



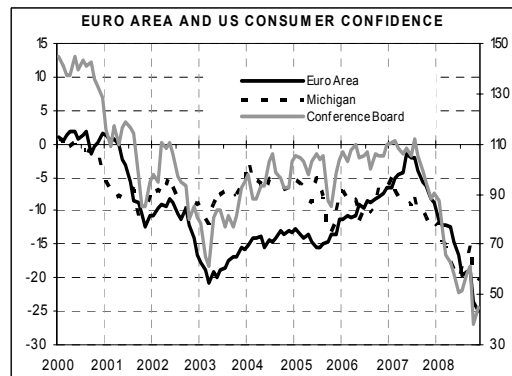
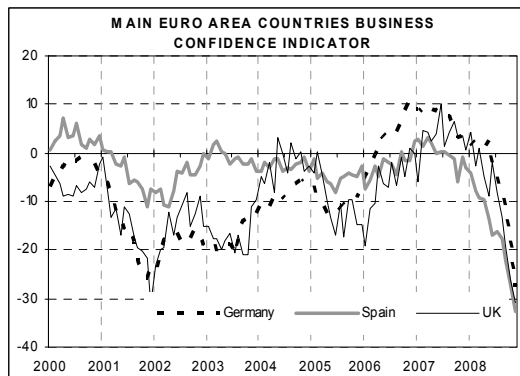
Date: December 5, 2008
TEL.: 06/444821

IN EUROPE BOTH CONSUMERS' AND, MAINLY, MANUFACTURING FIRMS' CONFIDENCE WORSENS IN NOVEMBER

- Consumer confidence moderately edged down in November (to -25 from -24 in October). Expectations on the general economic conditions and on the family situation bettered slightly, but concerns about labour market developments sharply intensified
- The indicator continued to decline in Germany, improved in France and remained stable in Spain. Among the non-Euro Area countries, in the United Kingdom confidence held steady at its October level
- In the Euro Area, manufacturing firms' confidence declined from -18 (in the previous month) to -25, reaching the lowest value since autumn 1993, because of a worsening in all the underlying components of the indicator
- Deterioration was widespread and mainly affected Germany, Spain and France. Among the non-Euro Area countries, confidence decreased also in the United Kingdom, hitting the lowest showing since the end of 1998

IN THE UNITED STATES CONSUMER CONFIDENCE SENDS SOMEWHAT MIXED SIGNALS

- After reaching a historical low in October (38), the index calculated by the Conference Board recovered slightly in November, coming in at 44.9, thanks to the improvement in the expectations component (which rose to 46.7 from 35.7)
- The University of Michigan consumer sentiment index, instead, declined further, hitting 55.3 (compared to 57.6 in October) and reaching the lowest level since spring 1980
- In both surveys, the gauge measuring the current situation deteriorated, declining from 43.5 to 42.2 and from 58.4 to 57.5 according to the Conference Board and the University of Michigan, respectively



Data on December shall be released on January 13, 2009

The next ISAE surveys are scheduled as follows:

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

December 29: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: December)

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

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 continued to decrease in November, reaching -25 (compared to -24 in the previous month). Expectations on the general economic conditions and, mainly, on the family situation improved slightly, but concerns about labour market developments sharply intensified (the related balance increased to 44 from 34 in October). Forecasts for the general economic situation were only slightly less pessimistic and inflation expectations eased (to 19 from 11). The balance for future saving opportunities remained stable at -15 for the third month running.

Among the main countries, the index worsened further in Germany, hitting -15 (from -12 in October), and reverting to its summer 2005 negative value. The gauge improved, instead, in France regaining -29 (compared to -32 in the previous month). Consumer confidence held steady in Spain (at -44) and, among the non-Euro Area countries, in the United Kingdom (at -27). In particular, forecasts for the family economic situation improved everywhere, especially in France and Spain (from -12 to -9 and from -30 to -26, respectively), but also in Germany (from -6 to -4). In general, expectations for the country's economic situation became less pessimistic as well (mainly in France, where the related balance recovered, moving to -35 from -44 in October). In Germany, instead, the indicator dropped to -28 from -26. Unanimously negative indications came instead from expectations on labour market developments. The balance for unemployment forecasts surged in Spain (from 61 to 64, its March 1993 high), France (from 49 to 57, a level last seen in the first months of 2003), and Germany (where it rose to 25 from 14 in October). In all Euro Area countries, inflationary pressures diminished. Lastly, expectations for future saving opportunities improved only in France (the balance increased from -22 to -16), while they deteriorated in Spain (from -41 to -44) and Germany (from 0 to -2).

British consumers did not express themselves differently from those in the Euro Area. Improvement in expectations on the personal and the general economic situation and easing of inflation fears came along with increasing concerns about the job situation. Expected future saving opportunities remained unchanged.

In the United States, consumer confidence recovered slightly in November according to the Conference Board: the index regained 44.9 (following the 38 record low posted in October), mainly thanks to the expectations component (which improved from 35.7 to 46.7). The collapse of the price of gas produced an easing of inflation expectations and led to a rise (to 9.2% from 7.3%) in the share of citizens who anticipated a less negative labour market situation. However, consumers gave increasingly pessimistic assessments on the current situation (the related index diminished to 42.2 from 43.7). The University of Michigan consumer sentiment index, instead, continued to decline, reaching 55.3, compared to 57.6 in October, thus coming in only slightly above the lows recorded in April and May 1980 (when the index reached 52.7 and 51.7, respectively). The forecasts indicator deteriorated (moving from 57 to 53.9): consumers were growingly pessimistic about their financial situation, which increasingly weakened because of the deterioration in labour market conditions, the fall in revenue, and the downsizing of the family wealth. At the eve of the Christmas shopping, spending intentions drastically diminished and the need to save increased. The index related to the current situation thus continued to fall, reaching 57.5, compared to 58.4 in October.

Business confidence in the Euro Area and the United Kingdom

The European Commission survey showed that in November, in the average of the Euro Area, manufacturing firms' confidence decreased to -25 (from -18 in October), due to a worsening in all the underlying components of the indicator. The index

reached the lowest level since autumn 1993. As for inflation, instead, entrepreneurs reported an easing in industrial selling price pressures (the balance moved from 6 in October to 1, the lowest value since the summer of 2005).

The deterioration in confidence was widespread and marked. In Germany, the related indicator decreased from -18 in October to -28 (the value recorded in October 2003), while in France it reached -29 (-21 in the previous month), a low last seen at the end of 1993, and in Spain it came in at -33 (-27 in October), a minimum recorded in September 1993. In the non-Euro Area countries, confidence worsened also in the United Kingdom (from -26 to -31, a trough last hit at the end of 1998). In all major economies, the balance for the opinions on order books deteriorated (from -19 to -31 in Germany, from -38 to -49 in Spain, and from -28 to -39 in France) and inventories built up everywhere, except in Spain where the balance held steady at 29. Growing pessimism also characterized short-term production expectations: deterioration was particularly marked in Germany (where the related indicator dropped to -32, from -18 in October) and in France (to -26 from -16). As for prices, instead, inflationary pressures significantly and diffusely decreased in both the main Euro Area countries and in the United Kingdom. Also in the latter country, manufacturing firms' confidence showed a similar pattern. The deterioration in the opinions on the level of orders (from -30 to -33) came along with a restocking of inventories, while short-term production expectations worsened markedly (the related balance fell from -27 to -34).

