



## I - ISAE CONSUMER SURVEY FOR ITALY

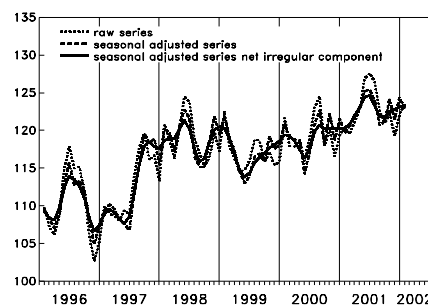
JANUARY 2002

### General results

The survey carried out by ISAE in early-January on a sample of 2,000 consumers reveals a modest improvement in the Italian consumers' confidence climate. The raw index rises from the December figure of 122.2 to 123.5 in January, while the seasonally and erratically adjusted figure - which better shows the short-term trend of the series - increases from 123.1 to 123.3, which is close to last summer's values. The seasonally adjusted index, taking no account of the very short-term erratic oscillations - the economic interpretation of which is however always difficult -, falls from 123.1 in December to 122.8 in January.

In a framework still characterised by the absence of inflationary tensions, consumers show more optimism on the country's general economic situation and on the labour market prospects, while they are more cautious on their own economic situations. The households' economic situations slightly improve, while no change is observed in the consumers' purchasing intentions in the next twelve month, both in terms of durables and of major purchases, namely home and cars. The substantially positive results of the January Consumer Survey confirm the favourable picture emerged from similar surveys carried out in December in the United States and in Europe. In particular, according to the EU Commission, the consumers' confidence climate is improving or remains at least stable in all countries.

ITALIAN CONSUMER  
CONFIDENCE INDICATOR  
Index 1980 = 100



Source: ISAE.

### Overall situation

The January consumers' opinions on the general economic situation continue to improve. Italian households express more favourable assessments than in the past on their own economic situations of the past twelve months (the balance passing from -33 to -24) and indeed make rosier forecasts for the next twelve months. For the first time since September 2001, the share of


**ITALIAN CONSUMER CONFIDENCE INDICATOR**

(Index 1980 = 100)

years/months		Raw series	Seasonal adjusted series	Seasonal adjusted series net irregular component
1998	November	119.7	121.8	120.1
	December	117.3	119.4	120.5
1999	January	122.6	121.8	120.2
	February	117.9	119.0	119.0
	March	116.3	117.2	116.9
	April	114.6	114.6	114.9
	May	114.7	113.0	113.8
	June	116.0	113.9	114.3
	July	118.8	116.5	115.7
	August	118.7	116.9	116.4
	September	115.8	115.9	116.9
	October	117.1	119.2	117.7
	November	115.4	117.6	118.1
	December	115.9	118.0	118.6
2000	January	121.7	120.9	119.4
	February	117.9	119.0	119.3
	March	117.9	118.8	118.6
	April	118.7	118.8	117.5
	May	115.9	114.3	116.4
	June	119.1	117.0	117.4
	July	123.0	120.7	119.8
	August	124.5	122.7	120.7
	September	117.9	118.0	120.3
	October	120.2	122.3	120.2
	November	116.6	118.8	120.2
	December	119.4	121.5	120.3
2001	January	120.4	119.7	120.3
	February	119.5	120.6	120.8
	March	121.2	122.1	121.8
	April	122.8	122.8	123.1
	May	126.9	125.2	124.4
	June	127.6	125.4	124.6
	July	126.4	124.1	123.4
	August	122.5	120.7	121.9
	September	121.0	121.2	121.8
	October	122.1	124.2	122.5
	November	119.2	121.5	122.8
	December	122.2	124.4	123.1
2002	January	123.5	122.8	123.3

Source: elaborations on ISAE data.



ISAE CONSUMER SURVEY FOR ITALY (Percentages of replies)

	2001												2002
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan

**A - OVERALL SITUATION**

*GENERAL ECONOMIC SITUATION*

a) over last 12 months

Improved	18	14	17	18	19	17	16	14	13	15	11	12	14
Stable	38	39	34	32	33	40	43	46	50	45	41	42	47
Worsened	43	46	48	49	47	42	40	39	35	39	47	45	38
Don't know	1	1	1	1	1	1	1	1	2	1	1	1	1
<b>Balance(*)</b>	<b>-25</b>	<b>-32</b>	<b>-31</b>	<b>-31</b>	<b>-28</b>	<b>-25</b>	<b>-24</b>	<b>-25</b>	<b>-22</b>	<b>-24</b>	<b>-36</b>	<b>-33</b>	<b>-24</b>

b) over next 12 months

Improving	28	24	23	27	36	40	40	35	28	24	22	27	32
Stable	43	43	40	41	39	38	41	44	45	38	35	37	39
Worsening	24	27	25	21	16	16	16	18	23	35	39	32	27
Don't know	5	6	12	11	9	6	3	3	4	3	4	4	2
<b>Balance(*)</b>	<b>4</b>	<b>-3</b>	<b>-2</b>	<b>6</b>	<b>20</b>	<b>24</b>	<b>24</b>	<b>17</b>	<b>5</b>	<b>-11</b>	<b>-17</b>	<b>-5</b>	<b>5</b>

*PRICE TRENDS*

a) over last 12 months

Much increased	19	16	18	18	20	20	17	15	15	11	11	10	9
Rather increased	40	44	47	47	46	49	45	45	38	36	39	38	37
Slightly increased	24	25	20	22	23	20	25	23	26	29	27	28	31
Stable	16	13	14	11	10	9	12	16	19	23	22	23	23
Diminished	1	1	1	1	1	1	1	1	1	1	1	0	0
Don't know	0	1	0	1	0	1	0	0	1	0	0	1	0

b) over next 12 months

More rapidly increasing	22	18	18	17	17	19	17	18	26	28	29	24	27
Increasing at the same rate	38	41	37	41	41	36	39	43	33	34	30	36	34
Increasing at a lower rate	11	10	11	10	8	7	11	8	9	11	11	10	12
Stable	23	25	24	23	24	30	27	26	26	23	23	24	24
Diminishing	2	1	2	2	3	3	3	2	2	2	2	2	1
Don't know	4	5	8	7	7	5	3	3	4	2	5	4	2

*UNEMPLOYMENT*

over next 12 months

Sharply increasing	6	7	7	6	6	5	6	7	6	9	9	7	5
Slightly increasing	23	25	23	20	18	19	20	19	22	30	30	28	22
Stable	41	41	40	39	36	34	38	41	42	38	37	40	45
Falling	24	21	23	28	32	35	33	27	26	20	20	22	25
Don't know	6	6	7	7	8	7	3	6	4	3	4	3	3

Source: ISAE.

(\*) Difference between Improved/Improving and Worsened/Worsening.



## ISAE CONSUMER SURVEY FOR ITALY (Percentages of replies)

	2001												2002
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan

**B - HOUSEHOLDS' FINANCIAL SITUATION***HOUSEHOLDS' BUDGET*

The household:

Runs into debt/draws on saving	7	7	9	12	12	9	9	7	7	9	9	7	7
Balances the budget	66	65	57	55	55	57	57	62	59	58	57	56	56
Is able to save	26	27	33	33	33	33	33	31	33	33	34	36	37
Don't know	1	1	1	0	0	1	1	0	1	0	0	1	0
<b>Balance(*)</b>	<b>19</b>	<b>20</b>	<b>24</b>	<b>21</b>	<b>21</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>26</b>	<b>24</b>	<b>25</b>	<b>29</b>	<b>30</b>

*FINANCIAL SITUATION OF HOUSEHOLDS*

## a) over last 12 months

Improved	9	10	10	11	12	11	10	10	9	9	7	8	9
Stable	70	72	69	65	64	67	70	71	72	73	73	74	76
Worsened	21	18	21	24	24	22	20	19	19	18	20	18	16
Don't know	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Balance(**)</b>	<b>-12</b>	<b>-8</b>	<b>-11</b>	<b>-13</b>	<b>-12</b>	<b>-11</b>	<b>-10</b>	<b>-9</b>	<b>-10</b>	<b>-9</b>	<b>-13</b>	<b>-10</b>	<b>-7</b>

## b) over next 12 months

Improving	15	15	16	18	22	20	21	18	15	18	14	13	14
Stable	72	75	72	70	67	71	71	73	75	73	74	77	76
Worsening	10	7	9	10	8	7	7	8	8	8	10	8	9
Don't know	3	3	3	2	3	2	1	1	2	1	2	2	1
<b>Balance(**)</b>	<b>5</b>	<b>8</b>	<b>7</b>	<b>8</b>	<b>14</b>	<b>13</b>	<b>14</b>	<b>11</b>	<b>7</b>	<b>10</b>	<b>4</b>	<b>5</b>	<b>5</b>

*SAVINGS*

## future opportunity

Yes, certainly	8	8	9	12	11	11	12	9	10	10	9	10	10
Yes, probably	32	33	33	30	33	34	34	30	29	33	30	34	34
No, probably	28	33	31	30	29	31	28	26	29	30	31	33	33
No, certainly	23	23	23	24	23	20	25	31	30	24	26	21	21
Don't know	6	3	4	4	4	4	1	4	4	3	4	2	2

## present convenience

Yes, certainly	43	43	44	46	50	53	45	39	43	46	55	51	46
Yes, probably	24	26	24	29	32	27	29	31	24	32	25	27	29
No, probably	13	16	18	14	10	11	14	12	15	10	9	12	14
No, certainly	17	13	12	10	7	7	11	17	17	10	9	9	10
Don't know	3	2	2	1	1	2	1	1	1	2	2	1	1

Source: ISAE.

(\*) Difference between Is able to save and Runs into debt/draws on saving.

(\*\*) Difference between Improved/Improving and Worsened/Worsening.



ISAE CONSUMER SURVEY FOR ITALY (Percentages of replies)

2001												2002
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan

**C - PURCHASING PLANS OF CONSUMER DURABLES**

*MAJOR PURCHASES*

*a) at present*

The present time is:

Favourable	12	11	13	16	12	10	13	14	14	15	15	14	11
About the same	40	37	38	36	45	43	45	41	39	39	37	37	39
Unfavourable	37	39	37	43	38	43	38	40	43	42	45	45	46
Don't Know	11	13	12	5	5	4	4	5	4	4	3	4	4

*b) over next 12 months*

More	8	6	7	9	7	7	7	5	6	5	6	6	5
Same	21	23	21	22	15	15	23	20	28	17	13	17	26
Less	10	13	11	13	10	13	13	10	13	12	14	16	15
No purchases	57	57	59	55	67	64	56	64	52	65	66	60	53
Don't Know	4	1	2	1	1	1	1	1	1	1	1	1	1

*MAJOR PURCHASES FOR HOME IMPROVEMENTS*

*over next 12 months*

Very likely	5	5	7	7	7	7	8	5	5	5	4	3	3
Fairly likely	7	7	11	12	8	10	14	11	9	11	8	8	9
Fairly unlikely	12	15	14	10	10	9	11	11	13	13	8	11	15
Very unlikely	74	72	68	70	75	74	67	72	72	70	80	78	73
Don't Know	2	1	0	1	0	0	0	1	1	1	0	0	0

**D - PURCHASING PLANS WITHIN THE NEXT 2 YEARS**

*CAR*

Very likely	7	6	9	10	10	10	9	9	7	7	6	6	6
Fairly likely	14	11	11	11	11	11	14	13	14	15	13	14	13
Fairly unlikely	11	17	13	9	8	10	12	11	13	13	11	12	14
Very unlikely	66	65	65	69	70	68	64	66	65	65	69	67	66
Don't know	2	1	2	1	1	1	1	1	1	0	1	1	1

*HOME*

Yes, definitely	1	2	2	3	3	3	2	2	2	2	2	2	1
Possibly	4	3	3	6	4	4	5	4	4	5	4	3	3
Probably not	8	11	10	5	4	5	8	8	10	12	7	7	12
No	86	83	84	86	89	88	85	86	84	81	87	88	84
Don't know	1	1	1	1	0	0	0	0	0	0	0	0	0



consumers expecting an improvement in the economic situation (32% of respondents) is larger than those forecasting a worsening (27% of the sample). The balance rises from -5 in December to +5 in January.

Favourable indications also stem from the final price dynamics: in January the share of consumers thinking prices rose "very much" or "enough" over the past twelve months falls from 48 to 46%. The ISAE respondents seem not to share the worrying idea that the Euro changeover gave rise to inflationary tensions: 46% of respondents (the same December percentage) expect inflation to decrease or at least stabilise at the levels of 2001 in the next twelve months. The percentage of consumers fearing a larger price rise in the next twelve months slightly grows (from 24 to 27%), though it remains however below the October-November values.

Expectations on unemployment for the next twelve months are improving: the share of those expecting a (strong or at least moderate) unemployment rise falls down to 27% (35% in December), while the percentage of those forecasting an unemployment contraction rises from 22% in December to 25% in January.

### **Households' situation**

In January, the respondents' households' situations seemed improving too, though the trend is less evident than that emerging from the analysis of the general economic indicators. The households' economic situations continue to (slightly) improve and consumers' evaluations on their own situations over the past twelve months getting better. The balance remains however negative, passing from -10 to -7. Expectations for the next twelve months on the households' economic situations remain unchanged as against December, with 76% of respondents expecting no substantial change compared to December 2001. Also consumers' intentions to save and saving possibility over the next twelve months are stable as against the December survey. Within this framework, the consumers' convenience to purchase durables remains stable, as indeed do their purchasing intentions for the next twelve months. Also major purchases (home and cars) remain mostly unchanged: 19% of respondents plan to buy a car within the next two years (20% in December); 4% of the sample is intentioned to purchase a new home within two years (5% in December).

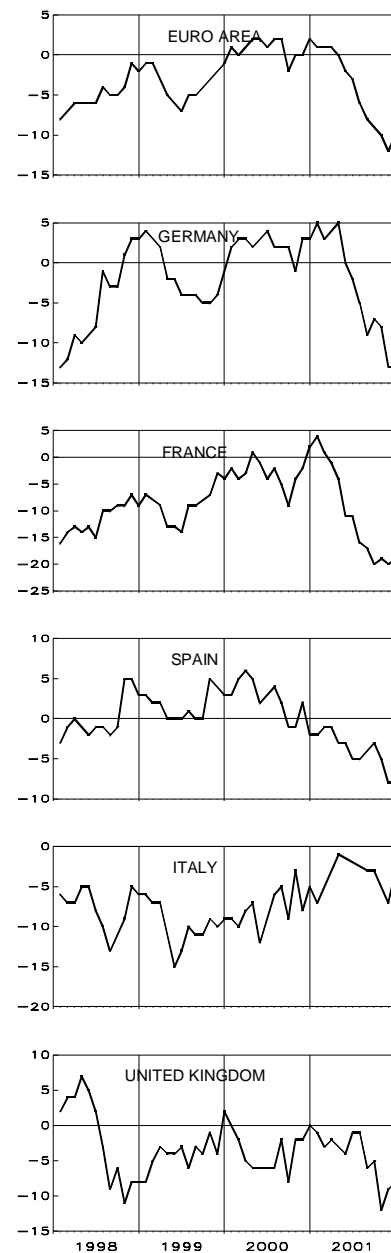
## II - AMERICAN CONSUMER SURVEYS AND THE EUROPEAN COMMISSION CONSUMER SURVEY<sup>1</sup>

DECEMBER 2001

In December, the consumers' confidence climate improved both in the United States and in the Euro Area. In the United States, the Conference Board indicator rose from 84.9 to 93.7, thus brusquely interrupting the decreasing trend which had been characterising the past three months. According to these indications, short-term prospects were the item which improved most. The other indicator adopted in the United States - namely the Michigan University households' confidence climate indicator - shows similar results by rising from 83.9 in November to 88.8 in December. This is the third rise in a row, which shows that the improving trend of the American households' economic situations seems to be consolidated.

According to the European Commission Consumer Survey, the consumers' confidence climate in the Euro Area passed from -12 in November to -10 in December, that is to figures smaller than those preceding the 11 September attacks. The largest improvement came from the forecasts on the general economic situation and on unemployment for the next twelve months. Forecasts on the households' economic situations remain cautious and the share of those planning to make major purchases in the next twelve months remains modest. The consumers' confidence indicator slightly rises in France, particularly thanks to an improvement in the forecasts for the next twelve months both on the households' economic situations and, more generally, on the general economic situation. In Germany, the confidence climate indicator remains at the November levels, while the forecasts on the country's economic situation in the next twelve months seem to be slightly improving. Conversely, the assessments on the general economic situation are worsening. With regard to the other countries, the confidence climate is improving in Spain (the balance going from -2 to +2), Denmark (from 7 to 12), Belgium (from -18 to -9), Portugal (from -30 to -26) and Ireland (from -12 to -9) and remains stable in the other countries. No European country registered a worsening in its consumers' confidence climate in December.

EUROPEAN CONSUMER CONFIDENCE INDICATOR (\*)



Source: European Commission.

(\*) Seasonally adjusted data

<sup>1</sup> Since September 2001, the European Commission computes its confidence climate on different series compared to the past. For more details, see the Methodological Note.


**CONSUMER CONFIDENCE INDICATOR IN THE MAIN EUROPEAN COUNTRIES** (Seasonally adjusted balances)

years/months		Euro Area (*)	Germany	France	Spain	Italy	United Kingdom
1998	December	-2	3	-9	3	-6	-8
1999	January	-1	4	-7	3	-6	-8
	February	-1	6	-8	2	-7	-5
	March	-3	2	-9	2	-7	-3
	April	-5	-2	-13	0	-11	-4
	May	-6	-2	-13	0	-15	-4
	June	-7	-4	-14	0	-13	-3
	July	-5	-4	-9	1	-10	-6
	August	-5	-4	-9	0	-11	-3
	September	-4	-5	-8	0	-11	-4
	October	-3	-5	-7	5	-9	-1
	November	-2	-4	-3	4	-10	-4
	December	-1	-1	-4	3	-9	2
2000	January	1	2	-2	3	-9	0
	February	0	3	-4	5	-10	-2
	March	1	3	-3	6	-8	-5
	April	2	2	1	5	-7	-6
	May	2	6	-1	2	-12	-6
	June	1	4	-4	3	-9	-6
	July	2	2	-2	4	-6	-6
	August	2	6	-5	2	-5	-2
	September	-2	2	-9	-1	-9	-8
	October	0	-1	-4	-1	-3	-2
	November	0	3	-2	2	-8	-2
	December	2	3	2	-2	-5	0
2001	January	1	5	4	-2	-7	-1
	February	1	3	1	-1	-5	-3
	March	1	4	-1	-1	-3	-2
	April	0	5	-4	-3	-1	-3
	May	-2	0	-11	-3	1	-4
	June	-3	-2	-11	-5	2	-1
	July	-6	-5	-16	-5	1	-1
	August	-8	-9	-17	-4	-3	-6
	September	-9	-7	-20	-3	-3	-5
	October	-10	-8	-19	-5	-5	-12
	November	-12	-13	-20	-8	-7	-9
	December	-10	-13	-19	-8	-3	-8

Source: European Commission.

(\*) The twelve countries joining the European Economic and Monetary Union are: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxemburg, the Netherlands, Portugal, Spain.

## NOTES TO THE CONSUMER SURVEY

Within the E.U. Harmonised Survey, ISAE carries out its monthly Consumer Survey on a representative sample of 2,000 respondents. Hereafter a list is provided of the main survey's characteristics:

- Consumer surveys comprise (apart from some information on households' structures and incomes) fifteen qualitative questions characterised by three-to-five reply options (for example, Much increased, Rather increased, Slightly increased, Stable, Diminished) based on four main topics: notably, opinions on the overall situation, opinions on the households' financial situations, plans to purchase durable goods, plans to purchase cars or homes.
- For each question, the results are expressed in terms of the relative frequency of each reply option. Balances (differences between favourable and unfavourable answers) provide the indications on the observed phenomena. Balances may be simple (options are aggregated without weighting) or weighted (by attaching double weight to extreme options. The weights adopted are: 2,1,1,2). Central options (for example, Stable) are not considered in the computation.
- The Italian confidence indicator is an overall synthetic indicator of the survey. It is elaborated by ISAE on the basis of nine questions considered most suitable to evaluate consumers' optimism/pessimism (notably: *ex-ante* and *ex-post* general and households' economic situations; unemployment trend; present convenience and future opportunity to save; propensity to purchase consumer durables; households' budget). The results of the nine questions, expressed as weighted balances on raw data, are aggregated through a simple arithmetical mean; 1980 = 100. The series is seasonally adjusted and net of irregular component through TRAMO-SEATS method.
- In September 2001, the E. U. changed the series while computing its confidence indicator. For each Member State, the Commission computes seasonally adjusted (Dainties method) weighted balances (weights being 1, 1/2, 1/2, 1) of four series (expectations on the general and on households' economic situations, on unemployment and savings) and aggregates them with a simple arithmetical mean with no index number. The synthetic indicator for EUR-12 is obtained through the arithmetical mean weighted with single countries' private consumption levels.