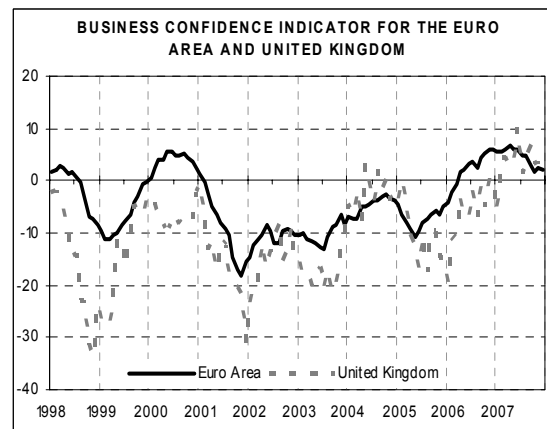
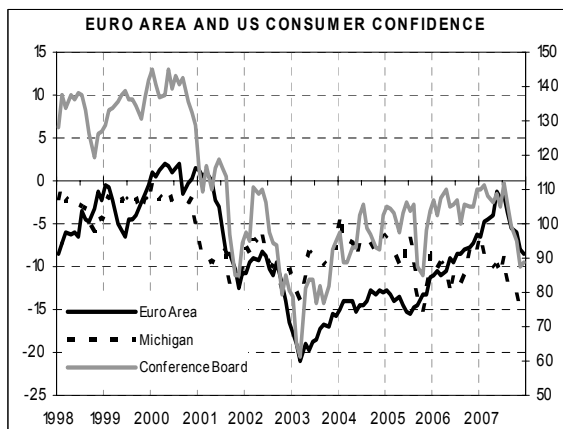




Date: **January 10, 2008**
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IN DECEMBER, MANUFACTURING AND CONSUMER SURVEYS SEND NEGATIVE SIGNALS IN THE EURO AREA AND THE UNITED STATES

- In the Euro Area, consumers were increasingly concerned about personal and general economic prospects. However, inflationary pressures remained unchanged
- Manufacturing firms' confidence also declined slightly. The opinions on order books worsened, production expectations stabilized, and inventories diminished. Inflationary pressures further built up
- Among the main countries, the business confidence index improved in Germany but deteriorated in France and Spain. The United Kingdom also gave negative indications, due to a sharp drop in the opinions on order books as well as in expectations for short-term productive activity
- In the United States, consumer confidence remained low. Yet, the Conference Board index showed some signs of recovery over the previous month, whereas the indicator of the University of Michigan continued to decline, reaching the lowest level in the last years



Data on January shall be released on February 7, 2008

The next ISAE surveys are scheduled as follows:

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

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

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

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)

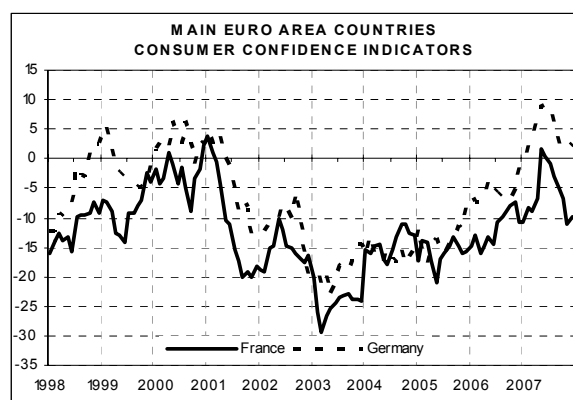
Consumer confidence in the Euro Area, the United States and the United Kingdom

According to the European Commission survey, in the average of the Euro Area consumer confidence confirmed in December its downward trend (declining from -8 to -9, the lowest level since August 2006), prompted by the deterioration in consumers' expectations on their personal economic situation and on the country's general economic trend. Respondents, instead, improved their assessments on future saving opportunities, and maintained their opinions on labour market prospects unchanged. However, consumers expected same inflation (the related balance stayed at 28).

Among the main countries, consumer confidence worsened, though moderately, in Germany, reaching 2 (from 3 in November): prospects for the general economic trend deteriorated and those for the respondents' personal economic situation stabilized, but future saving opportunities improved. As for the labour market, the share of respondents expecting a rise in unemployment remained lower than the one expecting a fall, though the balance moved from -10 to -5. Lastly, inflationary pressures eased slightly and the balance came in at 27 (compared to 30 in the previous month). In France, instead, confidence inched up in December, reaching -10 compared to -11 in November, thanks, mainly, to the improvement in prospects for the general economic situation and for labour market developments (the balance for the proportion of respondents expecting a rise in unemployment in the following twelve months actually moved from 11 to 7). Prices also gave clearly favourable indications: French consumers expected a sharp easing of inflationary pressures (the balance declined from 36 to 28). In Spain, confidence moved from -17 to -19, due to deterioration in all the underlying components of the indicator. Moreover, unlike the average of the Euro Area, Germany and France, Spanish consumers expected a marked acceleration of inflation (the balance increased from 24 to 27). Lastly, the confidence climate edged down slightly in the United

Kingdom, reaching -5 (from -4 in November), driven by the worsening in expectations on the country's economic situation (from -18 to -22, the highest level since March 2003). Stability characterized, instead, the forecasts for the respondents' economic situation, future saving opportunities, and labour market developments. Finally, with regard to prices, British consumers expected an acceleration of inflation (the related balance rose from 22 to 24).

The United States sent instead contrasting signals. The consumer confidence indicator calculated by the Conference Board moved to 88.6 (from 87.8 in November). The rise mainly stemmed from the improvement in the gauge measuring short-term prospects, which rose from 69.1 to 75.5 (the present situation index lowered, instead, from 115.7 to 108.3). In contrast, according to the survey of the University of Michigan, confidence declined from 76.1 to 75.5, due, above all, to the deterioration in the opinions on the respondents' financial situation.



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 declined in December to 2 (from 3 in November), mainly reflecting the worsening in the opinions on order books. Production expectations stabilized instead and inventories diminished slightly. As for prices, entrepreneurs expected a slight increase in industrial selling prices (the balance rose to 13 from 12 in the previous month).

In Germany, instead, the confidence climate rose to 4 (from 3 in November): entrepreneurs' expectations on short-term productive activity improved slightly, but the opinions on orders books worsened and inventories remained unchanged. However, German firms anticipated an increase in industrial selling price inflation. The related balance moved from 12 to 14. In France, confidence worsened over the previous month (the balance declined from 4 to 2), owing to deterioration in the opinions on orders and in production expectations. Inventories, instead, remained stable. As for inflation, French firms expected a sharp rise in industrial selling prices (the balance increased from 9 to 11). In Spain as well confidence dropped (from -1 to -3) mainly due to marked deterioration in the opinions on orders (from 1 to -6, reverting to the low level posted last October). Production expectations stabilized instead. Furthermore, with regard to prices, Spanish firms expected a strong acceleration of inflation and the balance increased to 14 from 11 in November. Lastly, also the United Kingdom sent in December negative signals. The confidence indicator declined to 1 (from 4 in November), prompted by sharp deterioration in opinions on orders (the balance lowered from 11 to 3, returning to the low value recorded last April) and in production expectations (from 17 to 12). In contrast, inventories diminished. Finally, with regard to prices, inflationary pressures eased sharply (the balance moved from 23 to 19).

