



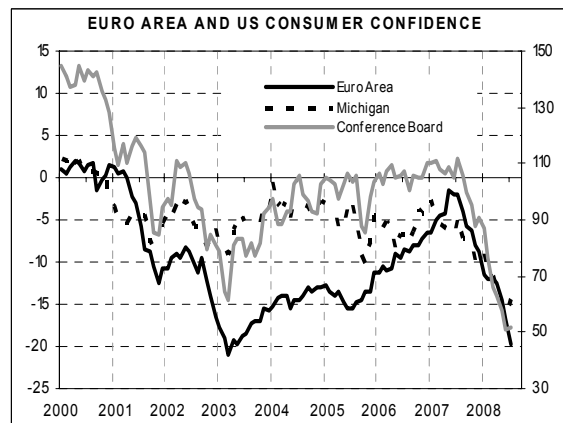
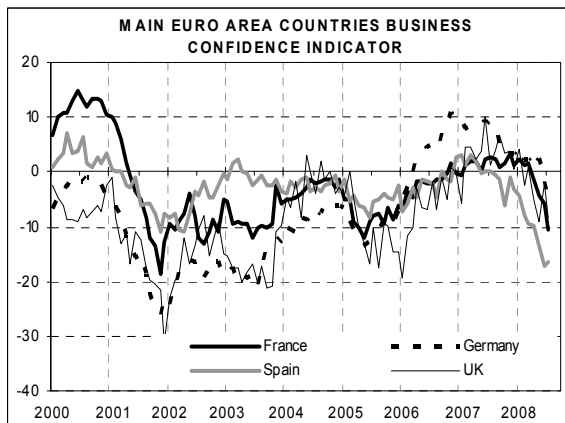
Date: August 5, 2008
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IN EUROPE, PESSIMISM AMONG CONSUMERS AND MANUFACTURING FIRMS GROWS IN JULY

- In the Euro Area, manufacturing firms' confidence dropped to a three-year low, due to more negative assessments on the current state of demand, the level of inventories and production prospects
- Among the main countries, manufacturing firms' confidence lowered in Germany and France, and improved slightly in Spain. Among the non-Euro Area countries, confidence declined in the United Kingdom to its lowest level in sixteen years
- Consumer confidence decreased in the Euro Area to a five-year low. The worsening was widespread across main countries. French and Spanish consumers were mostly pessimistic about personal and general economic prospects and labour market developments

THE UNITED STATES SENDS FEEBLE SIGNS OF RECOVERY

- According to the index calculated by the Conference Board, in July US consumer confidence started to grow once more – after falling for six consecutive months – mainly thanks to the improvement in short term expectations for the consumers' personal situation and the country's general economic prospects
- The University of Michigan confidence indicator came in at 61.2 in July (from 56.4), growing slightly for the first time since the start of the year



Data on August shall be released on September 9, 2008

The next ISAE surveys are scheduled as follows:

August 27: ISAE Monthly Consumer Survey (reference period: August)

September 3: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: August)

September 4: 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)

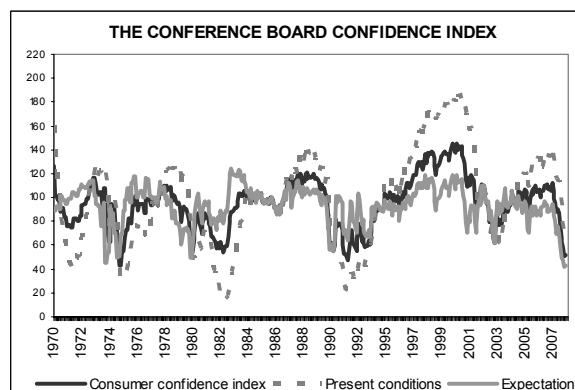
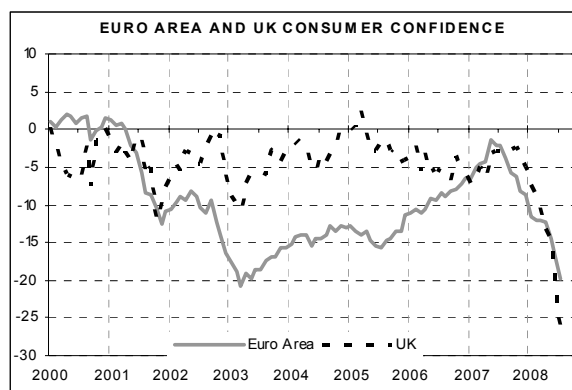
The full text of ISAE Surveys (either hardcopy or electronic format) is available for sale (for further information see the web site www.isae.it)

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 declined from -17 in June to -20 in July, its lowest value since May 2003. Respondents became more concerned about their personal economic situation and the general economic conditions, and about labour market developments. Future saving opportunities stabilized instead. On the other hand, with regard to prices, inflation eased somewhat (the balance lowered from 31 to 30).

Among the main countries, the index worsened in France (from -22 to -24), in Spain (from -38 to -39, a level unseen since the eighties), and in Germany (from -4 to -7, the lowest value since October 2006). In the non-Euro Area countries, consumer confidence deteriorated in the United Kingdom as well (from -20 to -26, a sixteen-year low). Forecasts for the family economic situation worsened in nearly all major countries, apart from France. Prospects for future saving opportunities declined instead in Germany, improved slightly in Spain, and stabilized in France. Unfavourable indications characterized the forecasts for the country's general economic situation, especially in Germany (the related balance lowered from -10 to -16) and France (from -39 to -40, a low last recorded in the eighties). In Spain consumers did not change their opinions with respect to the previous survey, but the balance remained to its lowest level since October 1992. With regard to labour market prospects, consumers gave negative indications in Germany, France, and, mainly, Spain (the balance rose from 47 to 53, a high last reached in November 2003). Also in the United Kingdom consumers were increasingly concerned about the growth in unemployment. Lastly, as for future prices, inflationary pressures were expected to ease in all Euro Area countries. In the United Kingdom, instead, consumers forecast a rise in inflation (the balance increased from 36 in June to 39 in July, the highest level since March 1995).

In the United States, following the sharp plunge recorded in June, consumer confidence moderately increased in July. The Conference Board indicator stood at 51.9 (from 51 in the previous month), mainly thanks to the improvement in short-term expectations for the consumers' personal situation and for the country's general prospects (the overall forecast indicator increased from 41.4 to 43). In July, the University of Michigan consumer confidence indicator came in at 61.2, slightly higher than in the previous month (56.4) for the first time since the start of the year.



Business confidence in the Euro Area and the United Kingdom

The European Commission survey showed that, in the average of the Euro Area, manufacturing firms' confidence decreased in July to its lowest level since June 2005 (the balance moved from -5 to -8), because of deterioration in the underlying components of the indicator. As for prices, entrepreneurs reported higher industrial selling price pressures (the balance rose from 16 in June to 20, a thirteen-year high).

With regard to major countries, confidence lowered to -5 (from -2) in Germany, to -11 (from -6) in France, but improved slightly in Spain, rising to -16 (from -17). In the non-Euro Area countries, confidence worsened in the United Kingdom (from -2 to -8). The opinions on the trend in orders deteriorated in all main Euro Area countries, such as Germany (from -2 to -5), France (from -9 to -15) and Spain (from -21 to -28, the lowest showing since June 1996). In the United Kingdom, the balance started to worsen once more, moving from 2 to -5. Likewise, also short-term production expectations became more pessimistic in the main economies, apart from Spain. The related balance actually diminished from 3 to -1 in Germany, from 6 to 2 in France, but increased from -9 to -5 in Spain (the lowest level since October 2003). In the United Kingdom, the balance declined from 1 to -5. Inventories gave similar indications, rising in all considered countries, but in Spain and the United Kingdom. Lastly, with regard to prices, inflationary pressures increased further in both the main Euro Area countries and the United Kingdom (to the highest level recorded since the mid-eighties).

