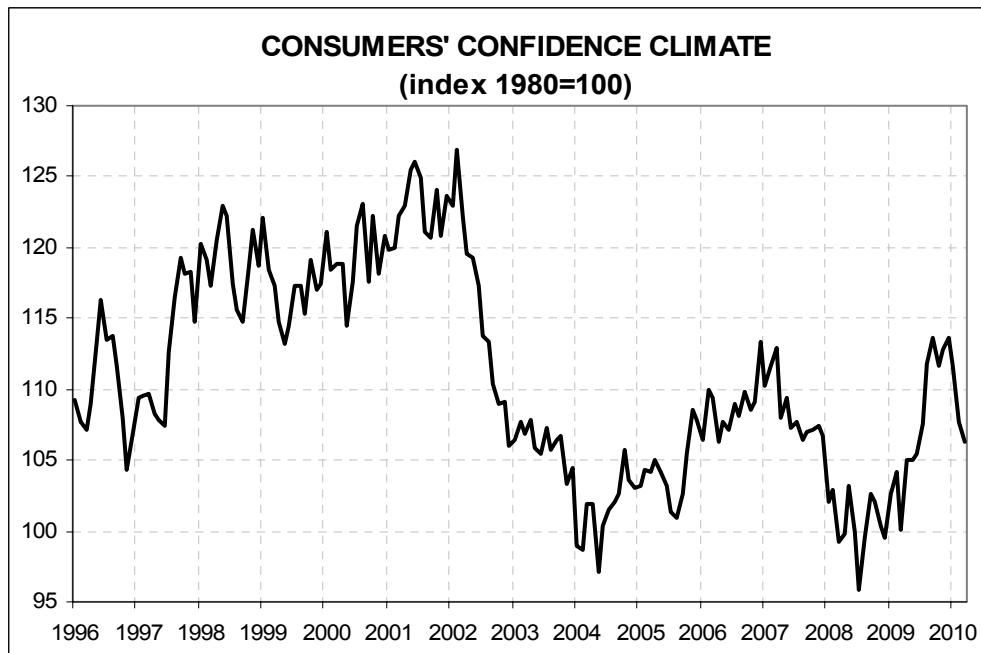




Date: March 24, 2010

## CONSUMER CONFIDENCE LOWERS IN MARCH

- The confidence index amounted to 106.3 (down from 107.7 in February), nearing the value posted last June
- The opinions on overall economic situation stabilized (the related indicator shifted to 79.1 from 79 in February), whereas those on the personal situation worsened, moving from 122 to 119.6. A decline also distinguished the indicator for short-term expectations (from 96.4 to 95.1) and, though to a lesser extent, the one for the current situation (from 116.1 to 115.6)
- The worsening recorded in March was mainly due to consumers' evaluation of savings (mainly future savings), in a context of a deteriorating family budget
- In addition, respondents confirmed their perception of a further rise in prices in both the last twelve months and the following year, although at a more moderate pace than in the previous survey
- On a regional basis, the trend in confidence was uneven across the country. Recovery in the North East and the Centre contrasted with a moderate decline in the North West and a more marked drop in the South



**Data on April shall be released on April 27, 2010**

*The next ISAE surveys are scheduled as follows:*

**March 25:** ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: March), 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)

**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 1 and March 17, Italian consumers' confidence decreased in March to 106.3 (from 107.7 in February), coming close to its last June value. The opinions on the overall economic situation stabilized (the related indicator moved to 79.1 from 79 in February), whereas those on the personal situation worsened, lowering from 122 to 119.6. A decline also distinguished the indicator for short-term expectations (from 96.4 to 95.1) and, though to a lesser extent, the one for the current situation (from 116.1 to 115.6).

More specifically, the worsening observed in March, which was more moderate than in the previous survey, was due to consumers' evaluation of savings (mainly future savings), in a context of a deteriorating family budget. In contrast, expectations for their family economic situation sent positive signals.

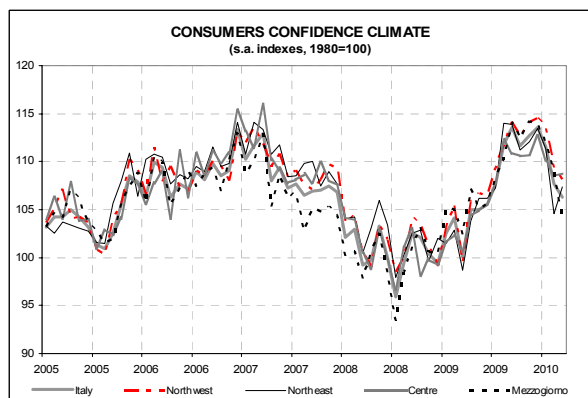
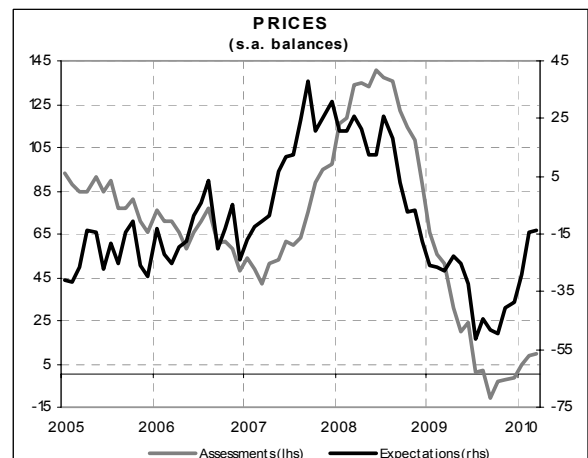
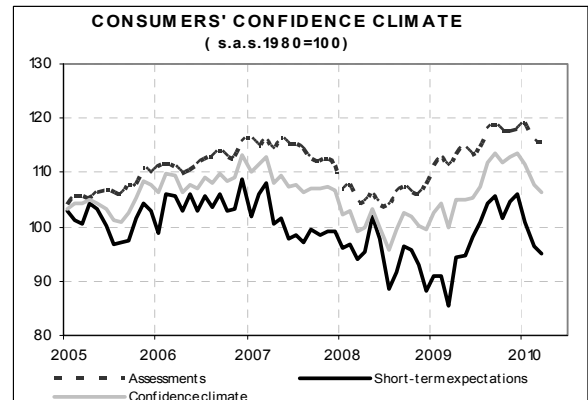
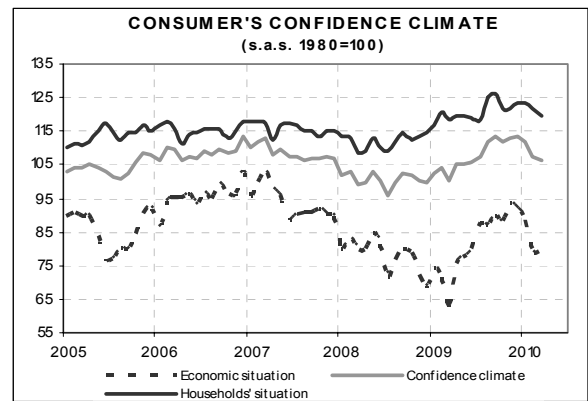
In addition, respondents confirmed their perception of a new rise in prices in both the last twelve months and the following year, although at a more moderate pace than in the previous survey.

On a regional basis, the trend in confidence was uneven across the country. Recovery in the North East and the Centre contrasted with a moderate decline in the North West and a more marked drop in the South.

## Overall economic situation

In March, substantial stability recorded by overall economic conditions was the result of moderate progress in the opinions on the current economic situation (the related balance recovered from -100 to -98), which contrasted with slight deterioration for expectations (from -22 to -23) and for the evaluation of the labour market, for which fears of rising unemployment intensified, moving from 96 to 97.

As regards price developments, the share of respondents who considered prices to have increased ("much" or "quite") slightly enlarged its margin over the percentage of those who thought prices remained "stable" or "declined". In fact, the balance moved from 9 to 10 (compared to 5 in January). Though still



negative, also short-term expectations showed a slight acceleration. The balance actually moved from -14 to -13 (compared to -29 in January), its highest value since November 2008.

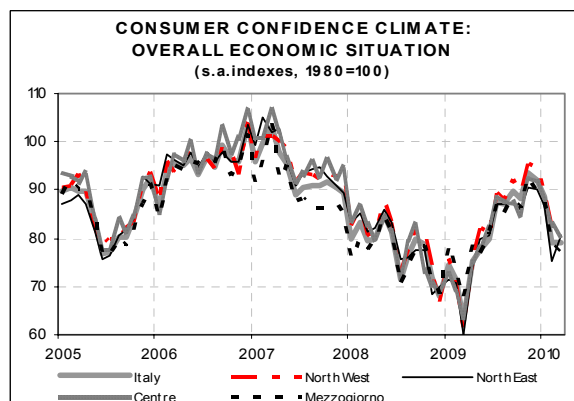
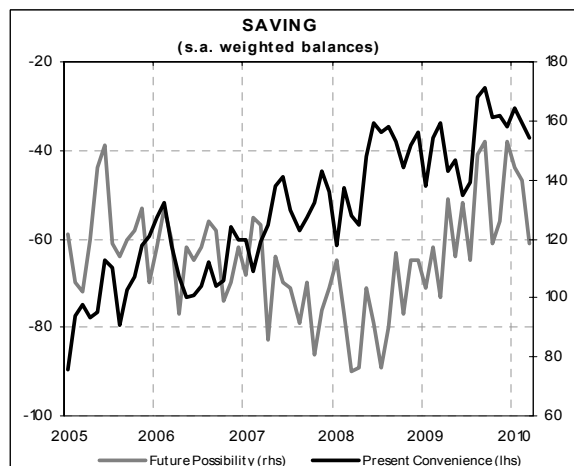
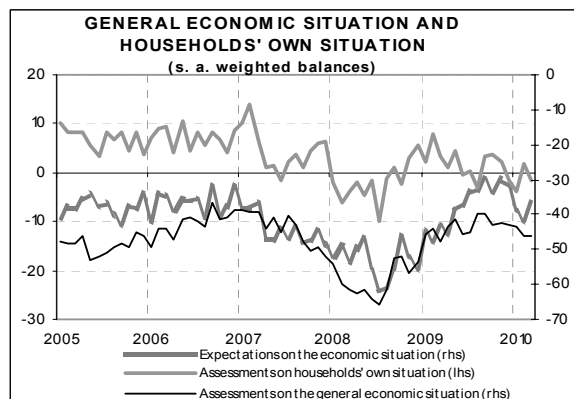
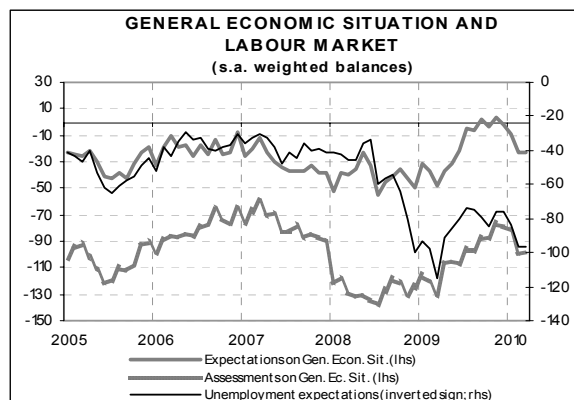
### Personal situation

Assessments and forecasts for the personal situation recorded overall the sharpest decline. Notwithstanding favourable prospects for their family economic situation over the next twelve months (the balance recovered from -10 to -6) and slightly lower pessimism for the opinions on the durable goods market (from -78 to -77), consumers' perceptions about their savings and financial conditions were unfavourable. In particular, in a situation in which the indicator for the financial balance went back in negative territory (moving to -2 from 2 in February), assessments on the current convenience to save fell from 159 to 154, the lowest level since last July, and mostly the evaluation of their actual capacity to save in the following twelve months deteriorated from -47 to -61.

### Regional breakdown of consumer confidence

The worsening in consumer confidence posted at the national level was the result of contrasting trends across areas. The decline was more marked in the South, but was also present in the North West. Confidence improved instead moderately in the Centre and more markedly in the North East.

As observed for the overall confidence climate, also at the regional level the nastiest deterioration occurred for the opinions on the personal situation, which worsened above all in the northern and southern areas, but more moderately in the Centre. As for the overall economic situation, relative stability at the national level was the result of improvement in the North (mainly in the North East) and worsening in the Centre and the South. Assessments on the current situation were positive in the North East and the Centre, but negative in all the other areas, and mainly in the South. Lastly, expectations were unfavourable all over the country, except the North East.



North West: in this area the confidence index diminished from 109.4 to 108.1, nearing the value posted last June. Deterioration characterized almost exclusively expectations on future saving opportunities and, to a lesser extent, the opinions on the convenience to buy consumer durables. Forecasts for the country's economic conditions, the personal situation, and the labour market improved instead.

North East: the index progressed from 104.6 to 107.3, posting the largest improvement among all areas. Opinions were particularly favourable regarding the country's situation and the labour market, and also the personal situation. Assessments on present and future savings were instead negative.

Centre: confidence moderately increased (from 108.5 to 108.8), due to respondents' opinions on their own current personal situation and, above all, better convenience to purchase consumer durables. Assessments on general economic conditions and future saving opportunities were instead unfavourable.

Mezzogiorno: in this area confidence marked the largest decline (from 108.7 to 104.3). In a context of widespread pessimism, the opinions on the family budget and savings were particularly negative, as occurred at the national level. Only forecasts for the family situation sent some positive signals.

