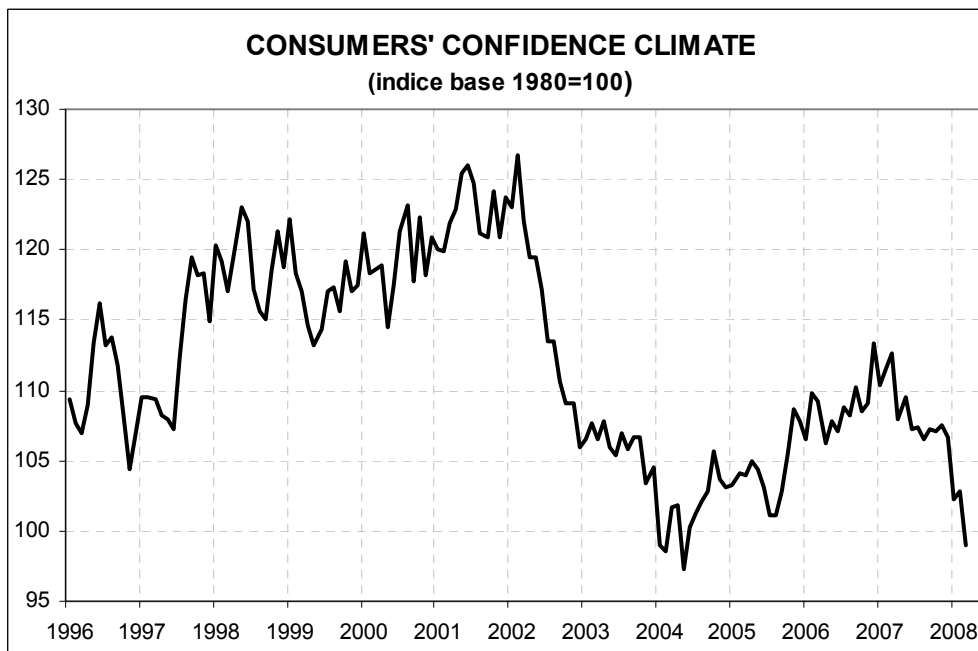




Date: **March 21, 2008**  
TEL.: **06/444821**

## CONSUMER CONFIDENCE ABRUPTLY FALLS IN MARCH

- The confidence index declined to 99 from 102.8 in February, hitting a four-year low
- Consumers became clearly more pessimistic compared to the previous month: the indicators related to the opinions on the current situation and to short-term expectations declined from 107.8 to 104.3 and from 96.6 to 93.5, respectively, while the gauges measuring the sole personal situation and the country's general economic conditions fell from 112.8 to 108.7 and from 82.3 to 78.2
- Strong deterioration mainly characterized assessments on the current economic situation and expectations for saving opportunities in the following twelve months. Also consumer durables buying convenience declined sharply
- The share of consumers perceiving a "strong pick-up" in prices in the last twelve months reached a four-year high. Also the number of consumers expecting same inflation in the following twelve months increased, at the expense of those who thought that prices would remain unchanged
- Confidence deteriorated all over the country. However, it declined mostly in the North and the Centre, and to a slightly lesser extent in the *Mezzogiorno*



**Data on April shall be released on April 23, 2008**

*The next ISAE surveys are scheduled as follows:*

**March 26, 2008:** ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: March)

**March 27, 2008:** ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: March), ISAE Monthly Business Services Survey (reference period: March), and ISAE Monthly Survey on Construction (reference period: February)

**April 8, 2008:** 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](http://www.isae.it))**

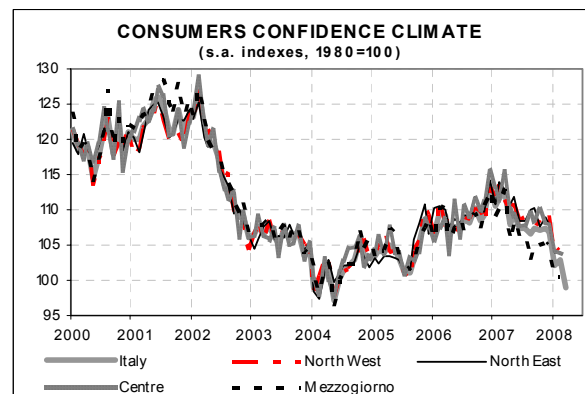
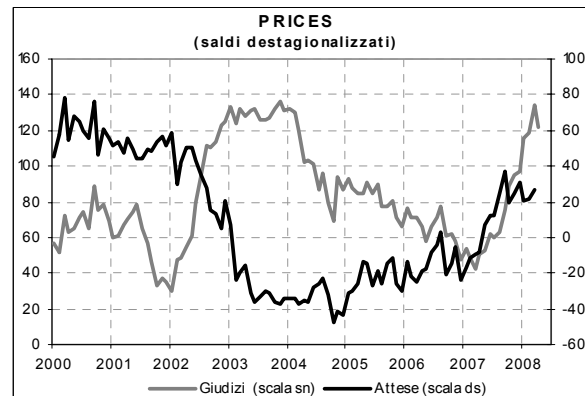
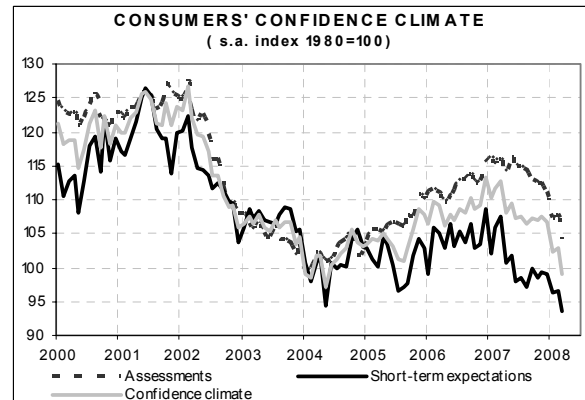
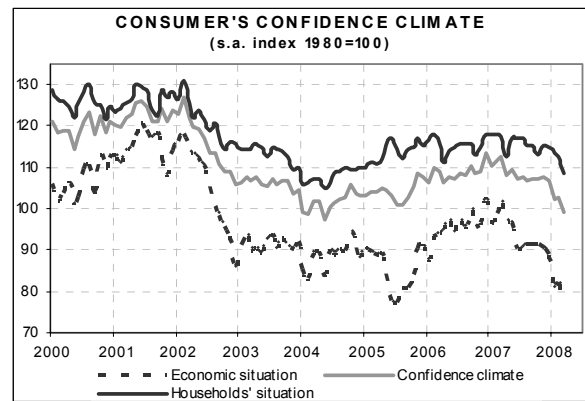
### Italian consumers' confidence

According to the ISAE Survey, carried out between March 3 and March 14, Italian consumers' confidence decreased to 99 from 102.8 in the previous month, reaching a record low since May 2004. The indicator related to the country's economic situation declined from 82.3 to 78.2, the one for the respondents' personal situation diminished from 112.8 to 108.7. The gauges summarizing the opinions on the current situation and short-term expectations fell from 107.8 to 104.3 and from 96.6 to 93.5, respectively. With regard to the single ISAE Survey questions, the worst fall characterized assessments on the current economic situation, saving opportunities, and consumer durables buying convenience. The share of consumers perceiving a "strong pick-up" in prices in the last twelve months reached a four-year high. At the same time, inflation expectations for the following twelve months increased once more.

Confidence deteriorated all over the country. However, it declined mostly in the North and the Centre, and to a slightly lesser extent in the *Mezzogiorno*.

### Overall economic situation

In March, the evaluation of general economic conditions showed a sharp deterioration: the opinions on the Italian current economic situation plunged to a fourteen-year low (the balance fell from -118 to -132, the lowest level since February 1994). Deterioration distinguished also short-term forecasts (from -41 to -44) and future labour market developments (the balance for unemployment prospects moved from 41 to 44). Also the number of respondents considering inflation to have increased in the last twelve months surged once more (the balance bounced from 119 to 134, the highest level since November 2003). Lastly, short-term prospects for the following twelve months worsened further (the balance moved from 22 to 26).



## Personal situation

Also with regard to their personal situation, respondents became markedly more pessimistic: the balances for the family's current and future economic situation lowered from -59 to -62 and from -16 to -18, respectively, and the one for the family budget remained in negative territory (at -4, compared to -5 in the previous month). Current and future saving opportunities abruptly deteriorated as well (from -77 to -90 and from 137 to 128). Also for consumer durables, respondents gave negative assessments on the current convenience to purchase and on future buying intentions (the balances lowered from -87 to -97 and from -13 to -10, respectively).

## Regional breakdown of consumer confidence

Confidence worsened all over the country, though at different rates: the decline was particularly marked in the North and the Centre, while it was more moderate in the *Mezzogiorno*.

North West: the consumer confidence index declined from 104.4 to 100.2, mainly due to deterioration in the opinions on the general economic situation and in overall short-term prospects.

North East: the indicator diminished from 104 to 100.2, prompted by a marked worsening in assessments on the personal economic situation and by a fall in short-term expectations.

Centre: the indicator lowered for the third straight month, moving from 103.8 to 100.1. The fall was related to widespread pessimism about general economic conditions, the personal situation, and current conditions.

Mezzogiorno: following the slight increase posted in February, the indicator started to decline once more, moving from 100.5 to 97.8. The worsening was particularly sharp for the opinions on the general economic situation and on current conditions, and more moderate for the evaluation of the personal and future conditions.

