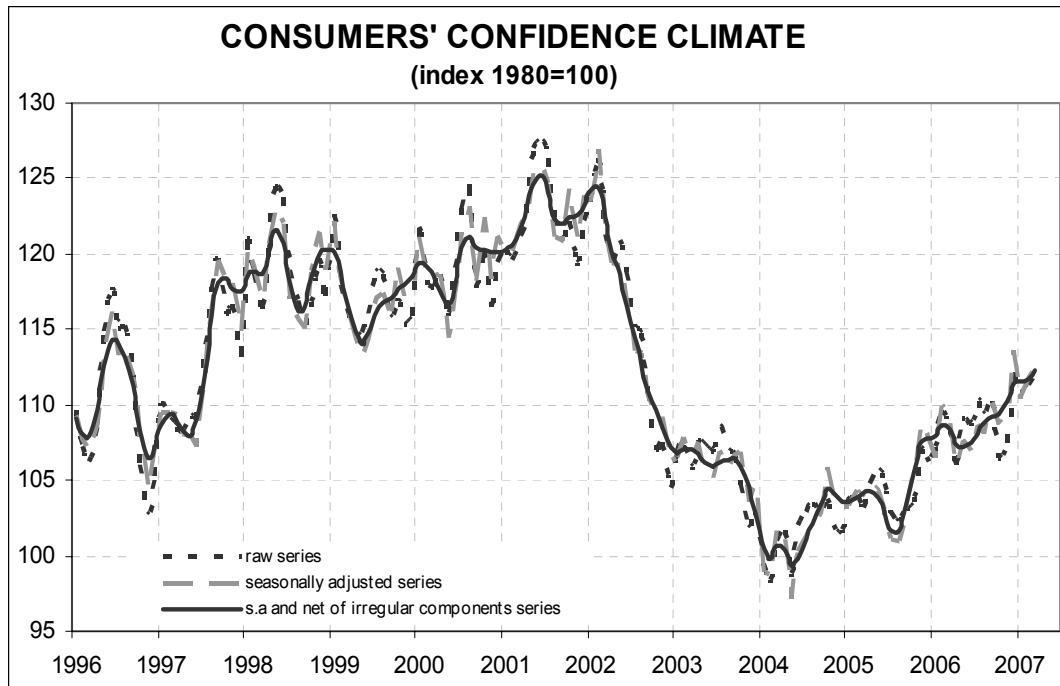




Date: March 21, 2007
TEL.: 06/444821

CONSUMER CONFIDENCE CLIMBS IN MARCH

- The seasonally adjusted index increased to 112.6 (from 111.7 in February), nearing its December 2006 high. The raw index moved from 111.2 to 111.9, while the indicator also adjusted for irregular components rose from 111.7 to 112.2
- Both the assessments on the present situation and short-term expectations improved. The related indexes went up from 115 to 115.7 and from 105.9 to 107.5, respectively
- Moreover, the appraisal of the country's general economic situation resumed its upward path (rising from 99.1 to 101.9), whereas the evaluation of the respondents' personal situation edged down slightly (from 117.8 to 117.5)
- Lastly, consumers indicated a further cooling of current inflation, though they expected a slight acceleration for the following twelve months
- Once more, the recovery in confidence was not homogeneous across the country: the indicator actually improved in the Centre and the *Mezzogiorno*, but worsened in the North



Data on April shall be released on April 24, 2007

The next ISAE surveys are scheduled as follows:

March 27: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: March)

March 28: ISAE Monthly Business Services Survey (reference period: March), ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: March) and ISAE Monthly Survey on Construction (reference period: February)

April 5: ISAE International Comparison of Consumer and Business Surveys (reference period: March)

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)

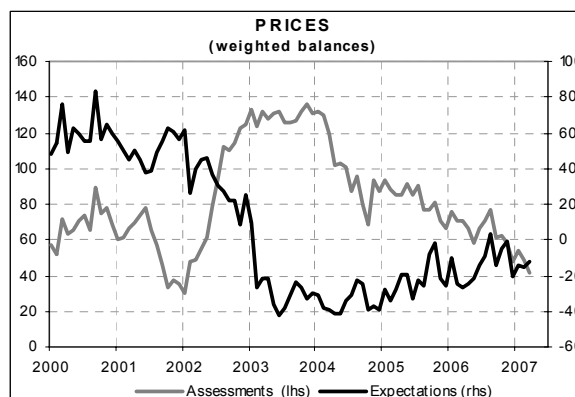
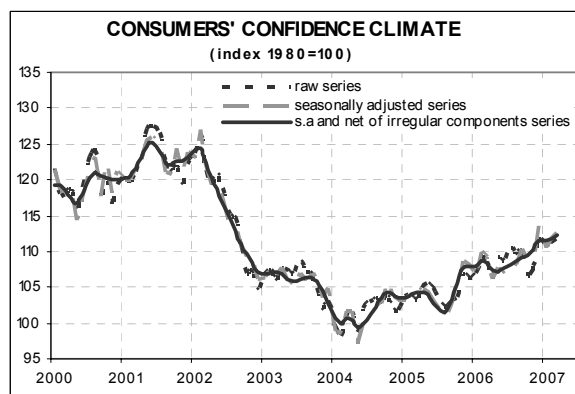
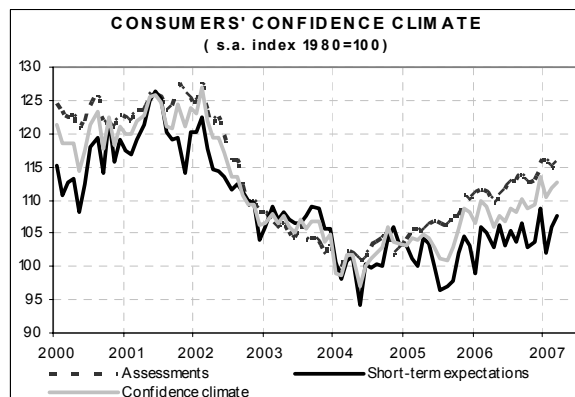
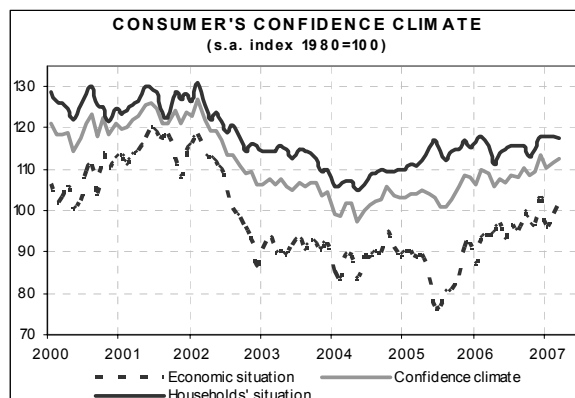
Italian consumers' confidence

According to the ISAE Survey, carried out on a sample of 2,000 respondents between March 1 and March 14, consumer confidence continued to recover in March, reaching 112.6 (from 111.7) and coming close to the high value attained last December. The raw index moved from 111.2 to 111.9, returning to its year-end level, while the one also adjusted for irregular components rose from 111.7 to 112.2.

In particular, optimism which characterized the opinions on the overall economic situation and short-term expectations was enhanced. The related indexes increased from 99.1 and 105.9 to 101.9 and 107.5, respectively, retracing nearly all the decline posted last January. The appraisal of the current situation also improved (the index rose from 115 to 115.7), while the opinions on the respondents' personal situation marginally worsened (from 117.8 to 117.5).

As for the price trend, consumers confirmed their perception of an easing of current inflation, though the number of those expecting acceleration in the following twelve months increased.

Once more, the improvement in confidence was unevenly spread across the country: the indicator improved in the Centre and the *Mezzogiorno*, but worsened in the North. In particular, in the Centre and the South all surveyed variables improved, whereas in the North both the personal economic situation and current and future opinions worsened. Basic stability recorded in the North West by the evaluation of general economic conditions was the only exception to broad pessimism of consumers in the North.



Overall situation

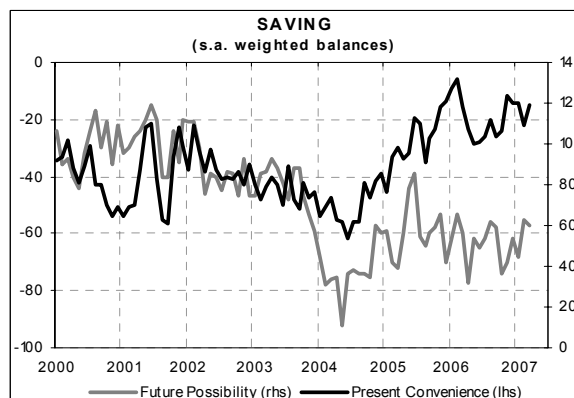
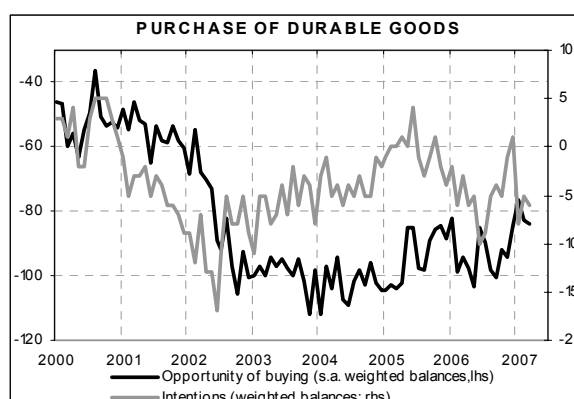
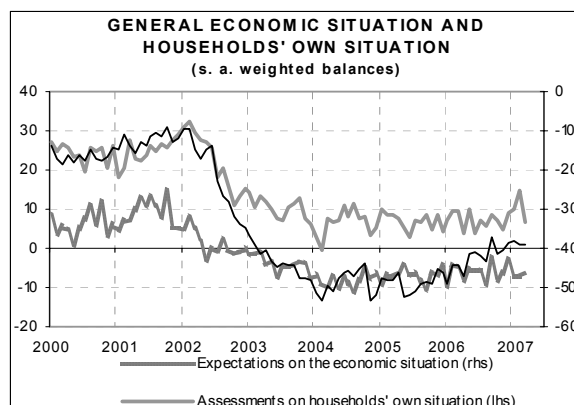
The improvement recorded in March in the assessment and, mainly, the forecasts on Italy's economic situation brought them close to their December 2006 level. In particular, the balance for opinions bettered from -68 to -64 and the one for expectations rose from -22 to -14. Also the appraisal of the labour market seemed more favourable: expectations of a rise in unemployment lowered to 30 (from 33 in last February), its lowest level since May 2006.

As for inflation, the balance for opinions on the rise in prices recorded in the last twelve months diminished from 49 to 42, its lowest reading since January 2002, when the euro changeover took place. In detail, the number of respondents who thought that prices were "fairly" and "markedly" higher declined from 40% to 39% and from 16% to 14%, respectively, whereas the share of those believing that prices increased "little" with respect to the previous twelve months remained at 21%, and the proportion of those considering that prices remained "equal" moved up from 21% to 23%. Yet some concerns about an acceleration of inflation in the following twelve months emerged. The related balance increased from -15 to -12, driven by a pick up (from 5% to 7%) in the percentage of consumers expecting a "sharp increase" in prices and by constancy in the share of those anticipating stability (43%) or a small decline in prices (3%). In contrast, the number of consumers expecting same or lower inflation declined, in the order, from 24% and 18% to 23% and 17%.

Personal situation

As for the economic situation of consumers' own family, the basically stable assessment which characterized the last four months (the balance remained at -39) came along with slightly less unfavourable expectations for the following twelve months (the related balance increased to -6 from -7 in February). Nevertheless, respondents considered that the family budget markedly deteriorated: the related balance declined to 6 from 15 in February.

Accordingly, future saving opportunities worsened (the balance declined from -55 to -57). Nevertheless, consumers continued to give a favourable appraisal of the present convenience to save (the balance increased from 109 to 119), notwithstanding recent tensions in international financial markets. Finally, respondents remained cautious about current buying convenience for consumer durables. The balance reached -84 (compared to -83 in February). Likewise, the raw weighted balance for future buying intentions decreased from -5 to -6.



Regional breakdown of consumer confidence

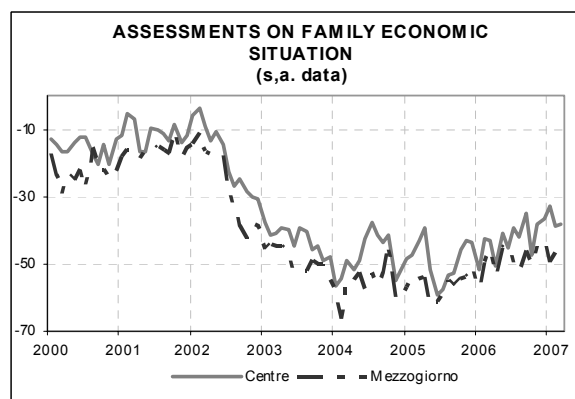
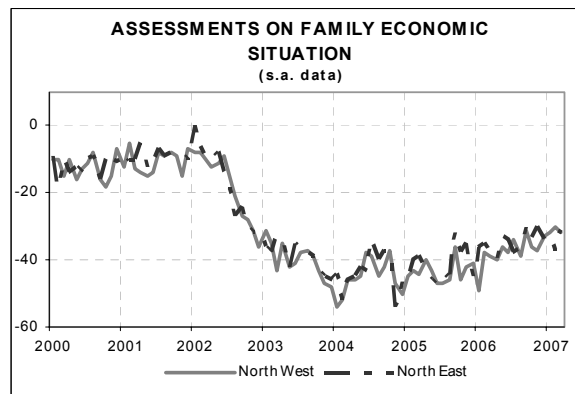
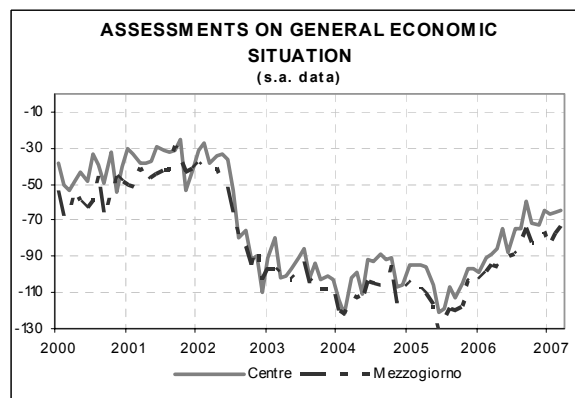
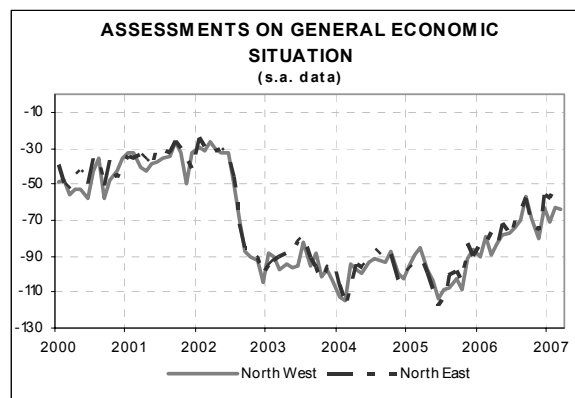
The recovery in confidence posted at the national level was not homogeneous across the country. The indicator improved in the Centre and the *Mezzogiorno*, but declined instead in the North West and the North East. In the Centre and the South, a general improvement characterized all surveyed variables, whereas in the North both the assessment on the personal economic situation and current and future opinions deteriorated. Basic stability recorded in the North West for the evaluation of general economic conditions was the only exception to broad pessimism of consumers in the North.

North West: the confidence indicator declined from 113.6 to 111.4, prompted mainly by a worsening in the evaluation of the personal economic situation and in opinions on current and future conditions. The appraisal of the general economic situation remained instead unchanged, with the balance staying at its September 2006 level.

North East: in this area, as well, consumer confidence worsened (the index decreased from 113.9 to 112.9). The fall largely stemmed from a widespread deterioration in the opinions on both general economic conditions and the personal situation. Moreover, following the clear improvement posted in the previous month, also the opinions on present and future situations started to worsen again.

Centre: the sharper improvement in confidence was recorded in this area: the index rose from 111.5 to 115.6, regaining the high level posted last December. The improvement was chiefly backed by widespread optimism about the opinions on the general economic situation and on future conditions. Consumers gave an optimistic appraisal also for current and future situations.

Mezzogiorno: for the second month running, consumer confidence continued to improve in the *Mezzogiorno*: the indicator rose from 110 to 113, returning to the high level posted in December 2006. The recovery was mainly due to an improvement in the opinions on the general economic situation and on



current conditions. Following the deterioration recorded in February the assessment on the personal economic situation started to be optimistic once more, while the opinions on future conditions continued to improve for the second straight month.