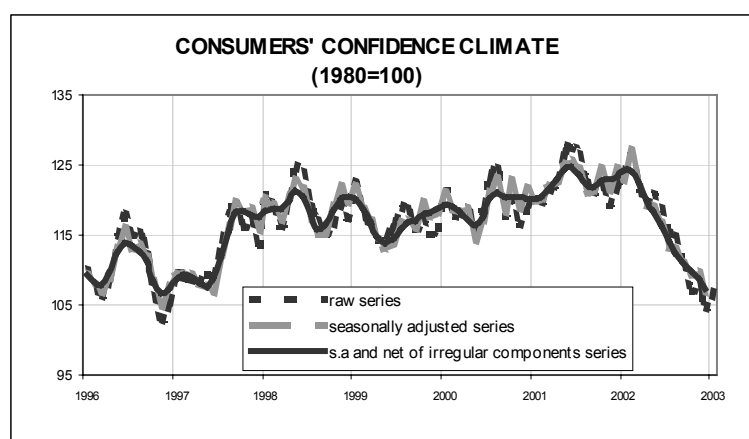




ISAE CONSUMER SURVEY

Reference month: January

- In January, the Italian consumers' confidence climate (raw data) shows signals of recovery and rises from 104.5 (December figure) to 106.9. The seasonally adjusted index slightly decreases, going from 106.7 to 106.2, thus reaching the minimum levels of November 1996. The fall is stronger for the indicator adjusted for the seasonal and irregular component - which is particularly influenced by the past trend of the time series - which falls from 107.3 to 106.3, which is the lowest figure since March 1994
- Looking at raw data, the sub-indicator concerning short-term expectations improves after the strong fall of last month; forecasts on the general Italian economic situation rise again, as do those on the labour market
- Among non-confidence building series, expectations on inflation decrease, probably also in connection with the effects of the post-Christmas sales
- Conversely, the index concerning the current situation remains substantially unchanged as against the previous month, in the face of an improvement of assessments on the general economic situation of the country and of a slight worsening of assessments concerning households' own economic and financial budgets
- December data on the consumers' confidence climate in the euro area diminish and get close to the minimum mid-1997 figures. The fall is particularly strong in Belgium and Denmark, apart from Italy, as already signalled by the ISAE Survey diffused on December 19. Only France - compared to the average euro area trends - shows a consumers' confidence recovery in the late-2002



Data referring to February shall be diffused on February 20, 2003.

Next ISAE surveys are scheduled as follows:

January 22, 2003: ISAE Quarterly Elaboration by Geographical Partition of Consumer and Business Surveys on Manufacturing and Extractive Firms (Reference period: IV quarter 2002)

January 23, 2003: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: January)

January 28, 2003: ISAE Monthly Business Service Survey (Reference period: IV quarter 2002 and January 2003)

January 29, 2003: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (Reference month: December)

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

I – ISAE CONSUMER SURVEY FOR ITALY

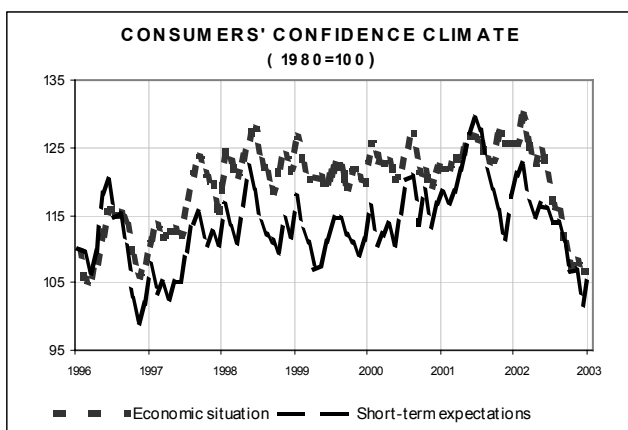
January 2003

General results

According to the Survey carried out by ISAE between January 2 and 16 on a sample of 2,000 respondents, the Italian consumers' confidence climate shows signals of recovery in January, rising from 104.5 to 106.9 and thus getting close to the figures of November 2002. Conversely, the seasonally adjusted index slightly falls from 106.7 to 106.2, thus nearing the minimum November 1996 levels. The contraction is stronger for the indicator adjusted for the seasonal and irregular component - by nature more influenced by the past trend of the time series - which decreases from 107.3 in December to 106.3 in January, thus getting close to the March 1994 figures.

Looking at raw data, an improvement is observed in the sub-indicator concerning short-term expectations of ISAE respondents on their own situations and on the general economic situation: after the strong fall of last month, forecasts on the general Italian economic situation rise again as do those on the labour market. Among non-confidence building series, expectations on inflation decrease, probably also in connection with the effects of the post-Christmas sales.

Conversely, the index concerning the current situation alone remains substantially unchanged as against the



previous month, in the face of an improvement of

assessments on the general economic situation of the country and of a slight worsening of those concerning households' own economic and financial budgets.

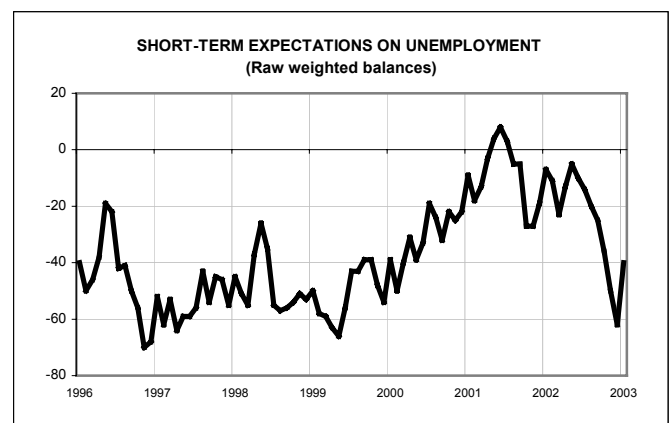
Overall situation

The confidence climate raw index on the general economic situation rises again after the fall registered in December, going from 82.3 to 91.8, which is above last November's figures. A strong growth is registered in particular in short-term expectations on unemployment which, in terms of balances, rise from -47 to -30. Also assessments and short-term expectations on the general economic situation of the country recover (assessments go from -76 to -67, while expectations from -27 to -17).

The share of consumers perceiving a marked price dynamics rise slightly grows: the percentage of respondents deeming prices rose "very much" or "enough" passes from 89% to 90%. However, short-term expectations on inflation fall again: the number of those expecting prices to rise more or in the same amount as in the next year falls from 47 to 40%. Conversely, 38% of respondents (34% in December) expect a substantial price stability in the next twelve months.

Households' situation

The raw confidence index referring to respondents' own situations alone falls in January from 115.6 to



114.5, mainly because of the smaller convenience to save (the balance decreases from 90 to 80). Assessments on the households' own situations remain unchanged (the balance equalling -33, as in December), while short-term forecasts on the same variable improve and the balance become non-negative again (from -3 to 0) for the first time since last June. With regard to the present households' financial situations, the share of those declaring they succeed in managing a balanced budget is diminishing (from 67 to 59%), while the number of those having to resort to debts or draw from reserves is growing (from 23 to 27%). However, also the share of those reporting they are saving is increasing (from 23 to 27).

Indeed, the percentage of consumers forecasting to purchase durables for the next twelve months (in an amount less, equal to or more than last year), continues to rise (from 37 to 41%). The number of respondents declaring their intention to purchase a home in the next two years goes from 5% to 6%, and the share of those intending to spend for home maintenance and improvement in the next twelve months rises from 10% to 13%. Also consumers deeming it probable or certain to buy a car grows from 17% to 18% of the sample.

II - THE EUROPEAN COMMISSION CONSUMER SURVEY AND AMERICAN CONSUMER SURVEYS

December 2002 and early-January 2003

In December, the consumers' confidence climate on average continues to worsen in the euro area. In the United States, the Conference Board confidence climate registers a negative variation, while the University of Michigan data point out a confidence improvement.

According to the European Commission Consumer Survey, the confidence climate indicator for the euro

area on average falls from -14 in November to -16 in December, thus getting close to the minimum figures of early-1997. In particular, expectations on the general economic activity are more pessimistic: their balance goes from -15 in November to -19 in December, which is the figure registered in November 2001. Prospects on future saving opportunities become more critical (the balance decreasing from -7 to -9, which is an all-time low since May 1996), while the percentage of those expecting an unemployment rise increases (from 27 to 31). Conversely, expectations on the households' own situations remain stable (the balance equalling -4).

Also most non confidence-building indicators deteriorate. Assessments expressed on the households' own situations and, particularly, on the general economic situation diminish: they have reached their worst figure since the early-1994 and the balance passes from -18 to -19 and from -40 to -45. With regard to durables, European consumers continue to perceive the present situation as a negative moment for major purchases (the balance is -26). Prospects for expenditure for the next twelve months seem to be further diminishing (from -20 to -21).

Finally, expectations on prices show no variations: the December balance remains unchanged at 9, which is a modest figure compared to those registered in the early-2003.

In December, almost all euro area countries register a confidence contraction, which is particularly strong in Belgium. Denmark and Italy (as already signalled by ISAE on December 19) and is evident in Spain, Ireland and Germany. In France alone the confidence climate is slightly improving; the indicator is stable only in Austria.

Among the major countries, the German confidence climate considerably deteriorates for the third month in a row (the balance equalling -20, thus close to the minimum July 1997 figures). The result mainly

mirrors the worsening of prospects on the general economic situation (the balance passing from -24 to -28), while expectations on the households' own situations show no variations (the balance equalling -10). German consumers express their strong pessimism on their saving opportunities for the next twelve months: their balance passes from -2 to -5, which is on the minimum 1985 figure. Finally, the share of those expecting an unemployment rise increases (the balance passing from 31 to 35). Among non confidence-building components, concerns on an inflation rekindling diminish and the number of those expecting a price rise decreases, while their balance falls from 16 to 12.

France is the only country in EU-12 where a (modest) confidence climate improvement is registered (from -18 to -17). That figure mirrors the improvement of all indicator-building components, with the exception of the balance gathering expectations on the general economic trend which has remained at -14 since October. The French households' prospects seem slightly more optimistic (their balance passing from 0 to 1) and future saving opportunities rise from -20 to -17. French consumers' assessments on 2002 seem substantially stable, while inflationary tensions emerge (their balance going from -2 to 2).

The Spanish confidence climate considerably deteriorates (from -12 to -16, which is close to the figures registered in the late-1995). The figure mirrors the deterioration of all indicator-building components, which is particularly marked in balances concerning short-term expectations on the households' own situations and on the general economic situation (from 0 to -4 and from -4 to -13 respectively). Other indicators generally reflect a growing pessimism: all the values considered - with the exception of balances referring to the future opportunity to purchase durables (from -24 to -22) and to expectations on prices (from 30 to 24) - show negative variations.

In the United States, after the November improvement, the Conference Board index diminishes again and reaches 80.3 in December (84.9 in November). The sub-indicator concerning expectations decreases from 89.3 to 87.2. The figure mainly mirrors the concerns expressed by American consumers on the unemployment rate growth. Conversely, the indicator elaborated by the University of Michigan grows from 84.2 to 86.7, thanks to rosier expectations on the general and households' economic situations.

According to the early University of Michigan data, American consumers' confidence climate worsens again in January and goes from 86.7 to 83.7. Indeed, in spite of the provisions aimed at stimulating the economy enforced by the new economic Administration, both assessments and expectations on the general and personal economic situations worsen.