

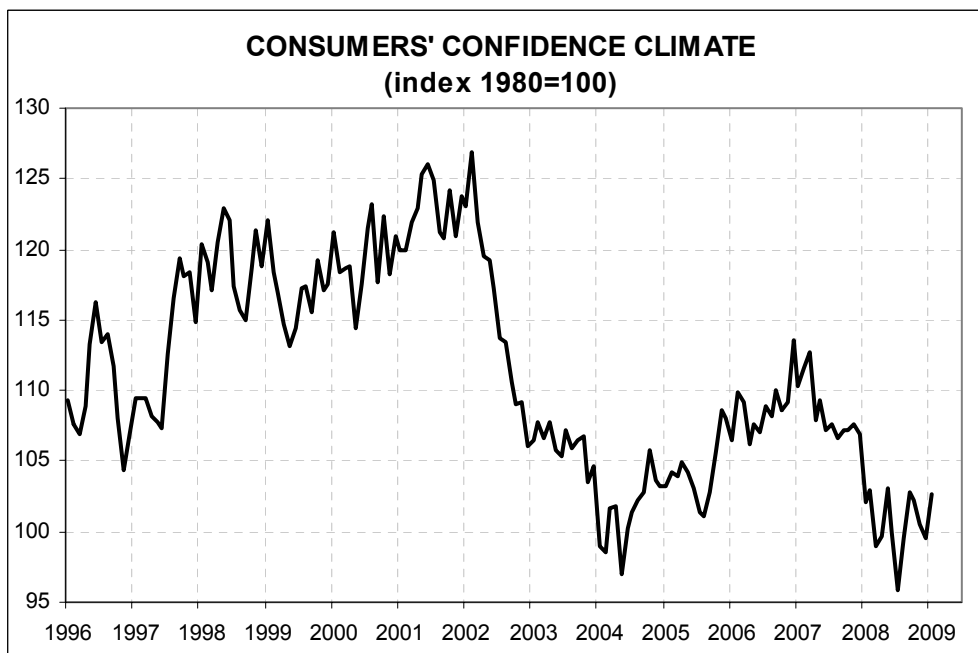


Date: **January 27, 2009**

TEL.: **06/444821**

CONSUMER CONFIDENCE RECOVERS IN JANUARY

- The index increased to 102.6 from 99.6 in December, returning close to its September 2008 value
- The indicator for the opinions on the general economic situation rose from 68.5 to 74.9 and the one for the personal situation improved from 114.7 to 116.9
- The perception of current conditions and overall short-term prospects bettered as well (the index moved from 107.3 to 110.8 and from 88.5 to 91.1, respectively)
- Among the main variables, recovery primarily characterized assessments on the durable goods market and the evaluation of the country's economic situation
- At this stage, the views of consumers may have been positively influenced by lower price pressures. Respondents continued to scale down both the perception of inflation in the last twelve months and short-term forecasts. The related balances came in significantly lower than the highs recorded in the first half of 2008
- At the regional level, confidence improved everywhere, except in the North East



Data on February shall be released on February 24, 2009

The next ISAE surveys are scheduled as follows:

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

January 30, 2009: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: January), ISAE Monthly Business Services Survey (reference period: January), and ISAE Monthly Survey on Construction (reference period: December)

February 11, 2009: ISAE International Comparison of Consumer and Business Surveys (reference period: January)

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)

Italian consumers' confidence

According to the ISAE Survey carried out between January 7 and January 21, Italian consumers' confidence recovered in January, following four months of decline. The indicator increased from 99.6 (in December) to 102.6, thus returning to the value posted in early autumn.

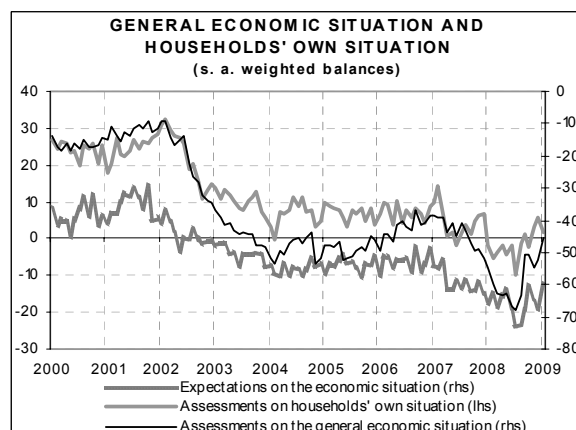
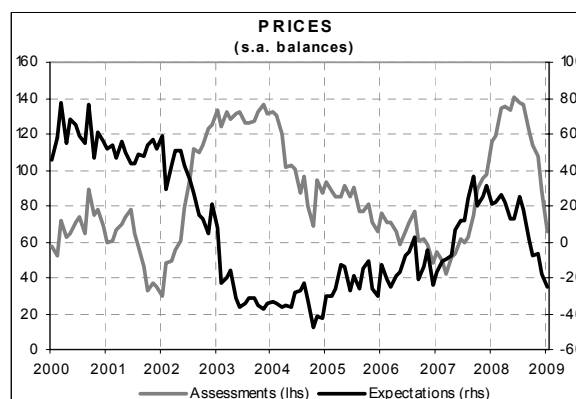
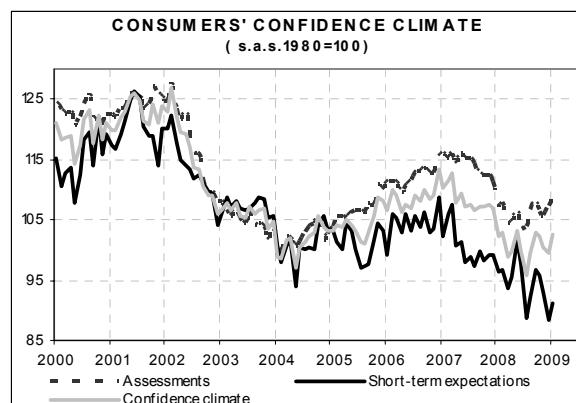
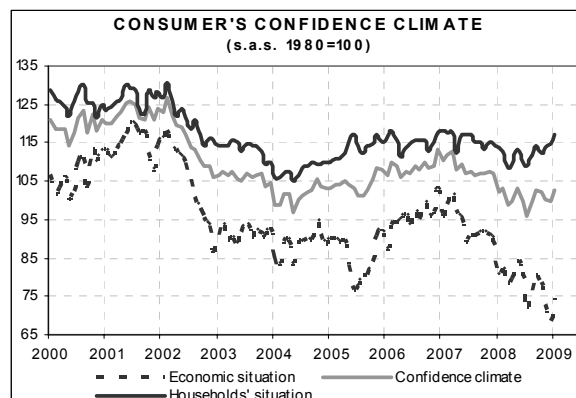
Higher optimism mainly characterized the opinions on the general economic situation. Following a four-month decline, the indicator increased from 68.5 to 74.9, entirely reversing the drop in confidence recorded in the previous two months, but remaining at a record low level and below its long term average. The gauge for the personal situation also improved, moving from 114.7 to 116.9, the best result since July 2007. Opinions on the durable goods market and on the family situation bettered. Assessments on current conditions increased from 107.3 to 110.8, returning close to the December 2007 value. Opinions on future conditions moved from 88.5 to 91.1, thanks to greater optimism about the country's situation and personal conditions.

Moreover, inflationary pressures were considered to have eased further. Respondents scaled down both their perception of inflation in the last twelve months and their short-term forecasts.

At the regional level, confidence markedly improved in the North West and the *Mezzogiorno*, recovered in the Centre, but declined slightly in the North East.

Overall economic situation

In January, consumers expressed widely favourable views. Italy's general economic situation was considered to have sharply recovered, and such improvement was expected to accentuate in the following twelve months. The related balances actually moved up from -123 to -115 in the former case, the best result since December 2007, and from -47 to -33 in the later one, recording a fourteen-point expansion. Short-term forecasts for labour market developments showed some relief: the balance for expectations of a



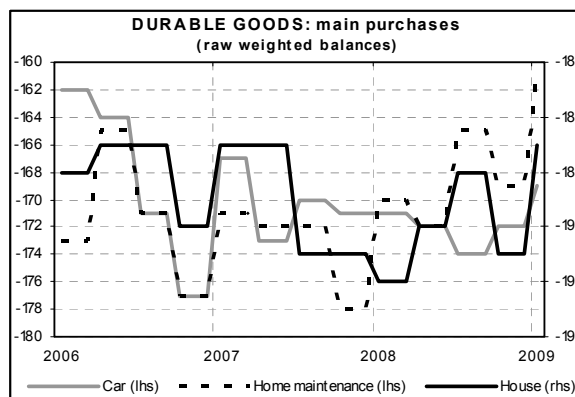
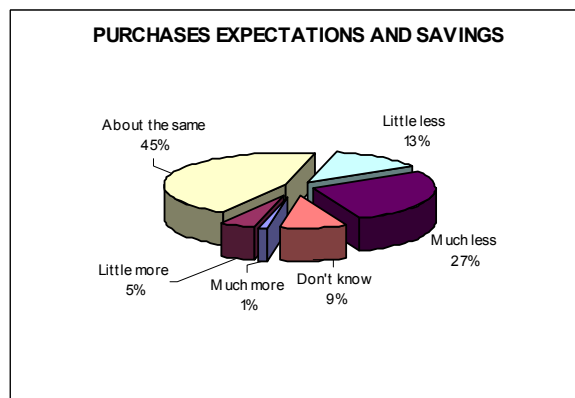
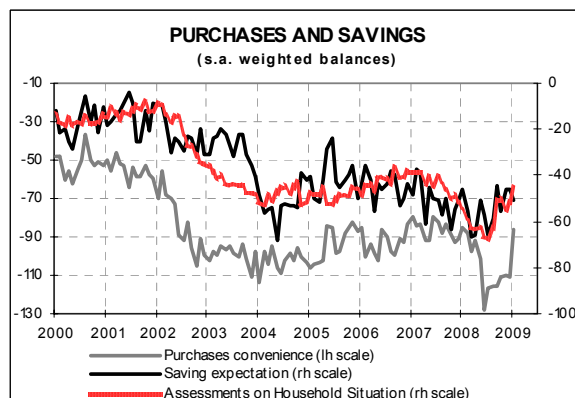
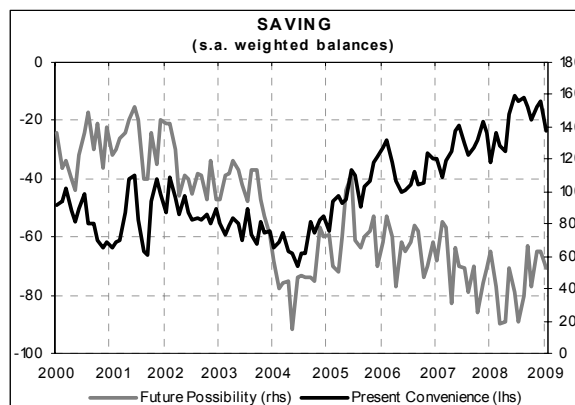
rise in unemployment declined from 100 to 93, though remaining close to its record high.

At this stage, consumers' views of the country's economic situation and on family conditions may have been positively influenced by the perception of lower current and future price pressures. The balance for the opinions on inflation in the last twelve months fell from 88 (in December) to 66, the lowest level since August 2007. Prospects for the following year moved from to -18 to -26, a trough last reached in December 2005. Compared to the highs posted in the first half of 2008, the decline was significant: the balance for the opinions on current inflation stood at 141 in June 2008, while the one for forecasts amounted to 26 in March of the same year.

Personal situation

The improvement in the indicator for respondents' assessments on their personal situation was the result of contrasting trends for the underlying components of the indicator. A clear improvement characterized the opinions on the convenience to buy consumer durables (the balance recovered from -111 to -86, the best result of the last twelve months) as well as assessments on the family present and future situation (the respective balances rose seven points, from -52 to -45 and from -20 to -13). However, the evaluation of the family budget started to deteriorate once more (from 6 to 2). Greater pessimism distinguished the saving variables. The balance for present saving opportunities diminished from 156 to 138, while the one for future prospects dropped from -65 to -71.

Regarding the consumer durables market, starting from January 2009, ISAE changed the questionnaire on future buying intentions for harmonization with the one adopted by the European Union. Data are therefore not comparable with those of the previous survey. According to the current survey, 45% of the respondents stated that, in the next twelve months, they were going to keep consumer durables' expenditures unchanged, while 40% said they planned to cut them (27% would do so significantly). Lastly, only 6% of



consumers intended to spend more or much more than before.

With regard to main consumer durables, the traditional ISAE quarterly survey showed an improvement in buying intentions for cars (the balance rose from -172 to -169) and houses (from -192 to -188), as well as for house maintenance (from -169 to -161).

Regional breakdown of consumer confidence

In January, the recovery in consumer confidence posted at the national level was the result of mixed trends across areas. The confidence index bettered in the North West and the South, and, to a lesser extent, in the Centre, whereas it declined slightly in the North East.

Improvement distinguished nearly all sectors and regions, and was particularly marked for opinions and forecasts on the country's economic situation. In the North East, concerns about short-term economic prospects were the only negative aspect.

North West: in this area, the confidence indicator rose from 99.2 to 103.2, returning to the level recorded last October. The rise was mainly due to the improvement in opinions and forecasts on the general economic situation and to favourable assessments on future conditions. The views for the current situation and the personal one were also positive, however less so.

North East: in contrast with the other areas, confidence in the North East diminished from 102.1 to 101.5. Deterioration was entirely due to greater uncertainties about the future situation, while all the other variables improved over the previous month, though sometimes only slightly.

Centre: confidence started to recover in January. The related index moved from 99.4 to 101.5, the best result since last September. The progress was mostly driven by opinions on current conditions and on the general economic situation.

Mezzogiorno: in this area, confidence recorded the sharpest recovery. The index grew from 100.4 to 105.2,

the highest level since November 2007. In this case, the improvement was mainly prompted by clear progress in opinions on the general economic situation and on current conditions.

