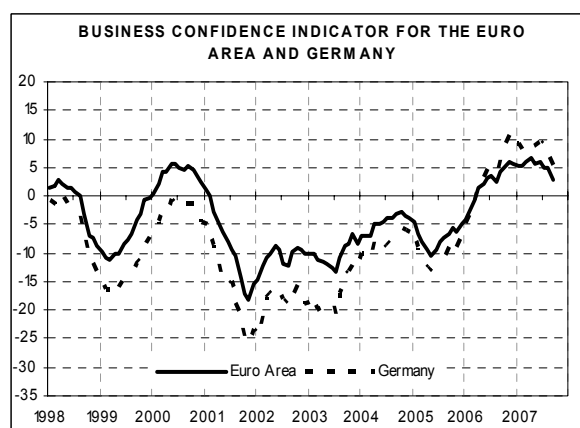
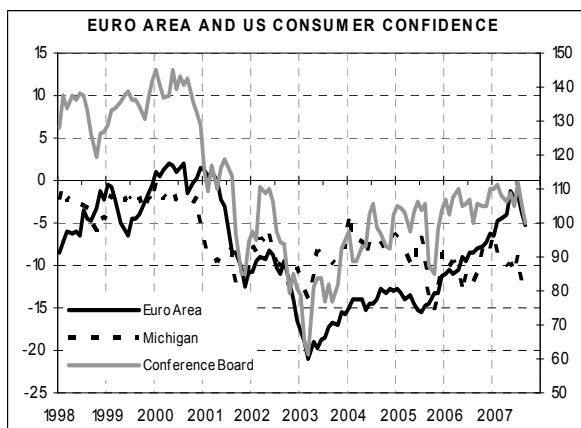




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IN SEPTEMBER, CONSUMERS' AND MANUFACTURING FIRMS' CONFIDENCE DECLINES IN THE EURO AREA. IN THE UNITED STATES, CONSUMERS SEND PESSIMISTIC SIGNALS

- In the United States consumers confirmed their concerns about labour market developments and home prices. Confidence deteriorated further according to the Conference Board index, hitting the lowest value recorded over the past two years, and stabilized at its August low level according to the Survey of the University of Michigan
- In the Euro Area, consumers were increasingly concerned about personal and general economic prospects, as well as higher price pressures. Among the main countries, the index worsened in both Germany and France, mainly prompted by the fall in short-term expectations for the economy and for labour market developments
- Also manufacturing firms' confidence declined in the average of the Euro Area, but the worsening came along with a slight easing of inflation. Among the main countries, mostly Germany and Spain sent negative signals, owing to a marked build-up of inventories. Positive indications came instead from the United Kingdom, thanks to the recovery in the opinions on the level of order books



Data on October shall be released on November 7, 2007

The next ISAE surveys are scheduled as follows:

October 23: ISAE Monthly Consumer Survey (reference period: October)

October 24: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: October)

October 25: 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)

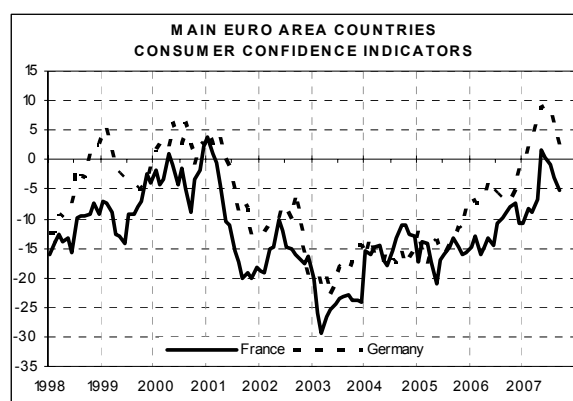
Consumer confidence in the Euro Area, the United States and the United Kingdom¹

According to the European Commission survey, in the average of the Euro Area consumer confidence continued to moderately decline in September, reaching -5 (from -4 in August): consumers' prospects for their personal economic situation and the overall economy worsened, and future saving opportunities stabilized. As for the labour market, the share of respondents anticipating a rise in unemployment in the following twelve months increased, and the related balance attained 5 (from 3 in the previous month). Furthermore, consumers confirmed a rise in expected inflationary pressures (the balance reached 27, compared to 26 in August).

Among the main countries, consumer confidence deteriorated in Germany, lowering to 3 (from 6 in the previous month). Prospects for the respondents' personal situation and short-term expectations for the economy worsened. Future saving opportunities stabilized. As for the labour market, the share of respondents anticipating an increase in unemployment continued to remain below the one expecting a decline, though the balance moved from -10 to -4. However, inflation expectations eased slightly, and the balance came in at 34 (from 36 in the previous month). Confidence declined in France as well, moving from -3 in August to -5 in September, because of deterioration in short-term expectations for the economy (from -3 to -10) and in prospects for the respondents' personal economic situation. Furthermore, the share of respondents anticipating a rise in unemployment in the following twelve months edged up slightly (the balance moved from 1 to 2). In line with the average of the Euro Area, French consumers also expected an acceleration of inflation (the related balance rose from 26 to 32, the highest value since September 2001). Finally, the confidence climate declined slightly also in

the United Kingdom, where it stood at -3 (compared to -2 in the previous month), prompted by a deterioration in expectations on the economic situation and on future saving opportunities. Prospects for the respondents' personal economic situation and for labour market developments improved. With regard to prices, in the United Kingdom, as in Germany, inflation eased slightly (the related balance inched down from 21 to 20).

The United States sent, instead, overall negative signals. The consumer confidence indicator calculated by the Conference Board decreased from 105.6 to 99.8, hitting the lowest level recorded over the last two years. The fall mainly stemmed from the worsening in general economic conditions and greater pessimism about labour market prospects. In particular, the present situation index lowered from 130.1 to 121.7, while the gauge for short-term expectations moved from 89.2 to 85.2. According to the Survey of the University of Michigan, US consumers' confidence held steady with respect to the previous survey, remaining at 83.4, the lowest value since August 2006.



¹ Due to a delay in data transmission, the European Commission did not circulate information for Spanish consumers.

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 decreased in September to 3 (from 5 in August), because of the worsening in all the underlying components of the indicator. As for prices, entrepreneurs expected however a slowdown in inflation (the balance diminished from 13 to 11).

In Germany, the confidence climate deteriorated in September, lowering to 5 (from 8 in the previous month), due to a worsening in the opinions on order books and in short-term expectations on productive activity and to a sharp build up in inventories. However, German firms anticipated a marked drop in industrial selling prices. The related balance lowered to 12 from 16 in the previous month. In France, instead, confidence moved from 2 to 1, mainly owing to sharp restocking of inventories (the balance rose from 9 to 12, the highest value since May 2006). As for prices, French firms did not anticipate changes in inflation and the balance stayed at 9, as in the previous month. Confidence stabilized in Spain (the balance remained at -1): the opinions on order books and expectations for productive activity worsened, but inventories diminished markedly. As for prices, in line with developments recorded for the average of the Euro Area and for Germany, also Spanish consumers expected a marked easing of inflation, and the balance declined to 11 from 6. Lastly, in the United Kingdom, confidence rose in September (from 4 to 7), thanks to an increase in short-term expectations for productive activity and to a slight decline in inventories. The opinions on the level of order books remained instead unchanged. However, with regard to prices, British entrepreneurs expected a moderate increase in inflationary pressures (the balance moved from 19 to 20).

