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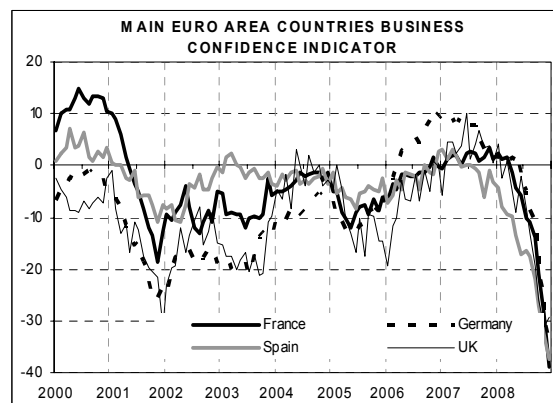
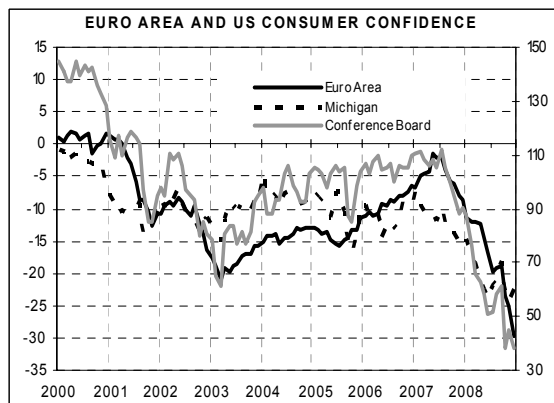
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IN EUROPE BOTH CONSUMERS' AND MANUFACTURING FIRMS' CONFIDENCE SLUMPS TO A RECORD LOW

- In December, consumer confidence moved from -25 to -30, the lowest level since 1985 (start date for the related historical series). Prospects for general economic conditions worsened and concerns about employment sharply intensified
- The indicator continued to fall in Germany, France and Spain. Among the non-Euro Area countries, confidence deteriorated also in the United Kingdom
- In the Euro Area, manufacturing firms' confidence came in at -33 (-25 in the previous month), reaching, also in this case, a negative record since 1985
- Deterioration was widespread, but particularly marked in Germany, Spain and France. Outside the Euro Area, confidence improved, albeit slowly, in the United Kingdom

IN THE UNITED STATES CONSUMER CONFIDENCE CONTINUES TO SEND SOMEWHAT MIXED SIGNALS

- The index calculated by the Conference Board posted a new significant drop, going back to the historical low recorded last October (to 38 from 44.7 in November). Deterioration characterized both the present situation and the expectations components (the related gauges declined to 29.4 from 42.3 and to 43.8 from 46.2, respectively)
- The University of Michigan consumer sentiment index, instead, went back up to 60.1 (from 55.3). The sub-index measuring the current situation improved (to 69.5 from 57.5), while the one for future conditions remained virtually stable (moving to 54 from 53.9)



Data on January shall be released on February 11, 2009

The next ISAE surveys are scheduled as follows:

January 27, 2009: ISAE Monthly Consumer Survey (reference period: January)

January 28, 2009: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: January)

January 30, 2009: 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

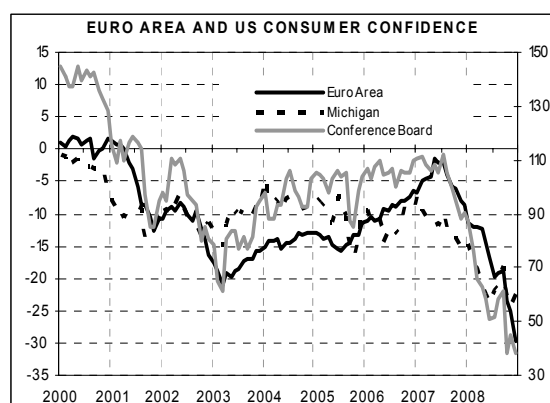
According to the European Commission survey, in the average of the Euro Area, consumer confidence continued to sharply fall in December, reaching -30 (from -25 in the previous month), its lowest level since 1985 (a similar value – equal to -29 – was posted in June and July 1993). Expectations on general economic conditions worsened (from -32 to -39, another record low) and pessimism about labour market developments spread further (the related balance rose to 55 from 44 in November). Forecasts for the family economic situation remained stable at -11 and inflation expectations eased further (the balance lowered to 7 from 11). Lastly, the balance for future saving opportunities improved slightly (to -14 from -15).

The worsening of the index affected all the main countries. In Germany, where the fall was more marked, the indicator plunged to -22 (from -15 in November), the lowest level since March 2003. In France and Spain, it plummeted to an all-time low of -34 and -46, respectively (from -29 and -44 in the previous month). In each considered country, results mirrored deterioration in all the underlying components of the indicator. In particular, prospects for the country's economic situation were increasingly negative, especially in Germany and France (where the indicator moved down to -41 from -28 and to -42 from -35, respectively). Also expectations for the family economic situation became more pessimistic in France and Germany (to -11 from -9 and to -5 from -4), while in Spain the indicator remained at -26. Forecasts for labour market developments gave negative indications and the balance for unemployment expectations hit the highest level in all countries (moving to 43 from 25 in Germany, to 69 from 64 in Spain, and to 64 from 57 in France). Prospects for future saving opportunities got worse everywhere, except in Germany where the related balance recovered to 1 from -2 in November.

The easing of inflationary pressures distinguished all Euro Area countries.

In the United Kingdom, the worsening of the consumer confidence indicator (to -29 from -27) reflected growing pessimism about expectations on the general economic situation and employment developments. The balance related to the prospects for the personal economic situation held steady at -10 and the one for future saving opportunities improved. Concerns about inflation diminished further.

In the United States, consumer confidence continued to decline sharply according to the Conference Board: in December the index went back to 38, a minimum already posted last October. Deterioration distinguished both the expectations component (to 43.8 from 46.2) and, mostly, the present situation gauge (to 29.4 from 42.3) which reached the lowest value since the 1990-91 recession. Prospects of lower prices (the highest since 1960) and subsequent improvements expected for purchasing power caused instead an rise in the University of Michigan consumer sentiment index, which attained 60.1, compared to 55.3 in November. The current situation sub-index went up to 69.5 (from 57.5 in the previous month), while the one for expectations remained virtually stable (at 54, compared to 53.9 in November), discounting heightened concerns about employment developments and the financial situation.



Business confidence in the Euro Area and the United Kingdom

In December, the European Commission survey showed that, in the average of the Euro Area, manufacturing firms' confidence continued to decrease, hitting -33 (from -25 in November), its lowest showing since 1985 (start date for the related historical series). The result was due to the deterioration in all the underlying components of the indicator. It came along with lower selling price pressures, for which the balance went back in negative territory, dropping from 0 in November to -7, the same level posted in June 2003.

The deterioration in confidence was spread across all main countries. Particularly, in Germany the related indicator decreased from -28 in November to -34, in France it reached -39 (-29 in the previous month), and in Spain it came in at -38 (from -33). In the non-Euro Area countries, confidence improved, though slightly, in the United Kingdom, rising back to -30 from -31 in November.

In all major economies, the balance for the opinions on order books markedly deteriorated. The fall was particularly sharp in France (the related balance fell from -40 to -56), but was noticeable also in Germany and Spain (from -31 to -41 and from -49 to -56, respectively). Inventories also considerably built up. Accordingly, growing pessimism characterized short-term production expectations: the related balance for Spain, Germany and France dropped, in the order, to -25 from -20, to -38 from -32, and to -32 from -26.

Lastly, with regard to prices, inflationary pressures significantly eased in all main Euro Area economies.

As for the United Kingdom, the balance for the opinions on the level of orders remained unchanged at -33. The one for production expectations instead worsened slightly and the restocking of inventories decelerated. In contrast with the average of the Euro Area, the balance for selling price expectations increased to 9 from 5 in November.

