

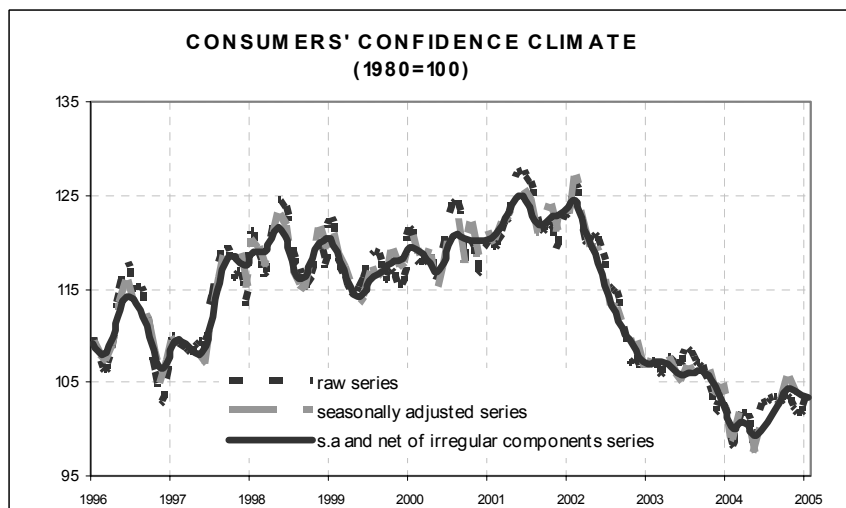


ISTITUTO DI STUDI E ANALISI ECONOMICA
Piazza dell'Indipendenza, 4 00185 Roma tel.: + 39-0644482.1 fax: + 39-0644482229

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TEL.: **06/444821**

THE JANUARY CONSUMERS' CONFIDENCE REMAINS SUBSTANTIALLY STABLE

- The seasonally adjusted indicator slightly diminishes in January from 103.5 to 103.3; the indicator adjusted for the seasonal and irregular component – which is more sensible to the past trend of the historical series – also equals 103.3, which mirrors a small deterioration compared to the December figure (103.6). Conversely, the raw index rises from 101.6 to 103.7, thus signalling a positive trend, probably linked to sales
- The indicators referring to the general economic framework and to the respondents' own situations are generally stable: the sub-index concerning short-term expectations is worsening, while the one concerning the current situation is improving
- Turning to details, expectations on the labour market situation are improving, as do assessments on the households' financial and economic situations. Quite the reverse, forecasts on the economic situations of the country as a whole and of ISAE respondents in particular worsen, while evaluations on the convenience to purchase durables for the next twelve months are less rosy
- With regard to prices, few concerns emerge from the assessments on inflation of the past twelve months and, particularly, from forecasts for the next twelve months
- Confidence was substantially stable in December both in Europe as a whole and in the main European countries. According to the early data of the Michigan University, in the United States the marked improvement observed in December was followed by a contraction in January, mainly due to the concerns on the general economic situation of the country



Data referring to February shall be diffused on **February 22, 2005**.

Next ISAE surveys are scheduled as follows:

January 27, 2005: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: January)

January 31, 2005: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (Reference month: December) and ISAE Monthly Business Service Survey (Reference month: January)

February 1, 2005: Comparative Business Surveys for Italy, Germany and France (reference month: January)

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 2005

According to the Consumer Survey carried out by ISAE between January 3 and 17 on a sample of 2,000 respondents, the consumers' confidence is substantially stable and falls from 103.6 to 103.3 (seasonally adjusted data). The indicator adjusted for the seasonal and irregular component, which is more sensible to the past trend of the historical series, also decreases from 103.6 to 103.3, the raw index rises from 101.6 to 103.7, thus signalling a positive trend, probably linked to sales.

Short-term expectations are less favourable and the sub-index falls from 103.7 to 102.8, while opinions on the current situations are improving from 102.4 to 103.9. Conversely, evaluations on the general economic framework remain substantially unchanged, as do those on the respondents' own situations (the sub-indices passing from 89.7 and 109.9 to 89.6 and 110 respectively).

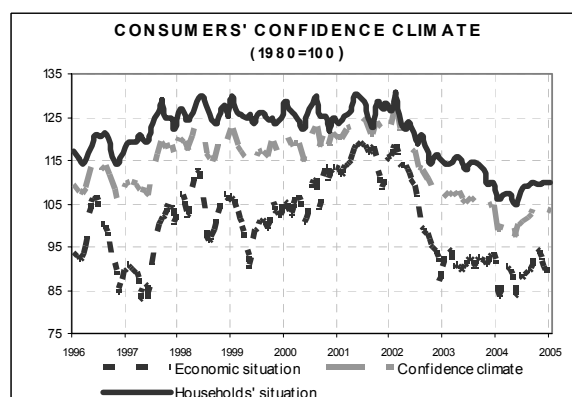
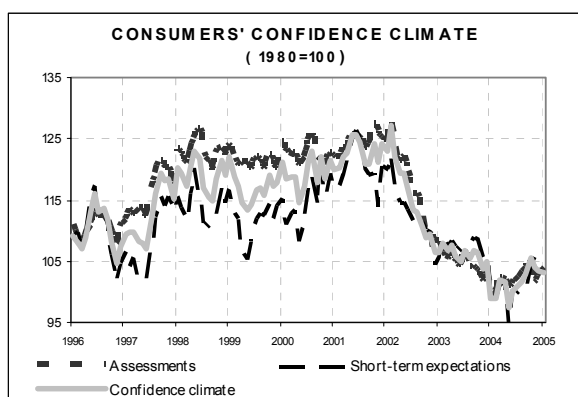
Among non confidence-building variables, some concerns emerge from the (current and expected) price trends, hence forecasts on the purchase of durables remain cautious.

General economic situation

In January, the seasonally adjusted confidence index of the general economic situation alone remains unchanged, passing from 89.7 to 89.6. The evaluations on the country's economic situation are less rosy, but the labour market prospects are improving.

Assessments on the general economic framework slightly worsen and the seasonally adjusted weighted balance falls from -100 to -101. The expectation worsening is more outstanding, as it almost offsets the whole December recovery and goes from -20 to -24. Conversely, expectations for an unemployment contraction diminish, as the seasonally adjusted weighted balance decreases from 45 to 41.

Finally, some tensions emerge on prices: the raw weighted balance referring to the price trend of the past twelve months equals 93, after going down to 87 in December 2004, as the share of consumers feeling prices rose "very much" grows from 30 to 33%. Also the balance of expectations for the next twelve months rises from -39 to -28: indeed the percentage of those deeming prices rose more than in the past increases from 6 to 7%, while the number of stability-expecting respondents falls from 53 to 48%. Finally, the percentage of consumers unable to express their opinions on this point rises up to 9%.

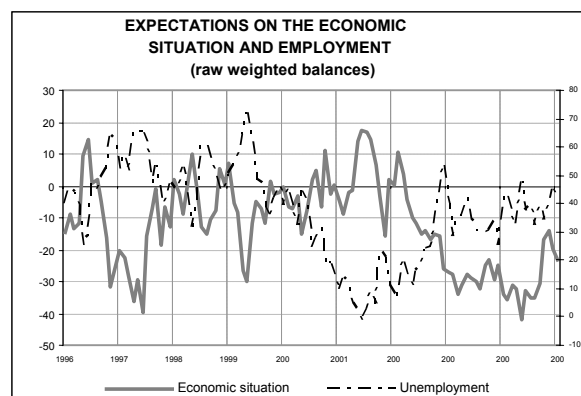
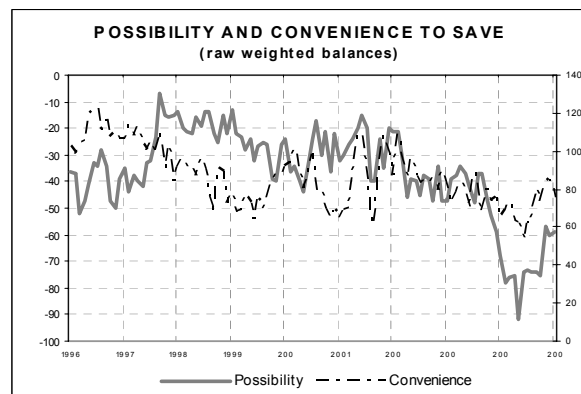
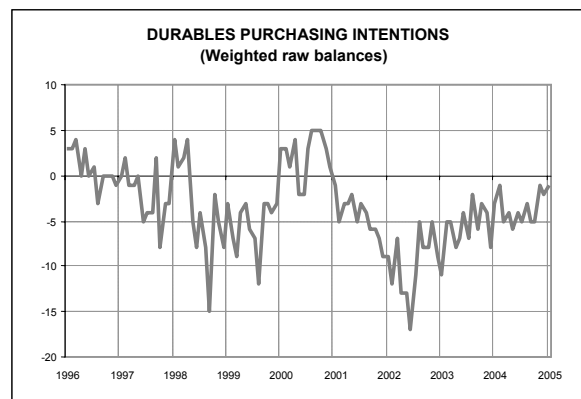
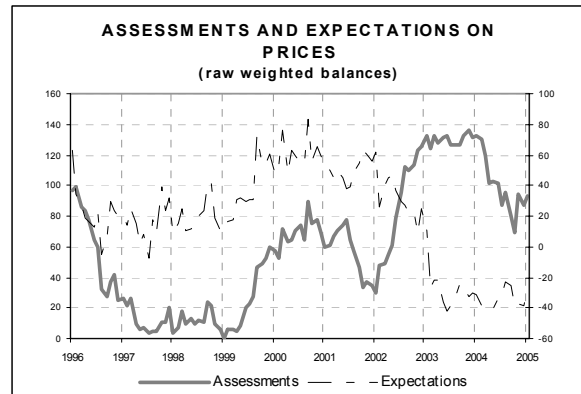


Households' situations

In January 2005, the seasonally adjusted confidence index referring to the respondents' own situations alone slightly increases from 109.9 to 110, which is close to the highest figures ever reached since December 2003.

The improvement mainly derives from evaluations on the respondents' financial situations (their seasonally adjusted weighted balance passing from 5 to 10) and on the households' economic situations (from -51 to -48). However, concerns on the short-term prospects of this last variable (the seasonally adjusted weighted balance falling from -6 to -10) and on the present convenience to save (from 85 to 76) are emerging. A substantial stability characterises future saving opportunities (the weighted balance passing from -60 to -59) and the present convenience to purchase durables (the seasonally adjusted weighted balance remaining at -103, as in December). Indeed, with regard to durables, short-term spending intentions are slightly improving (the weighted balance rising from -2 to -1), alongside a fall from 74 to 71% in the share of those reporting their intentions not to make any purchase at all.

Turning to details, figures mirroring the consumers' intentions to make major purchases remain stable: indeed, the percentages of those "definitely" excluding they will buy a new car or a home in the next twelve months remain at 87% and 94% respectively, while the number of respondents referring they will have no extraordinary expenditure for home maintenance and improvement increases from 89 to 90%.



II - THE EUROPEAN COMMISSION CONSUMER SURVEY AND AMERICAN CONSUMER SURVEYS

December and early-January data

The January 2005 average consumers' confidence in the euro area remains unchanged compared to December¹; indeed, the indicator is rather stable even looking at single economies. According to the early Michigan University data, the American consumers' confidence rises in December, while a slight fall is expected in January.

Turning to details, the average euro area indicator stops at -13 in December, while the prospects for the respondents own situations and for the general economic situation slightly recover and future saving opportunities worsen. With reference to the labour market, the share of those expecting an unemployment rise has remained unchanged for a quarter (the balance equalling 29). Among non confidence-building indicators (according to the Commission), opinions on the general economic situation improve while a slight weakening is emerging in inflationary thrusts (the balance decreasing from 8 to 6).

Among the major countries, the German confidence climate recovers in December, passing from -17 to -16, which is close to the July 2004 figures: indeed the prospects on the country's general economic trend are recovering from -22 to -20, while future saving opportunities become darker (from -36 to -39). As for the labour market, the balance summarising the share of those expecting an unemployment rise in the next few months diminishes from 42 to 41, which resembles the October 2004 level. With reference to prices, German consumers – consistently with what happens on average in the whole euro area - expect a small inflationary tension weakening (the balance passing from 7 to 5).

The French confidence climate remains at -13, while expectations on the respondents' own situations and on the labour market register no changes and future saving opportunities are worsening (the seasonally adjusted balance going from -9 to -12). With regard to prices, French consumers too expect an inflation softening in the next few months and the balance should fall from 12 in November to 8 in December.

The Spanish confidence indicator grows from -10 to -9, thanks to a small improvement in all confidence-building components, with the exception of expectations on the labour market trend. Indeed, the share of those forecasting an unemployment rise is growing in December (the balance passing from 9 to 12), while the respondents' prospects on the country's general economic situation recover from -6 to -2. Turning to prices, a slight inflation rekindling is observed, while the balance grows from 18 to 19.

In the United States of America, confidence registers a strong recovery in December, as it goes from 92.6 to 102.3 according to the Conference Board indicator, and from 92.8 to 97.1 according to the Michigan University data. Looking at the former data, that result stems from a strongly improving indicator of the current situation (from 96.3 to 105.9) as well as from the one referring to future prospects (from 90.2 to 99.9). According to the early Michigan University indications on January, the American consumers' confidence indicator should ebb down to 95.8, mainly because of the growing concerns for the country's general economic situation.

¹ In January 2004, France reviewed its questionnaire for a better harmonisation of its Survey, which caused a structural break in the series. Thus, French data are neither seasonally adjusted, nor fully comparable with those of other countries, all of which has an impact on the average figure of the euro area.