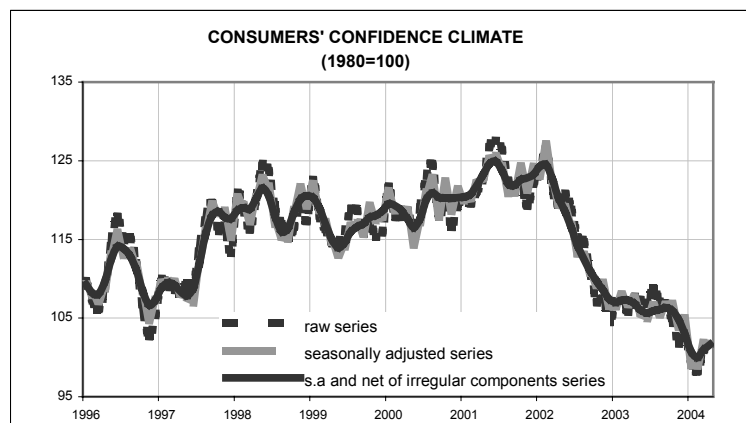




Date: April 23, 2004
Tel.: 06/444821

THE CONSUMERS' CONFIDENCE STABILISES IN APRIL AND THE CONVENIENCE TO PURCHASE DURABLES IMPROVES

- The seasonally adjusted indicator goes from 101.9 in March to 101.7 in April, while the raw index shows a slight recovery, passing from 100.9 to 101.7. Also the indicator adjusted for the seasonal and irregular component - which is more affected by the past trend of the historical series – witnesses a modest rise and passes from 101.0 in March to 101.6 in April
- Assessments on the current situation slightly worsen, while short-term expectations improve as a whole, particularly thanks to an increased optimism on the households' expected financial situations
- According to ISAE respondents, purchasing durables becomes more convenient: quite the reverse, concerns remains high on the saving convenience, which is more affected by the financial scandals of the early-2004
- With regard to prices, the share of respondents considering prices increased “very much” over the past twelve months reaches its trough since July 2002, while expectations for a substantial stabilisation of inflation in the next twelve months reach their peak
- The average consumers' confidence in the euro area countries remains unchanged compared to February, standing on substantially lower levels than the average figures of 2003. Signals of recovery are emerging in Greece, while negative indications come from Germany and the Netherlands. According to the early Michigan University data on April, the American consumers' confidence should deteriorate compared to the previous month



Data referring to May shall be diffused on **May 20, 2004**.

Next ISAE surveys are scheduled as follows:

April 29, 2004: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: April)

April 30, 2004: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (Reference month: March) and ISAE Monthly Business Service Survey (Reference month: April)

May 4, 2004: Comparative Business Surveys for Italy, Germany and France (Reference Month: April)

The full text of ISAE Surveys (either hardcopy or electronic) is available on sale (for further information see web site www.isae.it)

I – ISAE CONSUMER SURVEY FOR ITALY

April 2004

According to the Consumer Survey carried out by ISAE between April 1 and 15 on a sample of 2,000 respondents, the Italian consumers' indicator remains stable on the March levels. The seasonally adjusted indicator goes from 101.9 in March to 101.7 in April, while the raw index shows a slight recovery, passing from 100.9 to 101.7. Also the indicator adjusted for the seasonal and irregular component - which is more affected by the past trend of the historical series - witnesses a modest rise and passes from 101.0 in March to 101.6 in April.

Assessments on the current situation slightly worsen: the related confidence sub-index falls from 102.0 to 101.5, particularly because of the ongoing pessimism on the saving convenience. There are however more favourable signals on the present convenience to purchase durables.

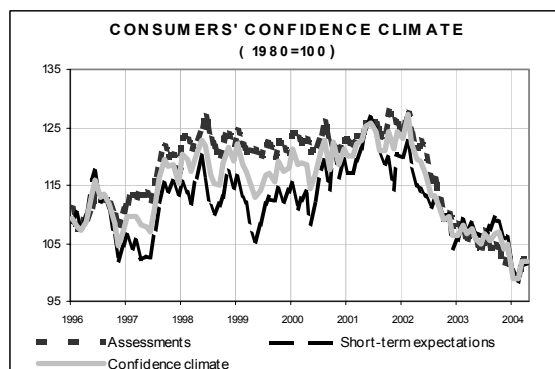
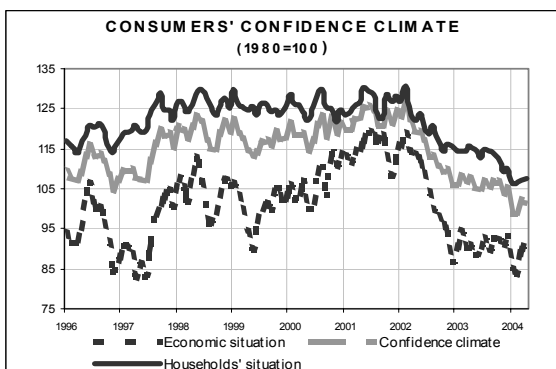
Conversely, expectations are rosier: their seasonally adjusted sub-index rises from 100.9 to 101.7 thanks to a slight but wide-spread improvement of almost all components. Only expectations on the country's general economic situation are cautious, maybe because of the present international events. Forecasts on the labour market seem stable. Finally, the slowdown in the present price dynamics seems to strengthen and prices are expected to further stabilise in the future.

Overall situation

In April, the seasonally adjusted confidence index on the overall situation alone remains at 90.1, as in March, when it registered a marked recovery. In particular, ISAE respondents express stable assessments on the three confidence-building variables: indeed, evaluations on the general economic situation (weighted and seasonally adjusted balances) pass from -103 to -102, expectations decrease from -31 to -32 and expectations on the labour market evolution remain at 33.

Finally, with regard to the inflation dynamics, markedly favourable signals emerge not only in future prospects, but also in assessments on the current situation. The share of respondents considering prices rose "very much" in the past 12 months decreases from 41% in March to 32% in April, which is close to the minimum levels ever reached since July 2002 (47% in February). Conversely, the number of those deeming prices grew "enough" rises from 45 to 50%, and, finally, the percentage of respondents feeling prices remained stable increases from 7 to 10%. With reference to expectations for the next 12 months, a substantial stability is expected by 58% of respondents (55% in the previous Survey), which is an all-time high, while the share of those expecting a smaller rise than in the past decreases from 24 to 22%.

The share of pessimist observers, deeming prices increased "more than" or "as much as" in the past, remains substantially stable and equals 5 and 11% respectively (5 and 10% in March).



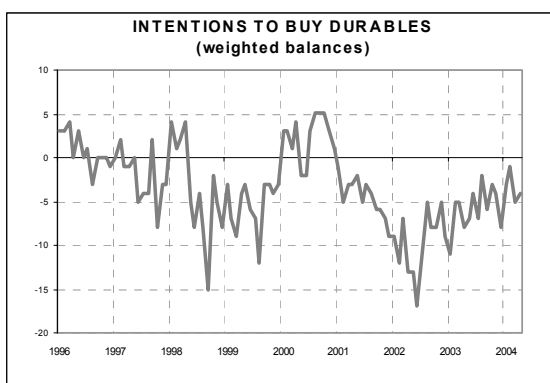
Households' situation

In April, the seasonally adjusted confidence index referring to the respondents' own situations alone slightly increases from 107.2 to 107.4. Assessments on saving remain cautious, as they are still affected by the recent financial scandals (the balance falling from 74 to 63), while prospects on the future saving opportunities are slightly recovering and their weighted balance passes from -76 to -75.

With reference to households, consumers are slightly less optimistic in their present assessments: the seasonally adjusted and weighted financial balance decreases from 7 to 6 and assessments on the present households' situations deteriorate from -50 to -52 (seasonally adjusted and weighted balances). Conversely, expectations are rosier and show a slight recovery (from -10 to -7).

The improvement of the index referring to the personal situation is exclusively due to the marked improvement of assessments on the present convenience to purchase durables: the weighted and seasonally adjusted balance recovers from -104 to -95.

Indeed, ISAE respondents show growing intentions to purchase in the next twelve months: the share of those declaring they wish to make more purchases or as many purchases as in the past rises from 38 to 41% (raw data), while, at the same time, the number of those stating they wish to make no purchase at all falls from 61 to 58% of the sample (close to the figure registered at the beginning of 2003).



With regard to major purchases, forecasts on the number of car buyers improve (from 8 to 9%), while the share of households “definitely” excluding they will buy a new car in the next 12 months falls from 82 to 81%.

With reference to real estate, forecasts are slightly improving: in April 2% of consumers are “certainly” or “probably” bound to buy a home (1% in March), while the number of those “definitely” excluding they will ever spend on this item goes down by three percentage points to 82%. Finally, the share of respondents expressing their will to spend for home maintenance or improvement remains substantially unchanged.

II - THE EUROPEAN COMMISSION CONSUMER SURVEY AND AMERICAN CONSUMER SURVEYS

March and early-April data

The average figures for the euro area referring to March show that the consumers' confidence remains unchanged compared to the previous month and is considerably below the average figures of 2003¹; indeed, particularly favourable signals come from Greece (with a 13-point rise), while negative indications come from Germany and the Netherlands. According to the early Michigan University data on April, the American consumers' confidence should decrease compared to the previous month.

Turning to details, the average euro area indicator remains at -14: expectations on the general economic situation worsen (from -12 to -13 in terms of balance), while all other confidence-building components remain stable. In particular, with reference to the labour market, the share of those expecting an unemployment

¹ In January 2004, France reviewed its questionnaire for a better harmonisation of its Survey, which caused a structural break in the series. Thus, French data are neither seasonally adjusted, nor fully comparable with those of other countries, all of which has an impact on the average figure of the euro area.

rise continues to rank below the figures of 2003 (the balance equalling 30).

Among the non confidence-building indicators (according to the Commission), a slight recovery is observed in assessments on the households' situations and on the general economic situation, while opinions on the present convenience to purchase durables, as well as purchasing prospects for the next few months, remain stable. Besides, the inflation dynamics is slowing down.

Among the major countries, the German confidence climate considerably worsens in March (from -13 to -16), thus getting close to the January levels. Unfavourable indications come from all confidence-building components: in particular, the number of those expecting an unemployment growth is increasing from 34 to 38 in terms of balance. With regard to prices, no new inflationary tensions are emerging (the balance remaining at 10, as in February).

With regard to France² the confidence climate slightly improves in March and grows from -16 to -15 compared to the previous Survey, particularly thanks to the recovery in future saving opportunities (from -16 to -12 in terms of balance). Conversely, all other confidence-building components remain unchanged. With regard to prices, inflationary tensions are easing and the balance passes from 17 in February to 13 in March.

The Spanish confidence climate slightly recovers in March and rises from -12 to -11: future saving opportunities worsen, while both expectations on the households' own situations (the balance passing from -2 to -1) and expectations on unemployment (from 11 to 7) recover. As for prices, the share of those expecting an inflation rise in the next few months remains unchanged (7, as in February).

According to the Conference Board, the confidence indicator in the United States equals 88.3, thus remaining substantially unchanged as against February (88.5). The sub-index concerning the present situation improves (from 83.3 to 84.1), while the one concerning expectations alone slightly falls (from 91.9 to 91). According to the early data of the Michigan University for April, confidence is expected to fall at 93.2 owing to a wide-spread pessimism of respondents on their own financial situations in the next twelve months.

² Please note that, owing to a structural break, data on France are neither seasonally adjusted, nor fully comparable with the pre-break data (January 2004).