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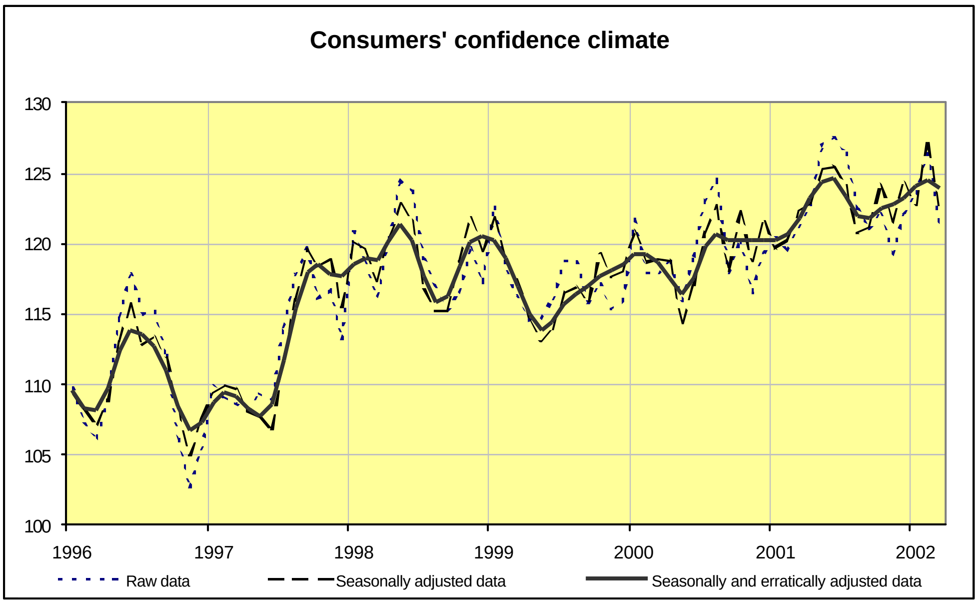
PRESS RELEASE

March 20, 2002

ISAE CONSUMER SURVEY

Reference month: March

- **The March consumers' confidence climate is decreasing: this mirrors a worsening in the households' situations and in the assessments and forecasts on the country's economic situation.**
- **The raw index falls from 126.4 in February to 121.2; the seasonally adjusted indicator decreases to 122.4 from the February figure of 127.1 and the seasonally and erratically adjusted indicator slightly weakens, falling from 124.5 to 123.9.**
- **Consumers show more pessimistic expectations on the short-term unemployment evolution, probably due to the rising uncertainty caused by the harsh debate on the labour market reform which took place in early March, that is when the survey was carried out.**
- **Also expectations on the prospects of the Italian economy diminish, as do intentions to purchase durables.**



I – ISAE CONSUMER SURVEY FOR ITALY

March 2002

General results

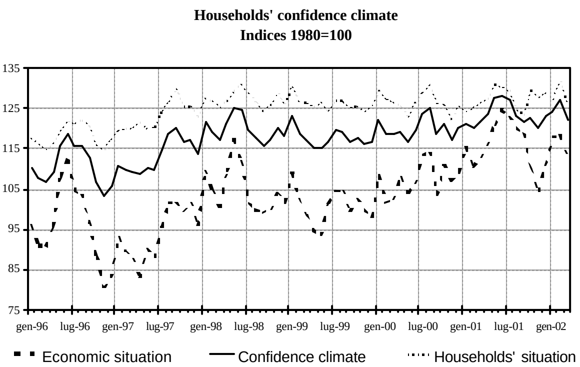
The survey carried out by ISAE between March 1 and 13 on a sample of 2,000 respondents shows a clear deterioration in the consumers' confidence climate which, after the February peak, comes back to the November-December figures. The March raw index falls down to 121.2 (126.4 in February); the seasonally adjusted figure decreases from 127.1 to 122.4 and the seasonally and erratically adjusted index - mirroring the "basic" trend of the series - slightly weakens and reaches 123.9 from 124.5 in the previous survey.

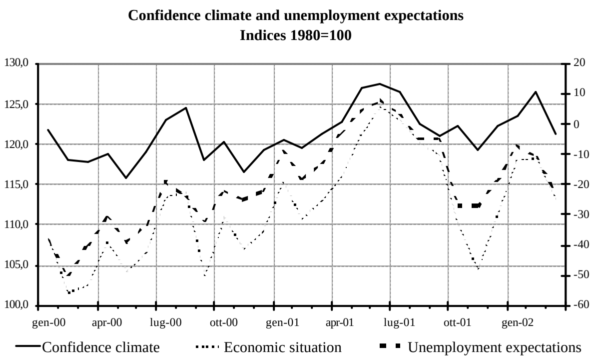
The confidence climate is the mean of opinions and forecasts on the country's general situation on consumers' and households' own situations. If considered separately, a remarkable contraction is noticed in both components in March. With regard to the country's general situation, the deterioration is observed in particular in short-term unemployment forecasts and in the assessments on the current overall economic situation. Among the questions contributing to built the confidence climate referring to the households' situations, the strongest fall is observed in the convenience to purchase durables.

Overall situation

In March the raw index concerning the general economic trend - namely the aggregation of the weighted balances of replies on the present and future Italian economic situation - and unemployment expectations fall from 118.2 to 113.2. The largest decrease is registered in short-term expectations on the labour market, which are generally strongly correlated both to the economic situation indicator and to the overall confidence indicator: 33% of consumers expect a (strong or moderate) unemployment increase in the next 12 months (30% in February) and only 17% of respondents (23% in February) expect a reduction. More pessimism on the labour market trend is associated with worse opinions on the country's economic situation (the balance passing from -26 in February to -29 in March) and, particularly, on the prospects of the Italian economy in the next 12 months (the balance passing from 12 to 4). The worsening of the assessments on the country's economic situation also mirrors rising expectations for an inflation upsurge.

Indeed, the period in which the survey was conducted (March 1-13) was characterised by strong uncertainty





both on the Government's decisions on the labour market reform and on the trade unions' reaction to a possible reform of art. 18 of the Italian Workers' Statute, which would have a negative psychological impact on Italian households.

While analysing the unemployment expectations as a function of the social-demographic and economic conditions of respondents, the pessimistic approach is particularly diffused in the South and in the Islands among +40-year-of-age workers with relatively low income. Conversely, rosier opinions are observed among workers between 21 and 29 years of age, among graduates, first-job seekers and part-time workers, that is among categories which might be interested in the reform of art. 18 of the Italian Workers' Statute proposed within the "proxy law".

Finally, with regard to prices, the number of those deeming they rose "very much" or "enough" during the past 12 months proved stable, while the share of respondents expecting inflation to grow at the present pace in the next 12 months considerably increases compared to February.

Households' situation

The raw index referring to the respondents' own situations - namely the aggregation of the weighted balances of six replies[1] - falls in March from 127.2 to 122. Households seem more cautious in purchasing durables (the balance passing from -56 to -70). Also assessments on the households' situations over the past 12 months considerably worsen and the number of savers decreases (from 40 to 34% of respondents). On the top of it, a reduction is registered in the opportunities and convenience to save. Forecasts on the households' medium-term economic prospects reach again the levels of the IV quarter 2001 after the February peak.

The increased pessimism on the households' situations and short-term prospects have an impact on the consumers' intentions not to make major purchases in the next future. The share of those declaring their intentions to not purchase a car or a house in the next 2 years rises from 66 and 84% to 71 and 87% respectively.

II - THE EUROPEAN COMMISSION CONSUMER SURVEY[2] AND AMERICAN CONSUMER SURVEYS

February and first anticipations for March 2002

According to the European Commission Consumer Survey, the February consumers' confidence climate considerably improves on average in the euro area, while it registers a modest contraction in the United States, according to the surveys of the Conference Board and of the Michigan University. Conversely, according to the preliminary data, the American consumers' confidence increases again in March, as it reaches its December 2000 levels.

In the euro area, the consumers' confidence climate rises up to -9 from -11 in January: this growth is due to the improvement of short-term expectations both on the general economic situation and on the households' situations (the balances passing from -13 to -10 and from 0 to +1 respectively). The balance of expectations on the medium-term unemployment evolution grows from 26 in January to 28 in February. The European Commission Survey confirms that - in keeping with what anticipated by ISAE in February on Italian consumers - the changeover coincided with a contraction of inflationary expectations (the balances

[1] The replies comprised in this index concern the opportunity and convenience to save, the *ex ante* and *ex post* households' situations, the convenience to purchase durables and the households' budgets.

[2] Since September 2001, the European Union has been diffusing a confidence climate indicator computed on data series different from the past. For further details, see the Note to the Survey.

being 32 in December, 28 in January and 20 in February respectively). Also assessments on the opportunity to purchase durables improve, as indeed does the share of households intentioned to save part of their incomes in the next 12 months.

The confidence climate improvement registered in February is particularly evident in Italy and in the Central and Northern European economies (with the exception of Denmark). Among the major countries, the German confidence climate - which was stable at -13 from November to January - recovers in February and reaches -12 thanks to the smaller pessimism on the general economic prospects and on the labour market trend. German consumers are however still very cautious on their convenience to purchase durables (-5 in December, -15 in January, -16 in February). France is the only country which registers a negative variation in the February indicator: the confidence climate falls down to -19 from -20 in January. The figure is mainly due to larger pessimism on the unemployment evolution. Inflationary expectations considerably improve: the balance passes from 21 in December to 12 in January and then falls down to 4 in February. With regard to the other euro area countries, a considerable index rise is indeed observed in Belgium, Austria and Finland.

In the United States, the Conference Board indicator falls from 97.8 in January to 94.1, thus mirroring less favourable assessments and forecasts on the economic trend. After a recovery lasting four months in a row, also the Michigan University consumers' confidence climate falls in February to 90.7 (93 in January). This is due in particular to more cautious assessments on employment expressed since October.

The first March anticipations seem to dispel doubts: the University of Michigan temporary indicator registers a marked increase up to 95, which is the highest level since December 2000.

Data referring to the next Consumer Survey shall be diffused on April 20, 2002.

Next ISAE surveys are scheduled as follows:
March 26: ISAE Monthly Business Survey on Manufacturing and Extractive Firms
March 28: ISAE Quarterly Business and Consumer Surveys by Geographical Partitions
March 29: ISAE Quarterly Business Service Survey

Further data are available on sale (for information see the website www.isae.it)

Unemployment: Forecasts for the next 12 months

	Large Increase	Moderate Increase	No Increase	Decrease	Don't know
Total	8	25	47	17	3

Geographical partition	Large Increase	Moderate Increase	No Increase	Decrease	Strong Decrease	Don't know
North-west	5	23	51	17	2	3
North-east	5	23	52	15	0	5
Centre	7	23	49	16	2	2
South	12	29	39	17	0	3
Islands	9	30	41	15	2	4

Age	Large Increase	Moderate Increase	No Increase	Decrease	Strong Decrease	Don't know
< 20	7	23	48	19	0	3
21 - 29	8	17	48	23	3	1
30 - 39	8	27	46	15	2	2
40 - 49	7	25	53	14	1	0
50 - 59	9	24	47	15	1	5
60 - 64	8	29	42	17	0	4
> 65	6	28	44	16	1	6

Actual income (net monthly millions of lire)	Unemployment forecasts					
	Large Increase	Moderate Increase	No Increase	Decrease	Strong Decrease	Don't know
= 2	10	33	39	13	2	5
2 - 4	7	22	53	16	1	2
= 4	5	25	40	24	2	3

Professional category	Unemployment forecasts					
	Large Increase	Moderate Increase	No Increase	Decrease	Strong Decrease	Don't know
Undefined	9	26	47	14	1	4
Manager/Professional	7	21	44	25	3	1
Farmer	8	29	47	14	1	1
Employee/Officer	7	23	52	16	1	2
Skilled worker	7	26	43	19	1	4
Unskilled worker	7	34	38	15	2	5

Education	Unemployment forecasts					
	Large Increase	Moderate Increase	No Increase	Decrease	Strong Decrease	Don't know
University or equiv.	7	20	50	20	1	3
High School	8	22	50	16	2	1
Junior high school	6	26	47	17	1	3
Primary school	8	30	42	14	1	6
None	13	47	22	13	0	4

Type of employment	Unemployment forecasts					
	Large Increase	Moderate Increase	No Increase	Decrease	Strong Decrease	Don't know
Full time	7	23	49	18	1	2
Part time	4	24	54	14	3	1
Unemployed	15	21	47	17	0	0
Pensioner/invalid	7	30	41	18	1	5
Student/ First-job seeker	7	18	50	22	1	3
Other (housewife, etc	9	28	46	12	1	4