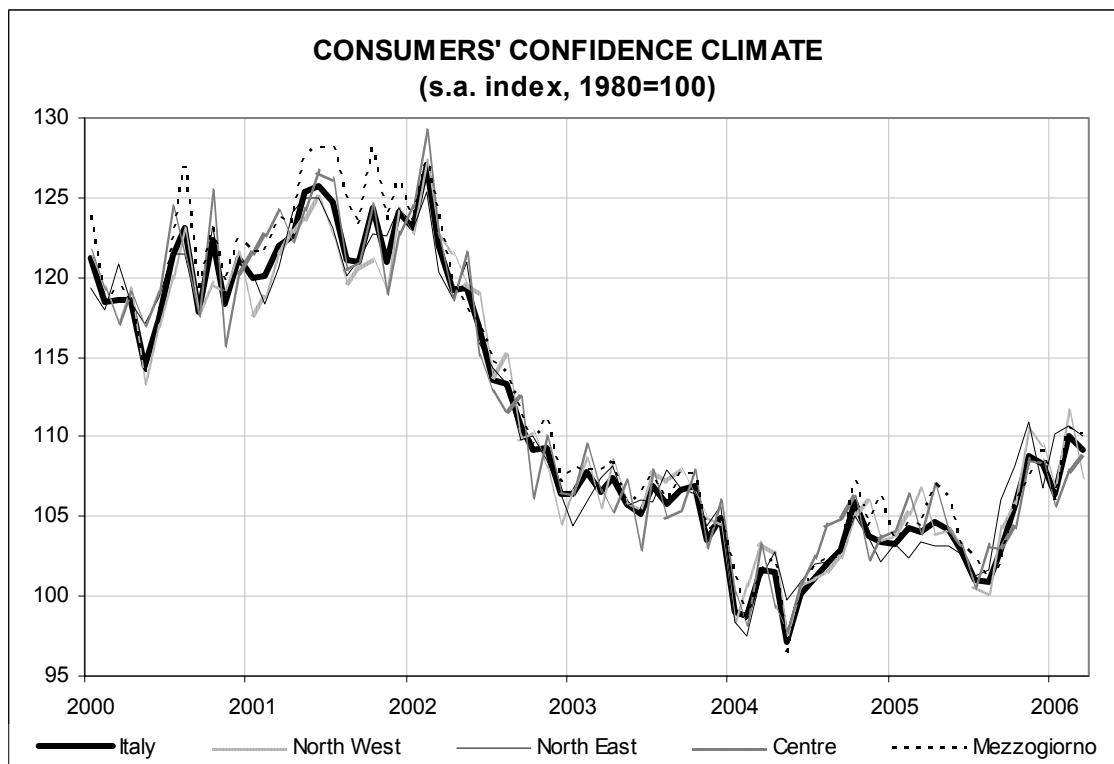


Date: March 22, 2006
 TEL.: 06/444821

CONSUMER CONFIDENCE SUFFERS A SETBACK IN MARCH

- The seasonally adjusted index decreased to 109.2 (from 110 in February, and to 108.4 from 109.5 on a raw basis), though still hovering around its highest level since October 2002. However, adjusted also for irregular components, the confidence indicator continued to improve, rising to 109.3 from 108.8 in February
- Signs of worsening were especially evident in the assessment on both current and future developments and, primarily, on consumers' own situation – mainly due to a deterioration in the evaluation of savings
- Consumers gave instead a more confident appraisal of the general economic trend. The improvement was due to better expectations for short-term prospects regarding the country's economic situation, notwithstanding resumed concerns about labour market developments
- Furthermore, current and expected inflationary pressures were considered to have diminished
- On a regional basis, consumer sentiment sank in the North West and was marginally lower in the North East and the *Mezzogiorno*. In contrast, the confidence indicator recovered in the Centre.



Data on April shall be released on April 20, 2006

The next ISAE surveys are scheduled as follows:

March 28, 2006: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: March 2006)

March 29, 2006: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: February 2006) and ISAE Monthly Business Services Survey (reference period: March 2006)

March 30, 2006: ISAE Survey on Construction (reference period: February 2006)

April 6, 2006: ISAE International Comparison of Consumer and Business Surveys (reference period: March 2006)

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)

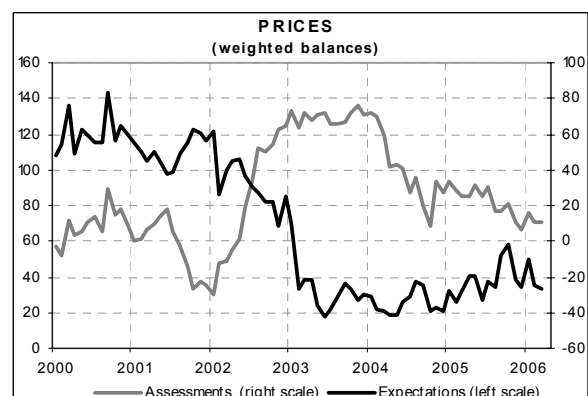
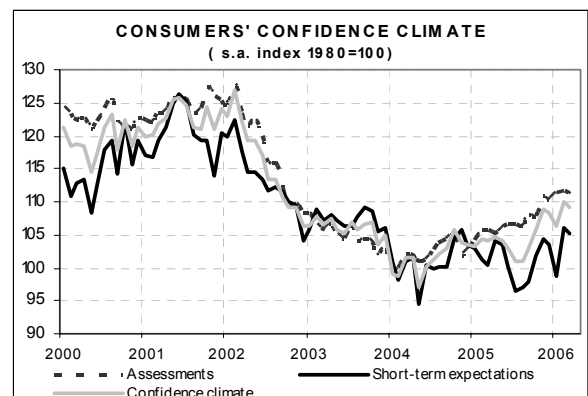
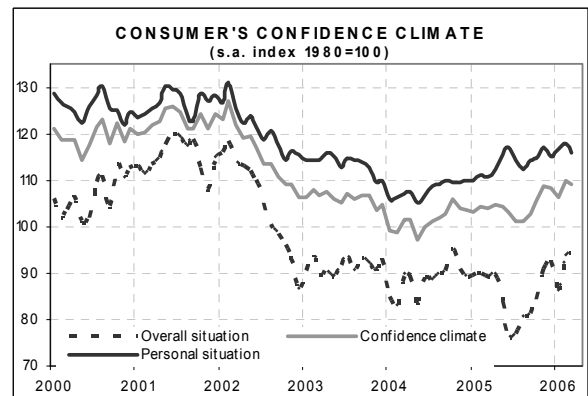
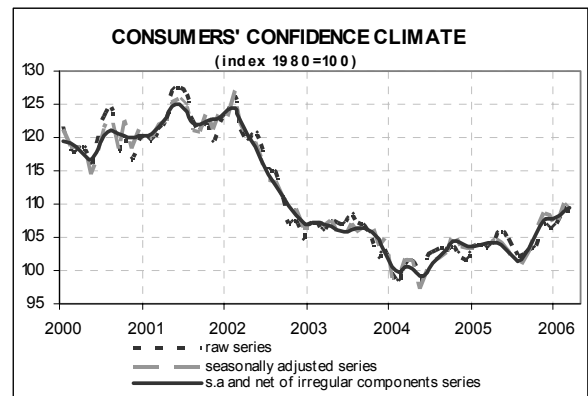
Italian consumers' confidence

According to the ISAE Survey, carried out on a sample of 2,000 respondents between February 1 and February 14, 2006, in March Italian consumers' confidence underwent a setback. After rising in the previous month, confidence decreased to 109.2 from 110 in February, though still hovering around its highest level since October 2002. The raw index declined as well (from 109.5 to 108.4), whereas the indicator also adjusted for irregular components continued to improve, reaching 109.3, compared to 108.8 in February.

Signs of improvement characterized only the evaluation of overall economic situation: the related index rose from 93.4 to 94.3 in March, thanks to improvements in the assessment and, above all, in the forecasts on the Italian economic situation. A worsening was instead recorded by the view on the current and future climate and chiefly on consumers' own situation: the related indexes declined from 111.6 to 111.1, from 106 to 105.3 and from 118 to 115.9, respectively. The current and the personal climate mainly reflected a less favourable situation for consumers' convenience to save, while the future climate mirrored renewed concerns about labour market developments.

Among the variables excluded from the definition of confidence, the easing of inflation, which had already emerged in February, was reinforced: the raw weighted balance of the price trend in the last twelve months remained unchanged, while the balance regarding the forecasts for the following twelve months recorded a further decline. Finally, less unfavourable indications came from buying intentions for consumer durables.

On a regional basis, consumer confidence sank in the North West, while it was marginally lower in the North East and the *Mezzogiorno*. By contrast, in the Centre the indicator regained nearly one point.

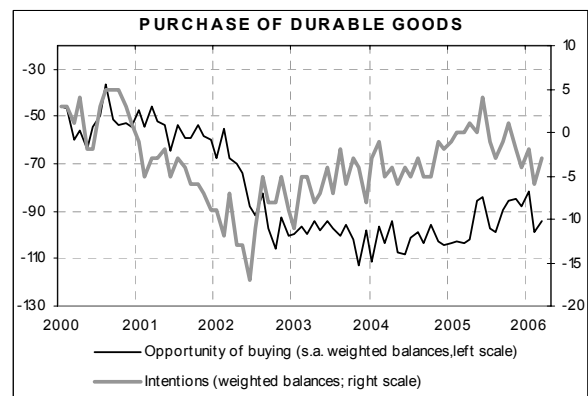
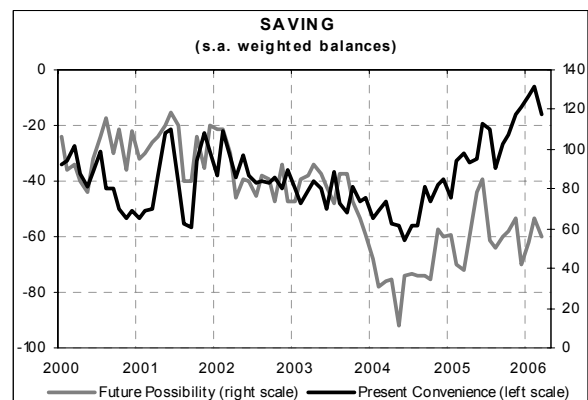
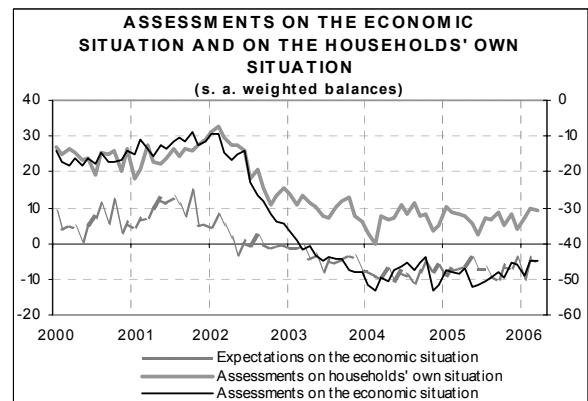
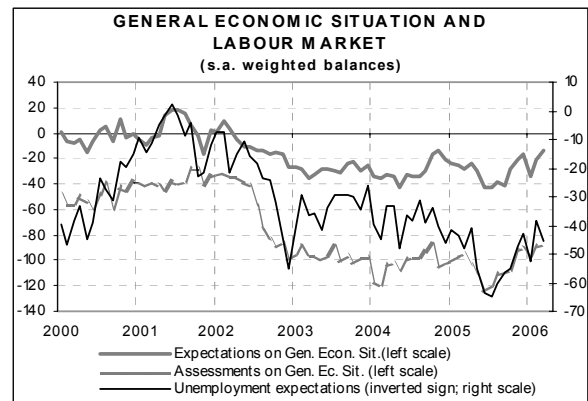


Overall situation

In March, the assessment and, mainly, the forecasts on the country's economic situation recovered. The related seasonally adjusted weighted balances improved from -90 to -88 (its highest level since October 2004) and from -21 to -13 (the best result since August 2002). Expectations on labour market developments worsened instead (the balance referring to unemployment increased from 39 to 45). As for the inflation trend, the raw weighted balance of judgments for the last twelve months stabilized at 71: the percentage of the respondents that considered prices to have increased "much" or "somewhat" stayed constant at 23% and 43%, respectively, while the number of those that thought that prices remained "unchanged" rose from 16% to 18%. A favourable evolution characterized instead expectations for the following twelve months: the raw weighted balance diminished from -25 to -27, mainly thanks to a widespread fall in the proportion of consumers that feared a "higher" or "equal" price increase with respect to the past.

Personal situation

In general, unfavourable indications characterized the respondents' assessment on their personal situation. Particularly, following the sharp increase experienced in the last two months, the balance on the current convenience to save fell back (to 118, the level recorded last November), and the forecasts on future saving opportunities also worsened (the balance decreased from -53 to -60). Furthermore, the evaluation of the financial situation of households and of short-term prospects for the respondents' personal situation deteriorated, whereas the assessment on the economic situation of their families remained unchanged. Finally, respondents expressed more positive views regarding the present convenience to purchase consumer durables (the related balance moved from -99 to -94) and future intentions to buy. Nevertheless, in the latter case, the proportion of respondents firmly excluding major purchases in the following twelve months rose to 72% (from 69% in February).



Regional breakdown of consumer confidence

The worsening of confidence at the national level reflected diverging trends across regions. The indicator markedly deteriorated in the North West and was marginally lower in the North East and the *Mezzogiorno*. By contrast, at odds with the trend recorded in other regions, the indicator recovered in the Centre by nearly one point. Almost everywhere the assessment and the forecasts on the consumers' personal economic situation and on current conditions worsened, while opposing signals came from the general economic situation and from short-term expectations.

North West: the sharp fall in the index (from 111.5 to 107.5) can be mainly attributed to a deterioration in the judgment and forecasts on the personal economic situation and, to a lesser extent, in the evaluation of the current situation. The appraisal of general economic conditions started to worsen again, though to a lesser extent than for the future scenario.

North East: in this region, the worsening in confidence was less marked than in the North West (the index lowered from 110.7 to 110.1). Weakness stemmed from a deterioration in the assessment on the consumers' personal economic situation and, mainly, from a fall in confidence on future conditions. Whereas the appraisal of the general economic situation and of the current situation was less pessimistic.

Centre: this was the only region that witnessed an improvement in confidence: the index increased, for the second month running, moving from 107.8 to 108.7. The rise reflected an improvement in the assessment on general economic conditions and on future prospects. Respondents were instead slightly pessimistic regarding the evaluation of current conditions and of their own personal situation.

Mezzogiorno: following the rise recorded in February, the index reverted to a downward trend, moving from 110.6 to 110.2. The worsening was basically due to a deterioration in the assessment on the personal economic situation and on the future scenario. Instead, both the assessment and expectations on

general economic conditions improved, while the view on the current situation remained virtually stable.

