

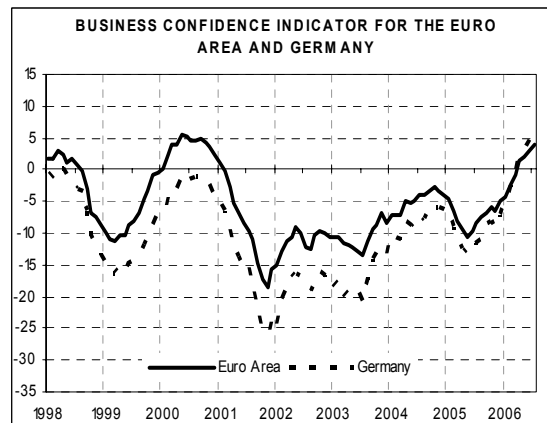
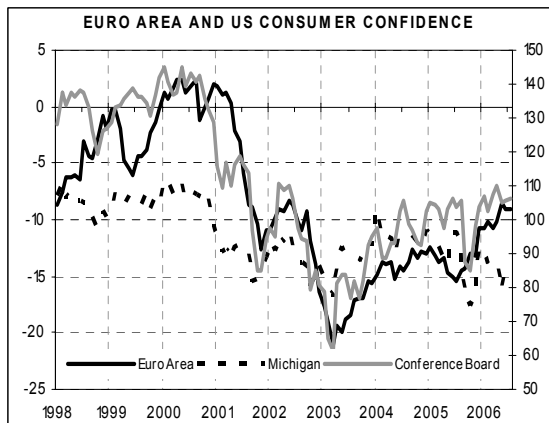


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IN JULY, IN THE EURO AREA CONSUMER CONFIDENCE REMAINS UNCHANGED AND BUSINESS CLIMATE IMPROVES. THE UNITED STATES ALSO SENDS OPTIMISIC SIGNALS

- In the Euro Area, consumer confidence stabilized, notwithstanding negative indications coming from France and Germany. Consumer confidence weakened in the United Kingdom
- Data for July released by the Conference Board sent positive signals for consumer climate in the United States, whereas confidence remained virtually unchanged according to the University of Michigan
- Business confidence improved instead in the Euro Area for the fourth straight month, mainly thanks to positive indications coming from France. But the index held steady, at its previous month level, in Germany and Spain. Business confidence markedly picked up in the United Kingdom



Data on August shall be released on September 6, 2006

The next ISAE surveys are scheduled as follows:

August 29: ISAE Monthly Consumer Survey (reference period: August)

August 31: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: August)

September 5: ISAE Monthly Business Services Survey (reference period: August) and ISAE Monthly Survey on Construction (reference period: July)

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)

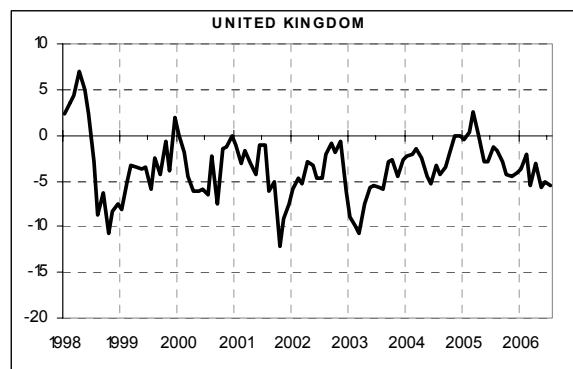
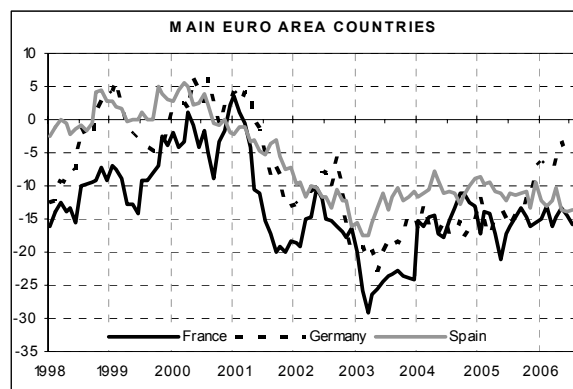
Consumer confidence in the Euro Area, the United States and the United Kingdom

According to the European Commission survey, confidence in the average of the Euro Area stayed the same in July, for the third month running, at -9, remaining at its highest level since September 2002. Nearly all the underlying components of the confidence indicator improved, excluding expectations on labour market developments (in fact, the share of respondents anticipating a rise in unemployment in the following twelve months rose). Short term expectations for prices stabilized: the related balance remained unchanged at 24 (as in the previous month), saying at its highest level since January 2002. With regard to the main countries, confidence edged down in Germany, declining to -6 (from -5 in June), mainly due to a worsening in the prospects on the country's general economic situation and on labour market developments (the balance for unemployment moved from 12 to 14). Nevertheless, positive signals emerged for future saving opportunities: the related balance increased from 1 to 4, returning to its May level. As for prices, expectations of a marked rise in inflationary pressures were reinforced: the related balance rose from 39 to 41, the highest reading since December 2001. In June, confidence slightly decreased in France as well, lowering to -16 (from -15 in the previous month), mainly because of a sharp worsening in expectations for labour market developments: the share of respondents expecting a rise in unemployment in the following twelve months in fact markedly increased (from 13 to 33, its highest level since June 2005). Expectations on both the personal economic situation and future saving opportunities improved instead. Finally, 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 balance declined from 20 to 14). In Spain, instead, the confidence climate remained unchanged, for the third month in a row, at -14: prospects for the personal economic situation and for future saving opportunities improved, but those on the economic trend and the

labour market worsened (the balance for unemployment moved from 11 to 14). Regarding prices, in Spain consumers anticipated an increase in inflationary pressures (from 26 to 28).

In the United Kingdom, consumer confidence edged down in July, to -6 (from -5 in the previous month), due to a worsening in nearly all the underlying components of the indicator, with the exception of the prospects for the country's overall economic situation (the related balance declined from -20 to -16, going back to the level posted last December). Finally, anticipations of higher inflation increased: the balance moved from 15, in June, to 18, its highest showing since September 2004.

In the United States, the consumer confidence index improved according the Conference Board (from 105.4 to 106.5), backed by an improvement in both the current situation (from 132.2 to 133) and mere expectations (from 87.5 to 88.8). The University of Michigan, instead, indicated that confidence remained virtually unchanged (the index moved from 84.9 to 84.7).



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 improved in July for the fourth straight month, reaching 4 (from 3 in the previous month), its highest reading since November 2000. Both the opinion on the level of orders and production expectations sent positive signals, whereas inventories remained steady. As for prices, firms expected a small decline in industrial selling prices, with the related balance declining to 11, from 12 in June.

With regard to the main Euro Area economies, in Germany the business confidence indicator stayed at 5 (as in the previous month), at its best showing since February 1991: entrepreneurs improved their assessments on the level of orders and their prospects for short term production activity, but inventories built up somewhat. Finally, firms expected a new rise in industrial selling prices (the related balance increased from 8 to 9). In France, the confidence climate edged up in July to -1 (from -2 in June), staying at its highest level December 2004, mainly due to a general improvement in all the underlying components of the indicator (particularly, the assessment on the level of orders increased from -5 to -3, its best showing since June 2001). Finally, with regard to the price trend, firms expected a sharp decline in industrial selling prices, with the related balance moving from 11 to 9. In Spain, instead, confidence remained unchanged compared to the previous month, at -2: the assessment on the level on orders and the short term expectations for production activity worsened, while inventories stabilized. As for prices, new declines in industrial selling prices emerged: the related balance declined in July to 7 from 12 in the previous month, returning to the level posted last March.

Finally, confidence markedly improved in the United Kingdom, reaching -2 (from -7 in June), its highest level since February 2005, mainly thanks to entrepreneurs' less unfavourable opinions regarding the level of orders (from -17 to -11, the best reading since

March 2005) and sharp de-stocking of inventories (from 17 to 6, back to the level recorded last April). Prospects for short term production activity slightly worsened (from 13 to 12). With regard to the price trend, instead, entrepreneurs expected a slight decline in industrial selling prices: the related balance reached 8, compared to 10 in June.

