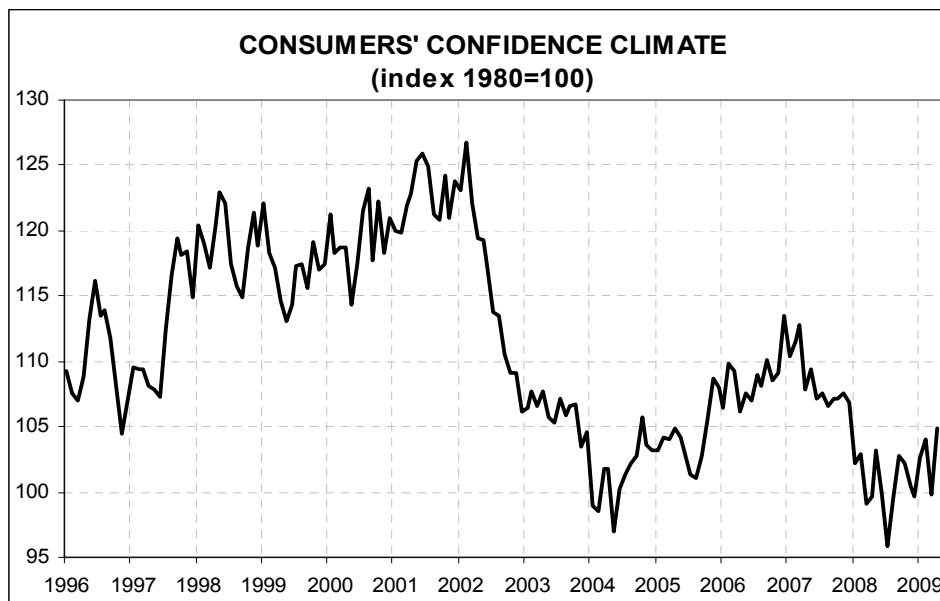




Date: April 27, 2009

## CONSUMER CONFIDENCE INCREASES IN APRIL

- After two months of decline, in April the confidence index bounced from 99.8 to 104.9, the best result since December 2007
- The indicator for general economic conditions posted the most noticeable progress, reaching 71.6 compared to 67.7 in March. The synthetic index for the respondents' personal situation remained instead virtually unchanged (moving from 119.1 to 119)
- The short-term expectations indicator rose from 89.8 to 91.4. The one for the opinions on current conditions reached 111.5, from 111.9 in March
- Particularly, the improvement characterized expectations for the country's economic situation, the labour market, and saving opportunities
- Moreover, current inflation continued to decelerate, but future prospects discounted a moderate upturn
- According to the traditional ISAE quarterly survey, home spending intentions remained negative (buying and maintenance), whereas prospects for car purchases improved, probably also in connection with the recent plan of tax incentives
- The rise in confidence was widespread across the country, although it was sharper in the North and more moderate in the Centre and the South



**Data on May shall be released on May 27, 2009**

*The next ISAE surveys are scheduled as follows:*

**April 28:** ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: April) – N.B. includes the semi-annual Survey on Investment in Manufacturing and Extractive Firms (reference period: Spring 2009)

**April 28:** ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: April), ISAE Monthly Business Services Survey (reference period: April), and ISAE Monthly Survey on Construction (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 April 1 and April 18, Italian consumers' confidence jumped in April from 99.8 to 104.9, the best result since December 2007.

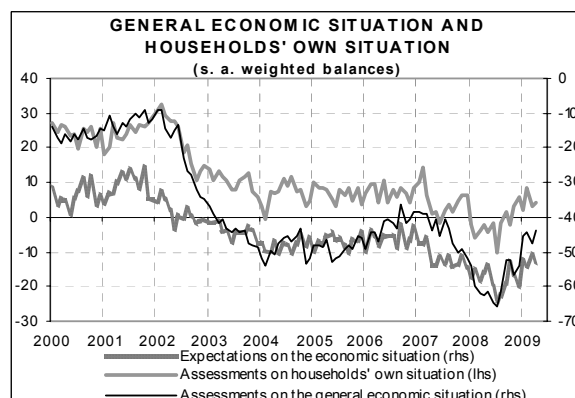
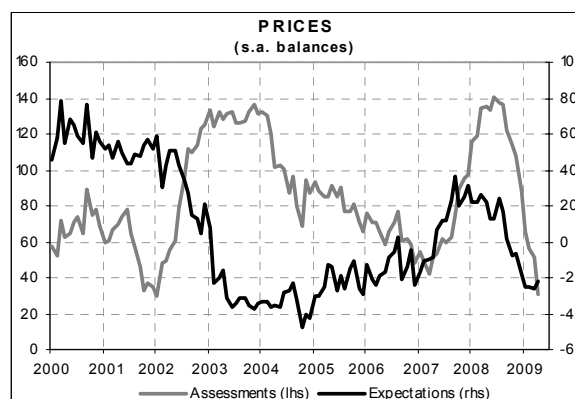
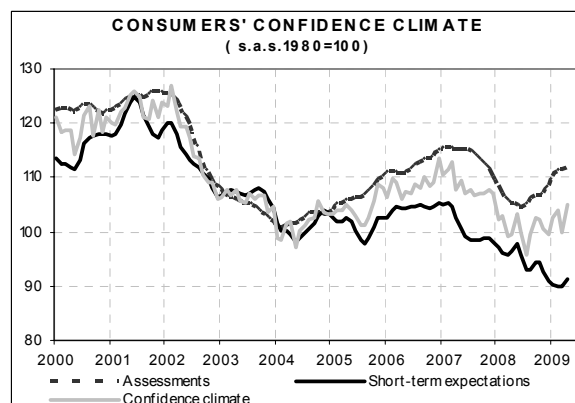
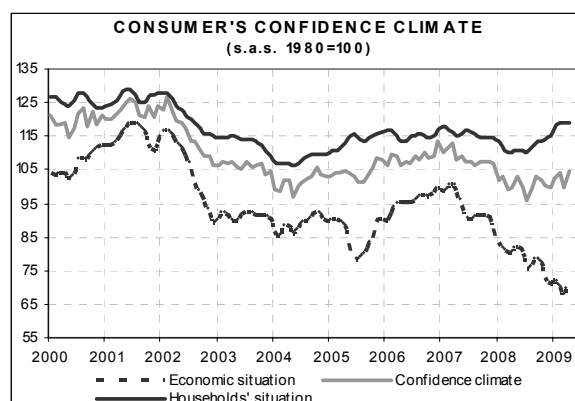
In particular, assessments on the general economic situation and short-term expectations posted the best outcomes (the related index rose from 67.7 to 71.6 and from 89.8 to 91.4, respectively). A minor increase characterized the views on the current situation (from 111.5 to 111.9), which however hit a level unseen since October 2007. Lastly, the indicator for the personal situation remained virtually unchanged at 119 (compared to 119.1 in March), still hovering at its highest level since August 2002.

Current inflation continued to decelerate, while future prospects showed a moderate upturn. Finally, according to the traditional ISAE quarterly survey, home spending intentions remained negative (buying and maintenance), whereas the scenario for car purchases improved, probably also in connection with the recent plan of tax incentives.

At the regional level, the rise in confidence was markedly higher in the North and more moderate in the Centre and the South

## Overall economic situation

In April, consumers expressed decidedly more favourable views than in the previous two months. More in detail, the opinions on Italy's general economic conditions recorded a sharp improvement: the balance for the trend in the last twelve months recovered from -133 to -109, the highest level since December 2007, and the one for medium-term expectations increased from -52 to -39. Moreover, short-term forecasts for unemployment developments in the following twelve months diminished: the balance lowered from 115 to 92, the best result since November 2008.



Lastly, surveyed consumers considered a further slowdown in current inflation: the balance related to the opinions on the trend in last twelve months decreased from 51 to 31, the lowest value since December 2001. Expectations for the following year recuperated instead, remaining however negative (the balance moved from -27 to -22).

### Personal situation

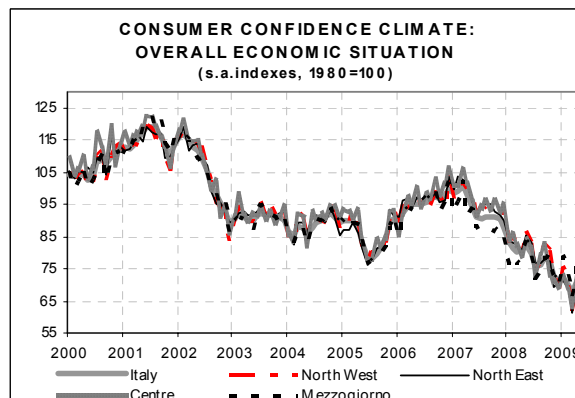
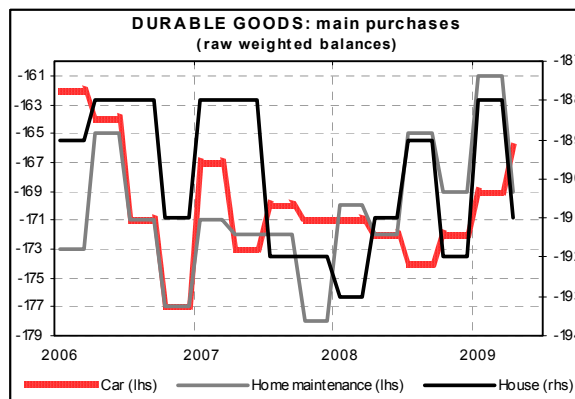
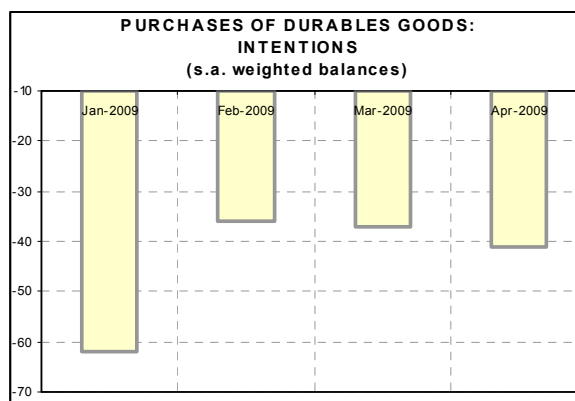
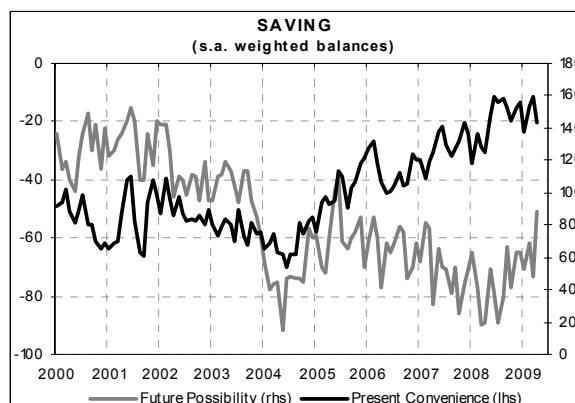
Overall, consumers' opinions on their personal situation held steady, though they posted some diversity among the various variables.

Assessments on the family budget and, mainly, opinions on the family's economic situation improved (the balance moved from 3 to 4 and from -48 to -44, respectively); short-term expectation for the same variable deteriorated instead (from -11 to -13). As for savings, short-term prospects clearly improved (from -73 to -51, the best result since June 2005), while current opportunities worsened (the balance lowered from 159 to 143). Nevertheless, it is also possible that in recent years this variable essentially reflected the opportunity of making precautionary savings. Thus the decrease recorded in April may not necessarily be a bad sign.

Moreover, consumers considered the current situation slightly more encouraging for the purchase of durable goods (from -83 to -80), though they continued to remain cautious about making such purchases in the following twelve months. According to the survey results, 64% of the respondents (as in March) stated that, in the next twelve months, they were going to keep consumer durables expenditures practically unchanged, while 30% (28% in the previous survey) said they planned to cut them down. Lastly, only 4% of the respondents (6% in March) intended to spend more or much more than before.

According to the traditional ISAE quarterly survey on big-ticket purchases, consumers remained cautious about both home buying (the weighted balance moved from -188 to -191) and extraordinary maintenance spending (from -161 to -169). Prospects for car

purchases improved instead (the balance rose from -166 to -169), probably also because of the recent introduction of a plan of tax incentives for the auto sector.



## Regional breakdown of consumer confidence

In April, consumer confidence rebounded in all areas, but at different rates. The confidence index rose more than the national average in the North, but more moderately in the *Mezzogiorno* and, mostly, in the Centre. As recorded by the national confidence indicator, the improvement mainly characterized general economic conditions and future prospects, whereas the opinions on the personal climate and on current conditions sent more modest positive signals.

North West: in the North West the confidence indicator experienced the sharpest improvement compared to the other areas (moving from 99.3 to 105.7). The rise was mainly due to clearly better opinions on the labour market and on the country's economic situation. With regard to the personal situation, assessments on the durable goods market and on future saving opportunities recovered.

North East: in this area confidence picked up from 98.5 to 103.6. The improvement stemmed both from highly favourable views on the country's conditions and on the labour market and from the durable goods market and future saving opportunities. Consumers were however slightly more cautious than average about the family budget.

Centre: in the Centre confidence rose less than in all the other areas: the index moved from 100.2 to 104. The strong improvement in general conditions contrasted, unique among all areas, with a slight decline in the personal climate, due to the worsening in the opinions on current savings and to the lack of improvement in future prospects.

Mezzogiorno: in the South, the index picked up from 102.7 to 107.3. Marked optimism distinguished assessments on the general economic situation and, chiefly, the labour market and, to a lesser extent, the opinions on current and future conditions. Signs of pessimism emerged from assessments on the economic situation and on the family budget, as well as from the durable goods market.

