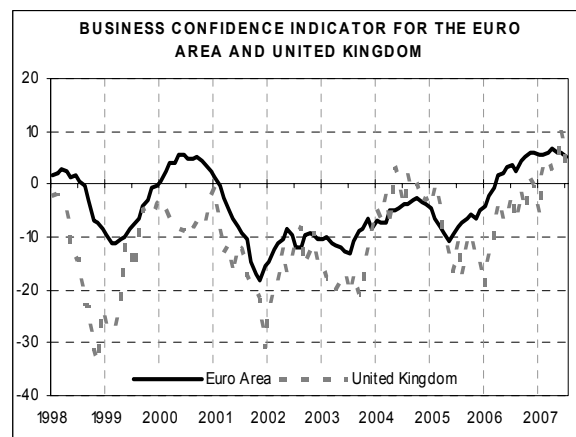
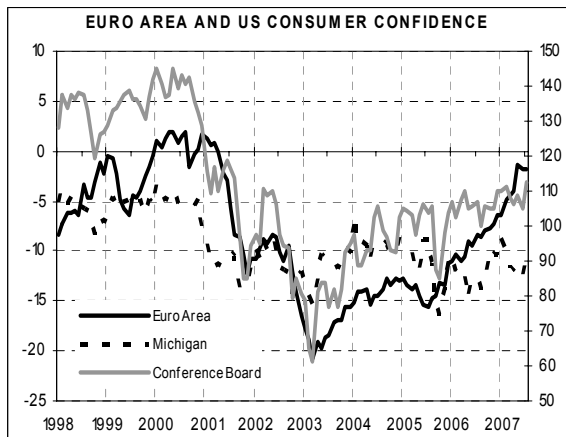




Date: August 7, 2007
TEL.: 06/444821

IN JULY, CONSUMER CONFIDENCE REMAINS UNCHANGED IN EUROPE AND INCREASES IN THE UNITED STATES. MANUFACTURING FIRMS' CONFIDENCE DECLINES IN THE EURO AREA

- In the Euro Area, consumer confidence levelled out in July, and inflation expectations remained unchanged. Among the main countries, the index increased in Germany and Spain, and stabilized in France
- The United States sent generally optimistic signals. The Conference Board index rose from 105.3 to 112.6, a six-year high, while the University of Michigan indicator expanded from 85.3 to 90.4, driven by consumers' more favourable opinions on earnings and the labour market
- Manufacturing firms' confidence declined in the Euro Area, notwithstanding the easing of inflationary pressures. The indicator worsened in Germany, while it held steady in France and Spain. Lastly, the United Kingdom sent negative signals: confidence markedly deteriorated, due to a worsening in all its underlying components



Data on August shall be released on September 6, 2007

The next ISAE surveys are scheduled as follows:

August 30: 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); ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (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

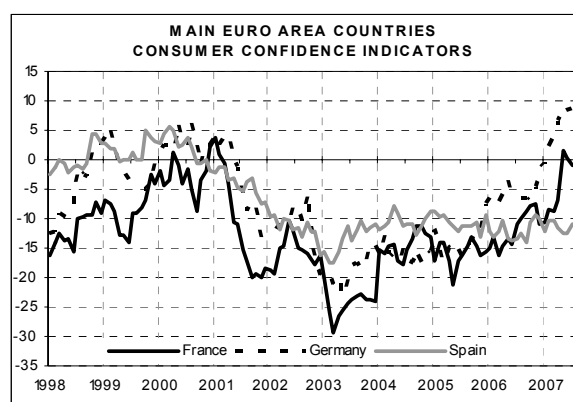
According to the European Commission survey, in the average of the Euro Area consumer confidence stabilized in July at -2 (its previous month level): consumers' expectations for their own economic situation and future saving opportunities held steady, but those for the country's economic trend worsened. Labour market conditions improved, instead: the share of respondents anticipating a rise in unemployment in the following twelve months equalled the one expecting a decline, and the balance came in at 0 (compared to 2 in the previous month). Lastly, consumers did not expect changes in inflation, and the related balance flattened out at 19, as in June.

Among the main countries, in July consumer confidence edged up slightly in Germany, reaching 9 (from 8 in June) and regaining the record high already posted last May. Prospects for the respondents personal situation, general economic conditions and future saving opportunities stayed the same, whereas, above all, expectations for labour market developments improved (the proportion of respondents forecasting a rise in unemployment was actually lower than the one anticipating a decline, and the balance stood at -16, compared to -14 in June). However, inflation expectations eased: the balance came in at 17 (from 19 in the previous month), hitting its lowest level since October 2005. Confidence declined in France (from 0 to -1), mainly because of deterioration in the prospects for the respondents' personal economic situation, the country's general economic conditions and the labour market. The balance for respondents expecting a rise in unemployment actually increased from -3 to -1. Lastly, French consumers anticipated a marked acceleration of inflation in the following months. The related balance rose from 16 to 20, the highest showing since July 2006. In Spain, instead, confidence increased to -11 (from -13 in the previous month): a slight improvement characterized expectations on the consumers' personal economic situation, future saving opportunities (from -25 to -23) and the labour market (the balance for the

share of respondents anticipating an increase in unemployment in the following twelve months actually declined from 12 to 11). Finally, in line with developments in the average of the euro area and in Germany, also Spanish consumers expected a sharp slowdown in inflation: the related balance lowered from 29 to 25.

In the United Kingdom, the consumer climate remained unchanged for the third month running, at -3: future saving opportunities and labour market expectations improved slightly, but prospects for the country's general economic situation deteriorated. As for prices, British consumers expected an acceleration of inflation (the balance rose from 17 to 19).

The United States sent, instead, generally favourable signals: the Conference Board indicator rose from 105.3 to 112.6, a six-year high, driven by the improvement in both the present situation index (from 129.9 to 139.2, its highest level in the last six years) and the expectation gauge (from 88.8 to 94.8). According to the University of Michigan survey, confidence rose from 85.3 to 90.4, thanks to the improvement in the respondents' evaluation of the trend in employment and earnings.



Business confidence in the Euro Area and the United Kingdom

According to the European Commission survey, in the average of the Euro Area the manufacturing firms' confidence indicator lowered from 6 to 5 in July, due the deterioration in all its underlying components. However, with regard to inflation, expectations of a rise in industrial selling prices eased slightly (from 14 to 13).

In Germany, the confidence climate worsened in July, hitting 8 (compared to 9 in the previous month): a decline characterized both production expectations (the balance lowered from 17 to 15) and the evaluation of order books, while inventories stabilized. Yet German firms did not anticipate changes in industrial selling price inflation: the related balance held steady at 14, its previous month level. Confidence remained unchanged instead in France (at 3): production expectations improved and inventories diminished somewhat, but opinions on order books worsened. With regard to prices, like German firms, French ones did not register a change in inflation and the balance remained at 10, for the third month in succession. In Spain, as in France, confidence stayed the same in July (at 0, as in the previous two months): short-term expectations for productive activity worsened, but inventories diminished slightly, and entrepreneurs' opinions on order books improved. As for prices, in line with developments recorded for the average of the Euro Area, Spanish firms expected a sharp slowdown in inflation, and the balance lowered to 7, from 12 in June. Lastly, in the United Kingdom, following the noticeable improvement posted in the previous month, confidence markedly weakened in July (from 10 to 1), prompted by a brisk deterioration in the opinions on orders (from 7 to -2) and production expectations (from 24 to 14) and by significant restocking of inventories. Though, with respect to prices, British entrepreneurs anticipated a decline in inflationary pressures: in July the balance moved from 19 to 16.

