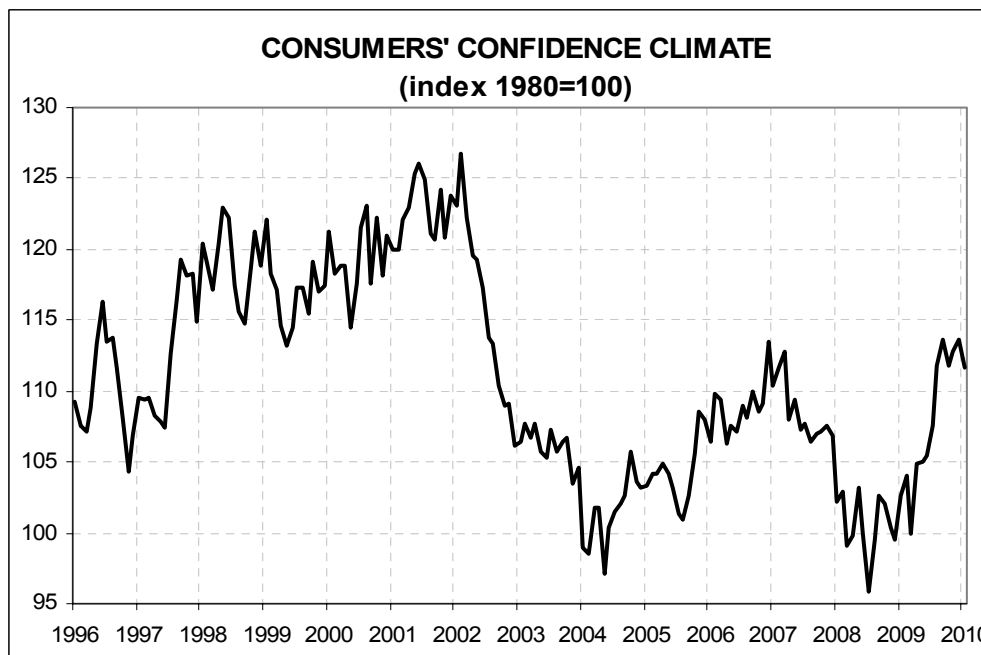


CONSUMER CONFIDENCE SUFFERS A SETBACK IN JANUARY

- The confidence index hit 111.7 (compared to 113.7 in the previous month). After two consecutive increases, the indicator went back to the value reached last October, remaining, however, well above its 2009 average
- The decline mainly characterised expectations for the following months. The related aggregate index lowered from 106.3 to 101.1, nearing the value posted last July. Consumers were instead more optimistic about the current situation (the related indicator moved from 118.8 to 119.8)
- The opinions about economic conditions clearly dropped as well (from 92.4 to 88.8), whereas those for the personal situation showed a moderate decline (from 123.7 to 123.4)
- More in detail, the least favourable indications came from the forecasts for the country's economic situation and for family conditions, as well as from labour market prospects
- As for consumer durables, the current convenience to buy recovered slightly, but spending intentions for the following months worsened. Confirming this negative trend, the traditional ISAE quarterly survey recorded in particular a fall in the number of those who planned to purchase a car or a house, though intentions for house maintenance improved
- Consumers started once more to perceive a - though moderate - increase in the year-on-year inflation rate. Also the balance for short-term price expectations recovered markedly compared to the previous months, remaining nonetheless negative
- At the regional level, confidence decreased all over the country, lowering however mostly in the Centre and to a lesser extent in North West



Data on February shall be released on February 23, 2010

The next ISAE surveys are scheduled as follows:

January 28, 2010: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: January), 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 2009)

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 4 and January 18, at the beginning of the year Italian consumers' confidence declined, moving from 113.7 to 111.7 and going back to last October's value.

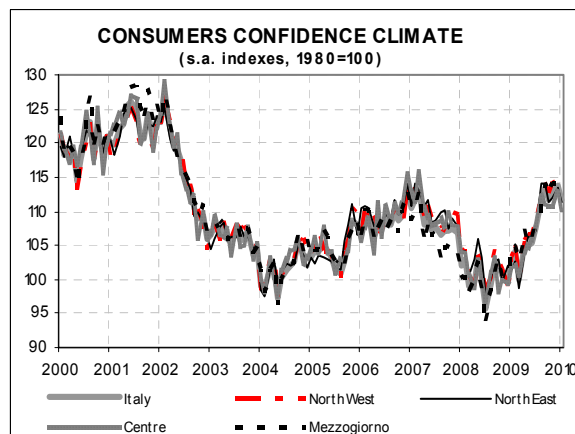
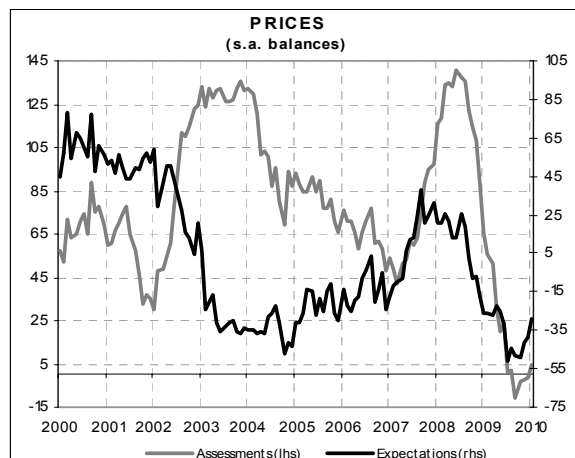
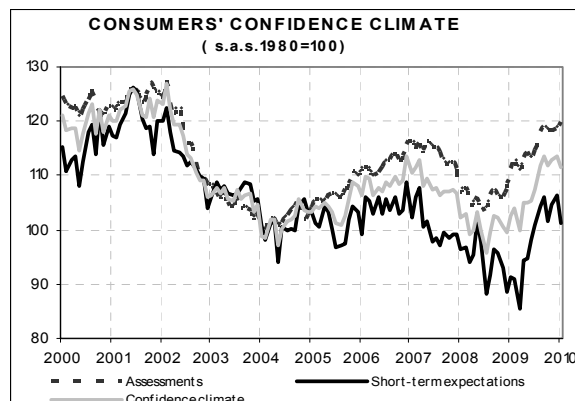
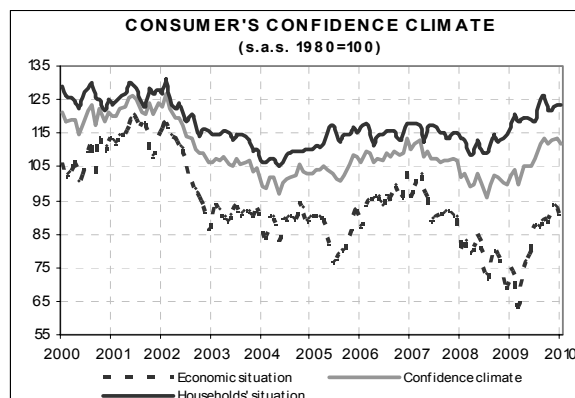
The decrease mainly characterised expectations for the following months. The related aggregate index lowered from 106.3 to 101.1, nearing the value posted last July. The opinions about economic conditions also dropped (from 92.4 to 88.8), whereas those for the personal situation showed a slight decline (from 123.7 to 123.4). Consumers were instead more optimistic about the current situation (the related indicator moved from 118.8 to 119.8). In particular, the least favourable indications came from expectations for the country's economic situation and for personal conditions, as well as from labour market prospects. Consumers started to perceive once more a - though moderate - increase in the year-on-year inflation rate. Also the balance for short-term price expectations recouped markedly compared to the last months, remaining nonetheless negative.

At the regional level, confidence decreased all over the country, lowering however mostly in the Centre and to a lesser extent in North West.

Overall economic situation

In January, the opinions regarding all the underlying components of the indicator for the country's economic conditions deteriorated. In particular, assessments on the current situation moved from -78 to -80. Short-term expectations diminished from -2 to -8. Also the opinions on the labour market showed a decline, following the stabilization recorded last month: expectations for higher unemployment reached 83 compared to 76 in the previous survey.

As for inflation, after four months, in January people who considered prices to have increased ("much" or "quite") exceeded those who thought that they remained "stable" or "declined".



In fact, the balance turned positive for the first time since last August and reached 5 (compared to -1 in December). Though remaining decidedly negative, also short-term expectations somewhat recovered. The balance actually moved from -39 to -29, the highest value since last May.

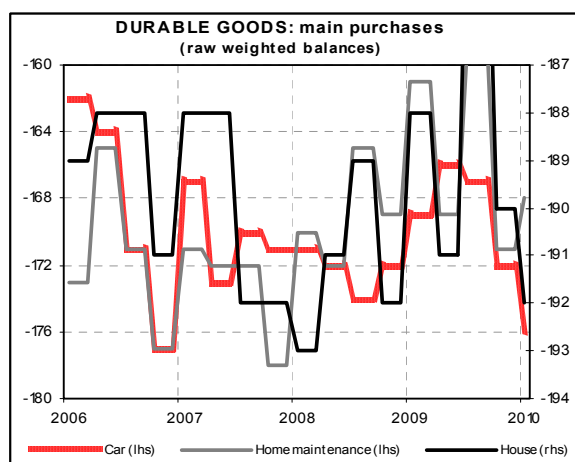
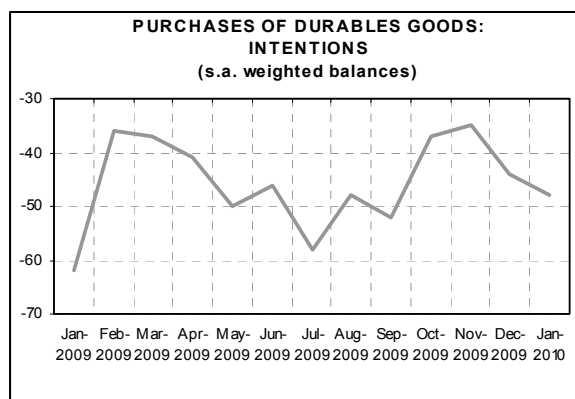
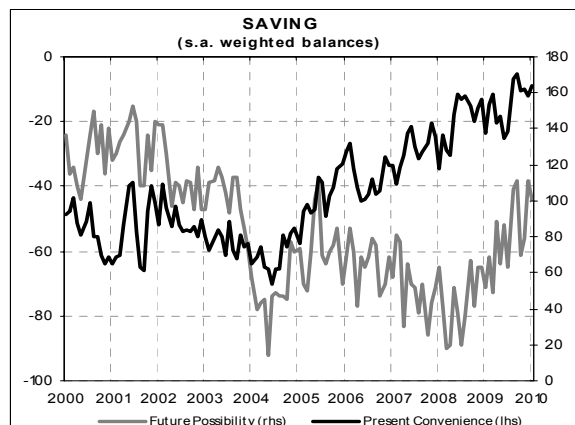
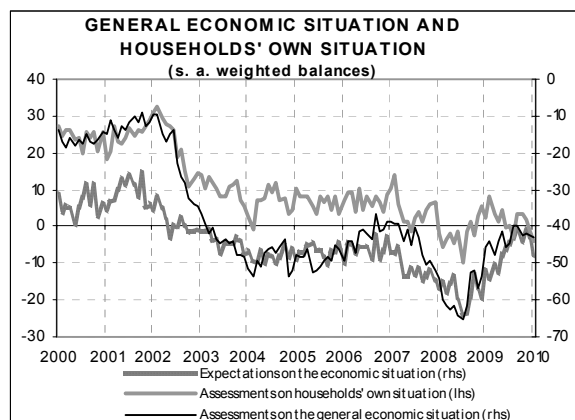
Personal situation

Instead, opinions and forecasts for the personal situation recorded overall a moderate decline, due to opposing trends for the underlying components. The forecasts for the family situation and future saving opportunities markedly deteriorated (from -3 to -8 and from -38 to -44, respectively), while the opinions on the current situation and on the family budget declined more moderately (from -42 to -43 and from -2 to -4). Assessments on the current convenience to save and to purchase consumer durables improved instead (the related balance recovered from 158 to 164 and from -74 to -72, respectively).

The traditional ISAE quarterly survey on big-ticket purchases confirmed the cautiousness which characterized consumers' short-term buying intentions (the balance worsened from -44 to -48). Actually the balance for consumers planning to buy a car declined to -176 (from -172) and the one for house buying intentions lowered from -190 to -192. Only the balance for those who wanted to carry out extraordinary maintenance recovered, moving from -171 to -168.

Regional breakdown of consumer confidence

The deterioration in consumer confidence posted at the national level was not evenly spread across the country. The opinions on the general economic situation worsened in all areas, but mostly in the North West and the Centre. As for the personal situation, the Northern regions showed an improvement, while those in the Centre and the South posted a decline. Also assessments on current conditions seemed favourable in the North, whereas they worsened in the Centre and mainly in the South. The indicator for future conditions



worsened in all areas except in the South where it recorded an increase instead.

North West: the confidence index diminished from 114.7 to 113.8, remaining however higher than the values posted in 2009. Deterioration mainly characterized expectations for the labour market, the own family situation, and the convenience to buy consumer durables. Assessments on the country's economic situation and on current saving opportunities improved instead.

North East: the index lowered from 113.6 to 111.4. In particular, deterioration mostly distinguished prospects for Italy's conditions and for the personal situation. The labour market also worsened. In contrast, an increase mainly characterized the opinions on the country's situation and assessments on savings.

Centre: confidence lowered to 110.2 (from 112.9), as the result of a clear, widespread deterioration in nearly all the variables and, in particular, in saving intentions and in the convenience to buy consumer durables. Only present saving opportunities were positive.

Mezzogiorno: also in this area confidence decreased, moving from 114 to 112. The fall mainly stemmed from the labour market, the current family situation and future saving opportunities. The opinions on the country's economic conditions and on the opportunities to purchase consumer durables were instead favourable.

