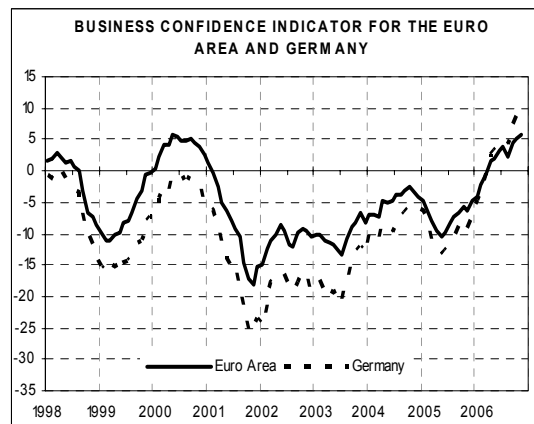
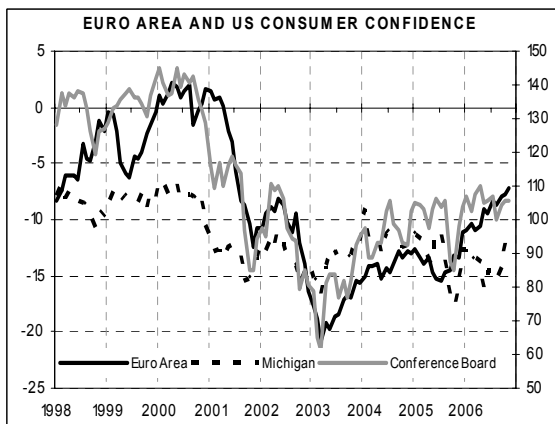




Date: December 5, 2006
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IN NOVEMBER, BUSINESS AND CONSUMER CONFIDENCE SHOWS SIGNS OF IMPROVEMENT IN EUROPE, WHILE CONSUMER SENTIMENT WORSENS IN THE UNITED STATES

- In the Euro Area, consumers were more optimistic with respect to short-term economic prospects, notwithstanding continuing worries about inflationary pressures. Among the main countries, in Germany respondents were less insecure regarding the labour market, and in France they became less pessimistic about future saving opportunities. In the United Kingdom, a slight decline in consumer confidence was accompanied by higher inflation
- In the United States, consumer confidence suffered a setback in November, according to both the Conference Board and the University of Michigan: particularly, consumers gave more pessimistic assessments on labour market prospects and were more cautious about house purchases
- In the Euro Area, manufacturing firms' confidence increased and selling price inflation eased. In particular, the index reached a 15-year high in Germany, mainly thanks to the improvement in short-term production expectations. The indicator sent positive signals in the United Kingdom as well, whereas it stabilized in France and Spain
- Finally, French and British firms recorded higher pressures for selling price inflation



Data on December shall be released on January 10, 2007

The next ISAE surveys are scheduled as follows:

December 21: ISAE Monthly Consumer Survey (reference period: December 2006)

December 22: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: December 2006) and ISAE Investment Survey on Manufacturing and Extractive Firms (reference period: July-December 2006)

December 27: ISAE Monthly Business Services Survey (reference period: December 2006); ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: December 2006) and ISAE Monthly Survey on Construction (reference period: November 2006)

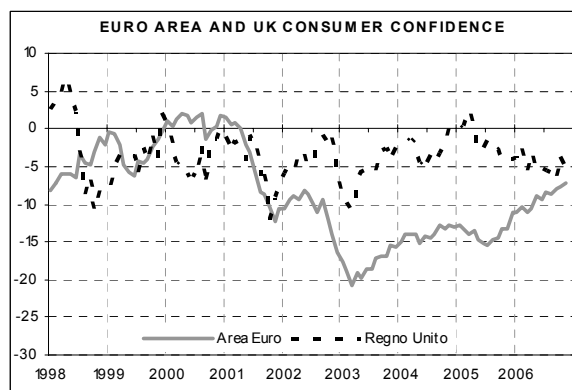
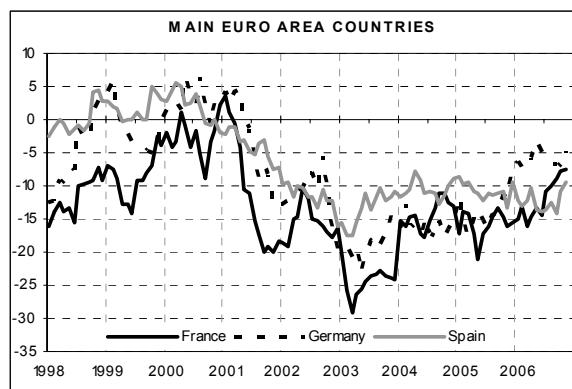
The full text of ISAE Surveys (either hardcopy or electronic format) is available for sale (for further information see the web site www.isae.it)

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 edged up slightly in November (from -8 to -7), thanks to an improvement in expectations for the general economic situation and for labour market developments. Future saving opportunities and prospects for the respondents' personal economic situation remained at their previous month levels. The perception of inflation sent, instead, negative signals: the related balance stood at 28 (26 in October), attaining its highest level since January 2002. Among the main countries, in Germany consumer confidence grew to -5 (from -7), mainly backed by a recovery in short-term prospects for the economy (from -10 to -6) and for unemployment developments (the balance declined from 14 to 9, its lowest value since April 2001). Finally, inflation expectations stabilized and the related balance came in at 52 (compared to 47 in October), hitting however the highest level since December 1992. Also France sent positive signals: the confidence climate recorded in November its fifth straight rise, moving from -8 in the previous month to -7, its best result since April 2001, mainly due to a more optimistic evaluation of future saving opportunities (the balance grew from -12 to -10, a level not seen since November 2004). Expectations on the country's general economic situation and on the respondents' personal economic situation and those regarding the labour market remained unchanged instead. The share of respondents anticipating a rise in unemployment stabilized at 10, its previous month level. Finally, as for the average of the Euro Area, French consumers expected a new moderate increase in prices; the related balance reached 18 in November, compared to 17 in October. Consumer confidence recovered also in Spain, hitting -10 (from -11), thanks to an improvement in all the underlying components of the indicator. Nevertheless, inflationary pressures grew (the balance rose from 24 to 26).

The confidence climate worsened instead moderately in the United Kingdom, lowering to -5 (from -4 in October), mainly because of a more pessimistic evaluation of the country's economic situation (from -13 to -17) and of labour market developments (the balance for the proportion of respondents' expecting an increase in unemployment in the next twelve months actually rose from 32 to 34). As for prices, in November British consumers anticipated an acceleration in inflation (the balance grew to 18 from 13 in the previous month).

Less favourable signals came though from the United States, where the consumers' confidence climate suffered a setback in November: the index declined from 105.1 to 102.9 according to the Conference Board, and from 93.6 to 92.1 as recorded by the University of Michigan. Respondents gave a more pessimistic appraisal of labour market prospects and were more cautious about their intentions for house buying, confirming fears of a possible slowdown in the real estate market.



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 extended its upward path in November. The related balance increased to 6 (from 5 in October), posting its third consecutive increase and its best result since June 2000, owing to an improvement in the assessments on the current state of demand and on future short-term production prospects. Inventories remained, instead, unchanged at their previous month level. As for prices, inflation eased somewhat: the balance declined to 12 from 13 in October.

With regard to the main Euro Area economies, in Germany business confidence increased in November to 11 (from 9 in October), reaching its highest level since September 1990. The rise was backed by firms' better opinions on the current state of demand and on short-term production prospects (which rose from 12 to 17, its best result since January 1995). Furthermore, German firms expected a slower increase in industrial selling prices, and the related balance lowered to 10 (from 13 in October). In France, confidence, instead, remained unchanged at 0, its previous month level: short-term production prospects improved somewhat, but the assessments on the level of orders and on inventories remained the same. Finally, with regard to price developments, French firms, differently from German ones, expected a further acceleration in industrial selling price inflation: the balance rose from 5 to 11, reverting to its June level. Also in Spain, firms' confidence stabilized in November at its previous month level (at -2): the opinions on the current state of demand and short-term prospects for economic activity moderately improved, but inventories strongly built up. With regard to prices, in line with the results for the average of the Euro Area and for Germany, Spanish firms expected an easing of inflation, and the related balance moved to 5 from 8 in the previous month, reaching the level posted in last December.

Finally, confidence bettered markedly in the United Kingdom, where it stood at 1 (compared to -5 in

October), supported by strong recovery in the opinions on the level of orders (from -9 to -3) and sharp de-stocking of inventories. With regard to prices, entrepreneurs expected, nevertheless, a significant rise in industrial selling prices, and the balance rose to 22 from 13 in October, attaining its highest level since June 1995.

