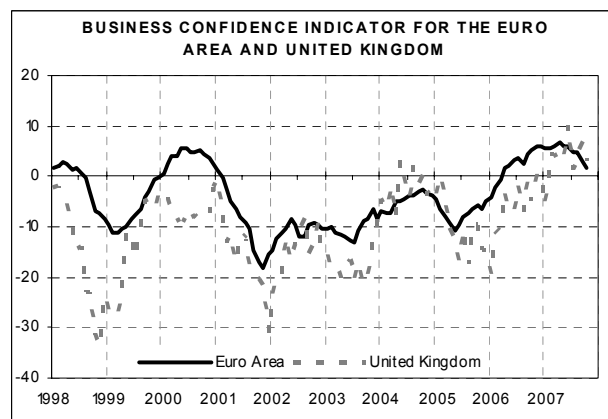
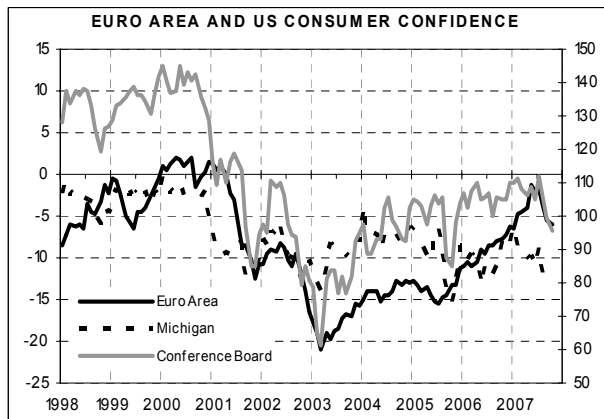




Date: November 7, 2007
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IN OCTOBER CONSUMERS' CONFIDENCE ABRUPTLY FALLS IN THE UNITED STATES AND REMAINS STABLE IN EUROPE, WHERE HOWEVER MANUFACTURING FIRMS' CONFIDENCE DECLINES INSTEAD

- The drop in US consumers' confidence, recorded by both the Conference Board index and the University of Michigan one, was prompted by a worsening in the opinions on the current situation as well as in short-term expectations
- In the Euro Area, consumers were increasingly concerned about future saving opportunities, but respondents slightly improved their prospects for the general economic situation and for labour market developments
- Worries about future consumer price inflation moderately eased with respect to the peak recorded in the last months
- Manufacturing firms' confidence declined slightly in the average of the Euro Area. Production expectations stabilized, but the opinions on order books worsened and inventories inched up
- Expectations on firms' own selling prices were the same as in September, remaining below the top level reached in the summer months



Data on November shall be released on December 6, 2007

The next ISAE surveys are scheduled as follows:

November 21: ISAE Monthly Consumer Survey (reference period: November)

November 27: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: November)

November 28: ISAE Monthly Business Services Survey (reference period: November); ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: November) and ISAE Monthly Survey on Construction (reference period: October)

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)

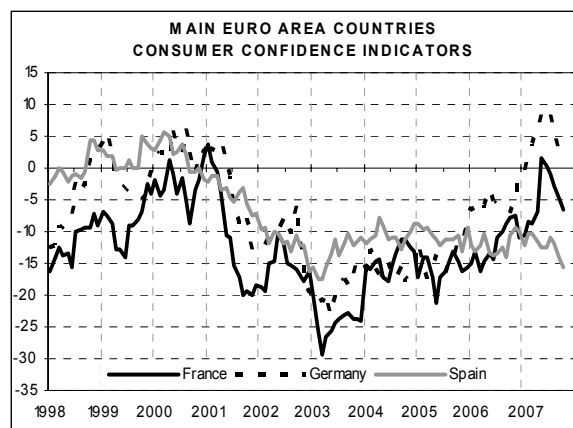
Consumer confidence in the Euro Area, the United States and the United Kingdom

According to the European Commission survey, in the average of the Euro Area consumer confidence stabilized in October at its previous month level (-6): respondents' prospects for the general economic situation and for labour market developments improved slightly, but future saving opportunities markedly worsened. However, consumers expected a moderate easing of inflationary pressures. The related balance lowered in October to 26 from 28 in the previous month.

Among the main countries, consumer confidence moderately improved in Germany, reaching 4 (from 3 in September). Prospects for the respondents' personal situation and for future saving opportunities declined, but expectations for the general economic trend improved moderately. As for the labour market, also in October the share of respondents anticipating an increase in unemployment continued to remain below the one expecting a decline (the balance moved from -4 to -10). Moreover, inflationary pressures eased and the balance came in at 32 (compared to 34 in September). In France, instead, confidence declined from -5 to -7, mainly because of a worsening in expectations for labour market developments (the share of respondents expecting a rise in unemployment in the following twelve months actually rose from 2 to 9). However, prospects for the country's general economic situation improved, though moderately. Finally, prices sent favourable indications: French consumers actually expected a decrease in inflationary pressures (from 32 to 30). In Spain as well confidence deteriorated, moving from -14 to -16, due to a worsening in prospects for the respondents' economic situation, in short-term expectations for the economy and in future saving opportunities. Forecasts for labour market developments improved instead (the share of respondents expecting a rise in unemployment in the following twelve months actually diminished from 16 to 13). In line with the developments recorded for the average of the Euro Area, Germany and France, also

Spanish consumers expected a slowdown in inflation (the balance lowered from 29 to 24, returning to the level posted last January). Finally, the consumer confidence climate recovered slightly in the United Kingdom, reaching -2 (from -3 in September), backed by an improvement in expectations for the respondents' economic situation and for future saving opportunities (the related balance rose from 17 to 20). Expectations for labour market developments moderately worsened instead (the proportion of those expecting a rise in unemployment actually moved from 25 to 26). As for prices, differently from the average of the Euro Area and from its single main countries, respondents expected an acceleration of inflation (the balance rose from 20 to 21).

The United States sent instead markedly pessimistic signals. The consumer confidence indicator calculated by the Conference Board moved from 99.5 to 95.6, declining for the third consecutive month and hitting the lowest level since October 2005. The fall stemmed from the worsening in the opinions on the general economic situation and from greater pessimism about labour market prospects. In particular, the present situation index lowered from 121.2 to 118.8, while the gauge measuring short-term expectations moved from 85 to 80.1. The survey of the University of Michigan confirmed the concerns of US consumers regarding the economic trend: the related index lowered from 83.4 to 80.9, touching, in this case, the lowest level since May 2006.



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 decreased in October to 2 (from 3 in September): production expectations stabilized, but the opinions on order books worsened and inventories built up slightly. As for prices, entrepreneurs did not expect changes in industrial selling prices (the balance stabilized at 11, its previous month value).

In Germany, the confidence climate came in at 3 (from 5 in September), due to a worsening in all the underlying components of the indicator. However, German firms anticipated a moderate decline in industrial selling price inflation. The related balance moved from 12 to 11. In France, instead, confidence remained unchanged over the previous month (the balance stood at 1): the opinions on order books worsened, but expectations for short-term productive activity improved and inventories edged down slightly. As for prices, French firms anticipated nevertheless an improvement in industrial selling prices (the balance stood at 8, compared to 9 in the previous month). In Spain instead confidence plunged (the balance lowered from -1 to -6) because of a marked deterioration in all the underlying components of the indicator. As for prices, differently from the average of the Euro Area, Germany and France, Spanish firms expected a moderate acceleration of inflation, and the balance increased to 7 from 6 in September. Lastly, in the United Kingdom, confidence declined in October (from 7 to 3), prompted by a worsening in the opinions on both order books and the level of inventories, as well as in production expectations. With regard to prices, British entrepreneurs expected nevertheless an easing of inflationary pressures (the balance moved from 20 to 17).

