 to 1), prompted by a worsening in both the opinions on orders (from 3 to 1) and production expectations (from 11 to 9). Also inventories slightly built up. Finally, with regard to the price trend, French firms anticipated a sharp increase in inflationary pressures: the balance moved from 5 to 9. In Spain as well, confidence inched down (from 2 to 0), because of a sharp deterioration in the opinions on order books (the balance dropped from 10 to 3). However, production expectations slightly improved. As for prices, unlike the developments recorded for the average of the Euro Area, Germany and France, Spanish firms expected a marked slowdown in inflation, and the balance decreased to 9 from 12 in April. Lastly, confidence increased in the United Kingdom (from 2 to 4), due to a marked de-stocking of inventories (from 14 to 9). Production expectations stabilized instead, and assessments on order books lowered slightly. With respect to prices, British entrepreneurs expected however a sharp increase in inflationary pressures: in May the balance surged from 13 to 25, the highest level since March 1995.

