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THE CONSUMERS' CONFIDENCE REMAINS STABLE IN FEBRUARY

- The seasonally adjusted indicator stops at 98.8, which means it is substantially stable as against January, when it was worth 98.9. The raw index shows a further contraction and reaches 98.2 (99.4 in the previous month). The indicator adjusted for the seasonal and irregular component - which is more affected by the past trend of the historical series - witnesses a contraction, falling from 100.6 to 99
- Some favourable signals come from assessments on the respondents' own situations, particularly with reference to their perceptions of their own economic situations. Indeed, evaluations on the present convenience to save and on purchases of durables improve
- Quite the reverse, future expectations are worsening, particularly those on the country's general economic situation. The most depressed variables - in terms of weighted balances, seasonally adjusted by ISAE - are labour market expectations and future saving opportunities, which are perhaps still affected by the recent financial scandals
- Among non confidence-building variables, the growing trend of purchasing intentions for durables in the next 12 months - which began in the mid-2002 - is going on. Finally, the favourable indications concerning prices consolidate and a stabilisation is expected both for the time being and for the future
- The average figures for the euro area show that the consumers' confidence remains below the average 2003 figures, remaining stable for the second month in a row. In the United States - after a marked rise observed in January - the early Michigan University data show that confidence falls again in February, getting close to the late-2003 values

THE DIFFUSION OF PCs AND THE INTERNET INCREASES IN 2003, WHILE THE SPREADING OF MOBILE PHONES STOPS

- The traditional ISAE Survey on the ownership of some of the main durables, carried out by ISAE in February, shows that the households' consumption basket is gradually changing
- Indeed, the diffusion of information technology services (PCs and the Internet) grows, while the spreading of mobile phones stops
- Conversely, the use of more traditional home appliances (stereos, video recorders) is diminishing, probably in connection with the technological innovation and the ongoing replacement process characterising this sector
- Finally, the share of respondents possessing at least one car remains stable, though the number of those declaring to have more than one car is decreasing

Data referring to March shall be diffused on March 23, 2004.

Next ISAE surveys are scheduled as follows:

February 25, 2003: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: February)

February 26, 2004: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (Reference month: January) and ISAE Monthly Business Service Survey (Reference month: February)

March 2, 2004: Comparative Business Surveys for Italy, Germany and France (Reference Month: February)

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

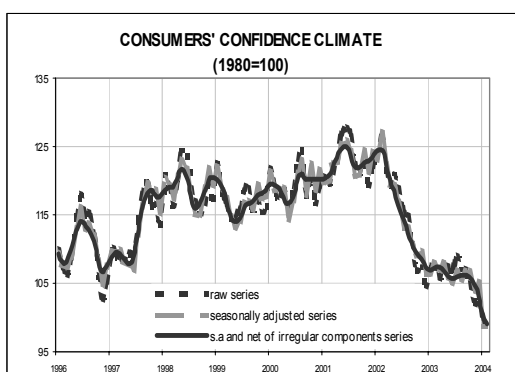
I – ISAE CONSUMER SURVEY FOR ITALY

February 2004

According to the Consumer Survey carried out by ISAE between February 2 and 14 on a sample of 2000 respondents, the Italian consumers' confidence indicator substantially stabilises on the low levels observed in January.

The seasonally adjusted indicator stops at 98.8 (as against 98.9 in January). The raw index shows a further contraction and reaches 98.2 (99.4 in the previous month). The indicator adjusted for the seasonal and irregular component - which is more affected by the past trend of the historical series - witnesses a contraction, falling from 100.6 to 99.

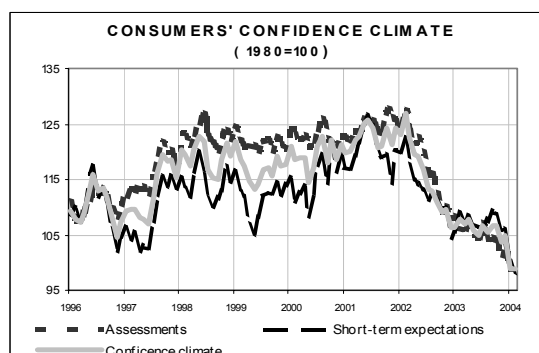
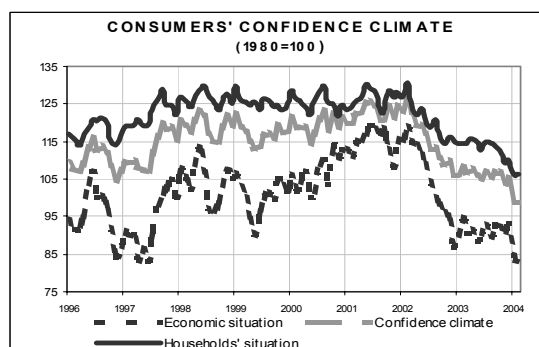
Some favourable signals come from assessments on the respondents' own situations, particularly with reference to their perceptions of their own economic situations. Indeed, evaluations on the present convenience to save and on purchases of durables improve. Quite the reverse, future expectations are worsening, particularly those on the country's general economic situation. The most depressed variables – in terms of weighted balances, seasonally adjusted by ISAE – are labour market expectations and future saving opportunities, which are perhaps still affected by the recent financial scandals. Finally, the favourable indications concerning prices consolidate and a stabilisation is expected both for the time being and for the future.



Overall situation

In February, the confidence climate seasonally adjusted index on the general economic situation alone registers a further contraction, passing from 84.4 to 83.2, which is close to the minimum figures ever witnessed since June 1997. In particular, ISAE respondents foresee an unemployment rise compared to January: indeed, the balance (seasonally adjusted data) rises from 40 to 44, which is the highest peak since December 2002. With reference to the country's general economic situation, a worsening is observed in both (seasonally adjusted) assessments – passing from -118 to -119 - and in (seasonally adjusted) expectations – falling from -34 to -36.

Favourable signals come from the inflation dynamics: the share of respondents considering prices rose "very much" in the past 12 months decreases from 48 to 47%, while the number of those deeming prices grew "enough" rises from 41 to 42%. Finally, the percentage of respondents feeling prices diminished slightly increases from 5 to 6%. With reference to expectations for the next 12 months, a substantial stability is expected by 55% of respondents (51% in January).



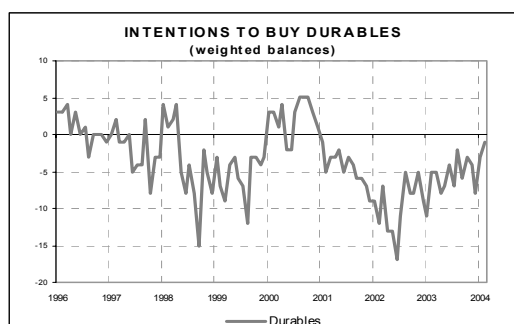
Households' situation

In February, the seasonally adjusted confidence index referring to the respondents' own situations alone slightly increases from 106.1 to 106.2. The improvement is due to rosier assessments on the present convenience to save and purchase durables. The weighted balance (seasonally adjusted data) increase from 65 and -111 to 69 and -98 respectively.

Conversely, the other confidence-building variables continue to deteriorate. Consumers seem to be more pessimistic on their financial situations (their seasonally adjusted balance passing from 3 to 0) and on their households' economic situations: indeed both assessments and forecasts on this latter variable worsen and the balances fall from -53 and -8 in January to -55 and -9 respectively.

With regard to the intentions to purchase durables for the next 12 months (raw data, non confidence-building variable), the improving trend started in the mid-2002 is going on: the weighted balance of this variable equals -1, which is close to the peak ever reached since January 2001, alongside with a fall in the number of those intending to make less purchases compared to the past 12 months (from 11% to 9% of the sample). However, the share of those intending to make no purchase at all remains high and is even rising (from 67 to 69%).

With reference to home purchases, 2% of the sample (3% in January) are "certainly" or "probably" bound to buy a home and 5% of respondents (as in the previous Survey) are favourable to spend for home maintenance or improvement. Finally, forecasts of those expecting to buy a car are diminishing (from 8 to 7%).



II – ANNUAL ISAE SURVEY ON DURABLES AND ON THE USE OF INFORMATION AND COMMUNICATION TECHNOLOGIES

In February ISAE carried out its traditional Survey on the ownership of some of the main durables (stereos, video recorders, dish washers, cars) and on the use and ownership of the new information and communication technologies (PCs, mobile phones and access to the Internet).

The Surveys shows that the households' consumption basket is gradually changing: indeed, among information technology goods and services, the growing diffusion of PCs and access to the Internet is confirmed, while – for the first time since 2000 – the spreading of mobile phones is stopping. In keeping with the trend emerged over the past few years, the share of respondents declaring to own some of the most traditional domestic appliances (such as video recorders, stereos and dish washers) is falling. Maybe those appliances were replaced by the increased diffusion of alternative durables which are not surveyed yet (such as DVD players, home theatres, etc.). Finally, the number of respondents declaring to possess at least one car remains stable, though the percentage of those reporting to have more than one car is decreasing.

In particular, the share of households declaring to have or use PCs or Internet sale services increases from 50 and 37% in 2003 to 51 and 41% respectively. The degree of diffusion of mobile phones remains high (78% of the sample possess one mobile phone), though the growing trend started in 2000 has come to an end (in 2003 the percentage amounted to 82%).

With regard to more traditional durables, the number of households declaring to possess a stereo decreases compared to February 2003 (from 67 to 65%), as does the one concerning video recorders (from 73 to 68%) and dish washers (from 39 to 38%). Conversely, the percentage of respondents declaring to own at least one car remains substantially stable 86% of the sample (as

against 9787% in 2003). More in detail, the share of those possessing one car remains unchanged (44%), while the number of those possessing more than one car diminishes (from 43 to 42%).

The above-described national trends are sometimes heterogeneous if figures are broken down by geographical partition. The rising diffusion of information technologies is particularly spread in the North of Italy and in the Islands, while the percentage of PC diffusion decreases in Southern regions (from 53 to 47%).

Similarly, the end of the growing mobile diffusion is particularly evident in Southern regions and in the Islands (from 83 and 82% respectively to 76% in both partitions), while the share remains stable in the Centre of Italy (82%).

The fall in the stereo diffusion is particularly strong in Central and Southern regions, while in the North-west of the country the situations is unchanged and in the North-east a rise is observed (from 64 to 66%). The contraction in the video recorder diffusion concerns all partitions and is particularly marked in the Islands (71% in 2003 and 62% in 2004).

The reduction in dish washers' diffusion concerns Northern and Central regions and is particularly relevant in the North-west, where the share falls from 44 to 40%. A rise is registered in Southern regions and in the Islands,

The substantial stability in the share of respondents possessing at least one car is spread in all regions, with the only exception of the North-eastern area witnessing a rise from 85 to 87%. This is the only partition reporting a growth in the ownership of both one and more than one car (from 40 and 45 to 41 and 46% respectively). The number of households with one car diminishes in the North-west, unlike what happens in Southern regions, where the share of households owning more than one car increases (from 48% in 2003 to 51% in 2004) and the number of households possessing more than one car clearly diminish (from 40

to 35%). In the Centre and in the Islands, the contraction in the number of car owners concerns both one-car households and households with more than one car.

III - THE EUROPEAN COMMISSION CONSUMER SURVEY AND AMERICAN CONSUMER SURVEYS

January and early-February data

The average figures for the euro area show that the consumers' confidence remains below the average figures of 2003, remaining stable on low levels¹ for the third month in a row. In some countries, the indicator registered a worsening (in Germany, Spain and, more markedly, in the Netherlands and in Finland²). In the United States, after a marked rise observed in January - when the highest peak ever registered in the past three years was attained -, the early Michigan University data show that confidence falls again in February.

Turning to details, the euro area indicator equals -16 (as in November and December): indeed future saving opportunities recover, while the respondents assessments on their own future economic situations are worsening. Conversely, expectations on both the country's general economic situation (-16) and on the labour market trend remain unchanged (the share of those expecting an unemployment rise remains at 32).

Among the non confidence-building indicators (according to the Commission), a harsh worsening is expected in purchasing expectations for the next 12 months, while assessments on the present convenience to purchase durables are improving. Further inflationary tensions emerge, while assessments on the respondents' own situations decrease and those on the general economic situation improve.

¹ The January average figures on the euro area do not comprise France, owing to a structural break in the French Survey data, as the French questionnaire was modified in January 2004.

² In France, the consumer confidence climate should be above the average euro area figures. However, owing to a structural break in the series, French data are neither seasonally adjusted nor fully comparable with other countries' figures.

Among the major countries, the German confidence climate continues to worsen (though slightly) in January (from -15 to -16), though remaining above the average figures of 2003. Unfavourable indications come from all confidence-building components: in particular, with reference to the labour market, an unemployment growth is expected, with the balance passing from 36 to 38. With regard to prices, the inflationary tensions are growing, in keeping with what is happening on average in the euro area countries (even though in the case of Germany the growth is larger).

The confidence climate slightly decreases in Spain as well, passing from -11 in December to -12 in January. Spanish consumers – as German ones – show increasing concerns for their general economic situation (their balance passing from -6 to -4) and on the unemployment trend (from 8 to 10 in terms of balance), but they are less pessimist on their future saving opportunities. With regard to prices, the share of those expecting an inflation rise grows and the balance increases from 7 to 9.

According to the Conference Board, the confidence indicator in the United States rises from 91.7 in December to 96.8 in January, thanks to an improvement in the sub-indicators concerning the current economic situation (from 103.3 to 108.1) and future expectations (from 74.3 to 80).

According to the early data of the Michigan University for February, confidence is expected to decrease from 103.8 to 93.1, owing in particular to growing concerns on the labour market trend.