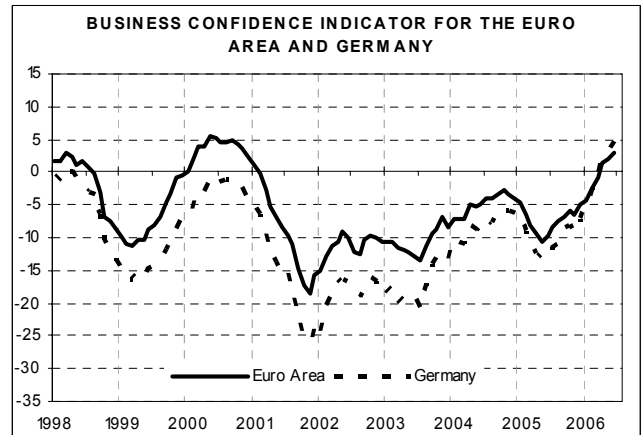
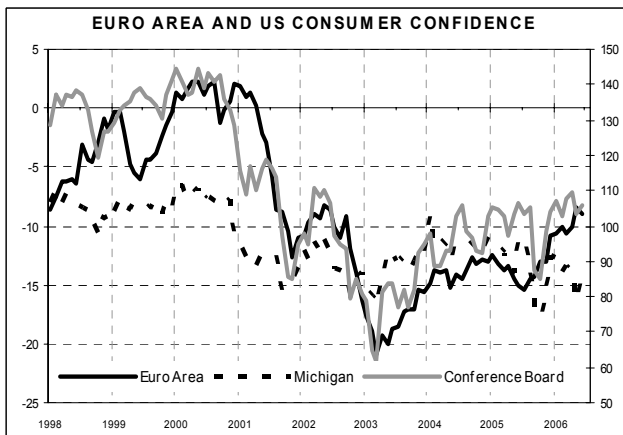




Date: July 6, 2006  
TEL.: 06/444821

## IN THE EURO AREA, CONSUMER CONFIDENCE STABILIZES AT A HIGH LEVEL IN JUNE AND BUSINESS CLIMATE IMPROVES. IN THE UNITED STATES, CONSUMER SURVEYS SEND FAIRLY OPTIMISTIC SIGNALS

- In the Euro Area, consumer confidence stabilized at the high level reached in May, though the main countries disclosed negative indications. Confidence bettered instead in the United Kingdom
- Data for June released by the Conference Board and the University of Michigan showed an improvement in the United States as well
- Business confidence picked up in the Euro Area, mainly thanks to positive signals coming from Germany. The index remained instead unchanged in France and worsened in Spain and the United Kingdom



**Data on July shall be released on August 3, 2006**

The next ISAE surveys are scheduled as follows:

**July 21:** ISAE Monthly Consumer Survey (reference period: July)

**July 25:** ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: July)

**July 26:** ISAE Monthly Business Services Survey (reference period: July)

**July 27:** ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: June) and ISAE Monthly Survey on Construction (reference period: June)

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](http://www.isae.it))

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

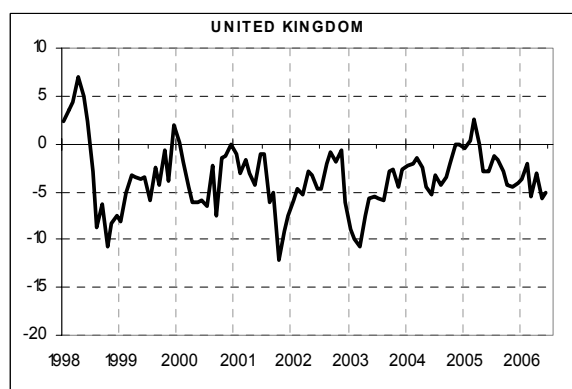
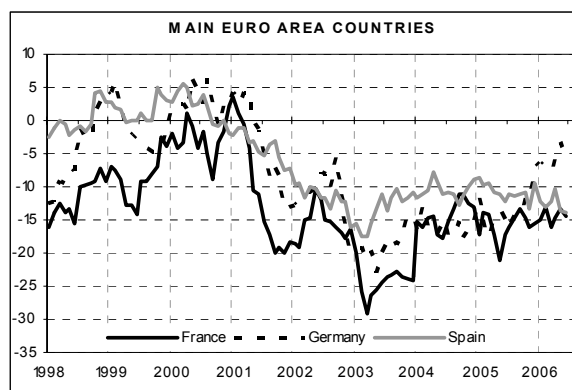
According to the European Commission survey, confidence in the average of the Euro Area stabilized in June at -9, thus remaining at its highest level since September 2002. Nearly all the underlying components of the indicator worsened slightly, excluding expectations on labour market developments due to a reduction in the share of respondents anticipating a rise in unemployment in the following twelve months. As for prices, instead, expectations of a sharp increase in inflationary pressures were evident. The related balance increased from 22, in May, to 24, the highest reading since January 2002.

With regard to the main countries, confidence worsened in Germany, declining to -5 (from -3 in the previous month), because of more pessimistic expectations on the economic trend, on respondents' financial situation and on future saving opportunities. The share of those expecting an increase in unemployment in the following twelve months, instead, declined somewhat (moving from 13 to 12, and nearing the low level posted in June 2001). As for prices, expectations of a marked rise in inflationary pressures were reinforced: the related balance rose from 31 to 39, the highest reading since December 2002. In June, confidence decreased in France as well, reaching -15 (from -13 in May), due to a worsening in nearly all the underlying components of the indicator, apart from future saving opportunities. In contrast with what occurred in Germany and for the average of the Euro Area, consumers in France anticipated an easing in inflationary pressures. The related balance declined from 22 to 20, down to the level posted last October. In Spain, confidence, instead, remained stable in June at -14: future saving opportunities were considered to be markedly worsening, but expectations on the respondents' own economic situation and on labour market developments improved moderately. Regarding prices, in Spain, as in France, consumers anticipated a fall in inflationary pressures: the balance declined from

30 in May to 26, hovering around the level posted last March.

In the United Kingdom, consumer confidence slightly improved in June, reaching -5 (from -6 in the previous month), backed by more favourable expectations on the respondents' financial situation and on labour market developments. Finally, anticipations of higher inflation eased also in the United Kingdom. The related balance lowered to 15 from 16 in May.

In the United States, the consumer confidence index improved according to both the Conference Board (to 105.7 from 104.7 in May) and the University of Michigan (to 84.9 from 79.1), mainly thanks to a more positive evaluation of 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 continued to improve in June, rising from 2, in the previous month, to 3, the highest reading since November 2000. Production expectations worsened somewhat, but opinions on the level of orders bettered, and inventories were slightly cut back. As for prices, firms expected a small rise in industrial selling prices, with the related balance growing from 10, in the previous month, to 12, the highest level since December 2004.

With regard to the main Euro Area countries, in Germany the business confidence indicator increased to 5 (compared to 3 in May), reaching its best showing since February 1991. The improvement was mainly driven by a more favourable evaluation of orders and by a moderate de-stocking of inventories. Short-term expectations on production activity worsened instead somewhat. Firms did not anticipate a new rise in industrial selling prices, and the related balance stabilized at 8, its previous month level. In France, the confidence climate stayed the same compared to May (at -2), thus remaining around its December 2004 high level: entrepreneurs' assessment on orders and production expectations worsened, whereas inventories declined. With regard to the price trend, firms expected a moderate increase in industrial selling prices. The balance rose to 9, from 8 in the previous month. Negative signals came instead from Spain, where confidence declined to -2 (from -1 in May), mainly because of a worsening in the assessment on the level of orders. As for inflation, new rises in industrial selling prices emerged. The related balance increased from 6, in the previous month, to 12, its highest showing since December 2004.

Finally, confidence edged down in the United Kingdom, reaching -7 from -6 in May: the assessment on the level of orders stabilized and production expectations improved, but inventories strongly built up. With regard to inflation, instead, entrepreneurs expected a marked increase in selling prices, and the related balance reached 10, compared to 2 in May.

