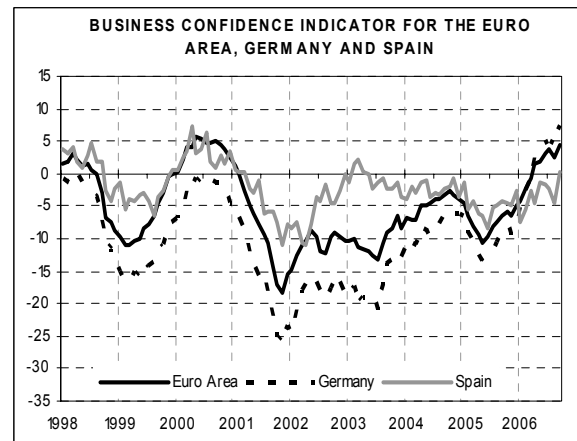
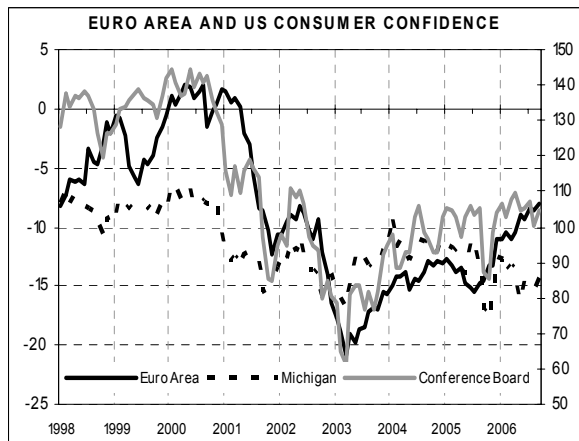




Date: October 5, 2006
TEL.: 06/444821

IN THE EURO AREA CONSUMER AND BUSINESS CONFIDENCE IMPROVE IN SEPTEMBER. THE UNITED STATES ALSO SENDS POSITIVE SIGNALS

- In the Euro Area, consumer confidence improved and selling price inflation slowed down. In France, consumer climate rose to its highest level since April 2001, thanks to more favourable prospects for labour market developments. Negative indications came, instead, from Spain and the United Kingdom
- Also US consumers were more optimistic about short-term economic prospects, but showed growing concerns about their personal financial situation
- In the average of the Euro Area, manufacturing firms' confidence increased, owing to positive indications coming from Germany and, particularly, from Spain where the index rose to its highest showing in the last three years
- In most countries, assessments on current orders and short-term prospects for production noticeably improved. Nevertheless, selling price inflation showed signs of acceleration
- Finally, confidence improved markedly in the United Kingdom as well, reaching the highest level since October 2004



Data on October shall be released on November 7, 2006

The next ISAE surveys are scheduled as follows:

October 24: ISAE Monthly Consumer Survey (reference period: October)

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

October 30: ISAE Monthly Business Services Survey (reference period: October); ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: October) and ISAE Monthly Survey on Construction (reference period: September)

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)

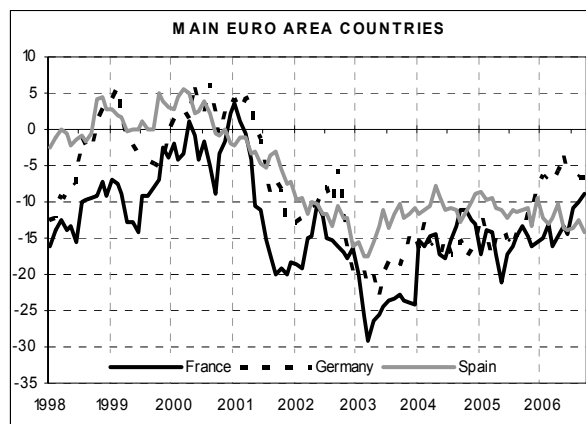
Consumer confidence in the Euro Area, the United States and the United Kingdom

According to the European Commission survey, in the average of the Euro Area consumer confidence moderately improved in September, reaching -8 (from -9 in the previous month) and returning to the level posted last July. Nearly all the underlying components of the consumer climate improved, with the exception of labour market prospects which showed, instead, a slight worsening. Consumers' perception of inflation also sent positive signals: the related balance moved to 24 (from 26 in August), the level posted last June.

Among the main countries, in Germany confidence remained stable at -7: expectations on the country's general economic situation and on labour market developments worsened, but future saving opportunities markedly improved (from -3 to 3). Finally, expectations of an increase in prices augmented: the related balance posted a rise for a sixth month running, reaching 47 (compared to 45 in August), its highest level since July 1993. France sent instead positive signals: the confidence climate recorded a new rise in September, hitting -9 (compared to -10 in August), the best result since April 2001 thanks, particularly, to the third consecutive marked rise in the outlook for unemployment developments (the balance declined from 6 to 4, also in this case the lowest value since April 2001). Prospects for the personal economic situation and the country's general economic situation stabilized. Consistently with what happened in the average of the Euro Area and differently from Germany, French consumers expected an easing of inflationary pressures (the balance moved from 19 to 17). In Spain, instead, the confidence climate declined to -14 (from -13 in August), because of a worsening in nearly all the components, apart from future saving opportunities for which the balance went back up from -28 to -25. In particular, the share of respondents expecting a rise in unemployment in the following twelve months markedly increased (the related balance rose from 9 to 15). Lastly, inflationary pressures eased (the balance lowered from 24 to 23).

Also in the United Kingdom, the confidence climate slightly worsened, reaching -7 (from -6 in August), mainly because of a more pessimistic evaluation of labour market developments: the balance for the proportion of respondents expecting a rise in unemployment in the following twelve months actually moved up from 33 to 36, its highest value since May 1993. As for prices, instead, British consumers expected a slowdown in inflation (the balance declined to 15 from 23).

In the United States, the consumer confidence index calculated by the Conference Board increased to 104.5 (following the plunge recorded in August, when it stood at 100.2). The index of the University of Michigan reached instead 85.4, from 82 in the previous month. Particularly, the improvement in the Conference Board indicator mirrored more favourable opinions on the US current economic situation and lower pessimism about short-term prospects. Also the University of Michigan indicator posted an improvement in expectations. The related indicator rose by more than ten points (from 68 to 78.2), whereas the indicator for the current situation declined from 103.8 to 96.6. US consumers were actually more optimistic about short-term economic prospects, but were increasingly worried about their personal financial situation.



Business confidence in the Euro Area and the United Kingdom

According to the European Commission survey, manufacturing firms' confidence in the average of the Euro Area rose in September to 4 (from 2 in the previous month), backed by a widespread improvement in all the underlying components of the confidence climate. Particularly, production expectations started to rise again, following the slight fall posted in August. As for inflation, the trend stabilized: the balance remained unchanged at 13, its highest level since December 2004.

With regard to the main Euro Area economies, in Germany business confidence increased to 7, from 4 in the previous month, thanks, also in this case, to better assessments on the current state of demand, on short-term economic activity and on inventory management. German firms, nevertheless, confirmed their growth expectations for industrial selling prices, and the related balance posted an increase for a third month in a row, moving from 13 in August to 14, its highest level since January 2005. In France, instead, confidence remained stable with respect to the previous month, at -1: the assessment on the level of orders and on production expectations worsened, but inventories stabilized. Finally, as for price developments, firms expected a fall in industrial selling prices: the balance moved from 7 to 6, the lowest level since the start of the year. In Spain, confidence markedly increased, attaining 0, from -5 in August, the best result since May 2003. Prospects for short-term economic activity noticeably improved (the balance rose from -2 to 11, the highest value since April 2005), and the opinions on the current state of demand went back to positive territory (moving from -1 to 1), notwithstanding new moderate restocking of inventories. With regard to prices, following two months of stability, firms expected an increase in industrial selling prices and the balance increased in September to 9 from 7 in the previous month.

Finally, confidence improved markedly also in the United Kingdom, where it came in at -1 (from -7 in August, reaching the best result since October 2004), backed by a sharp recovery in all the underlying components of the indicator: particularly, production expectations increased from 8 to 13, and the assessment on the current level of orders rose from -16 to -12. Lastly, entrepreneurs expected a fall in industrial selling prices: the related balance declined from 15 to 13.

