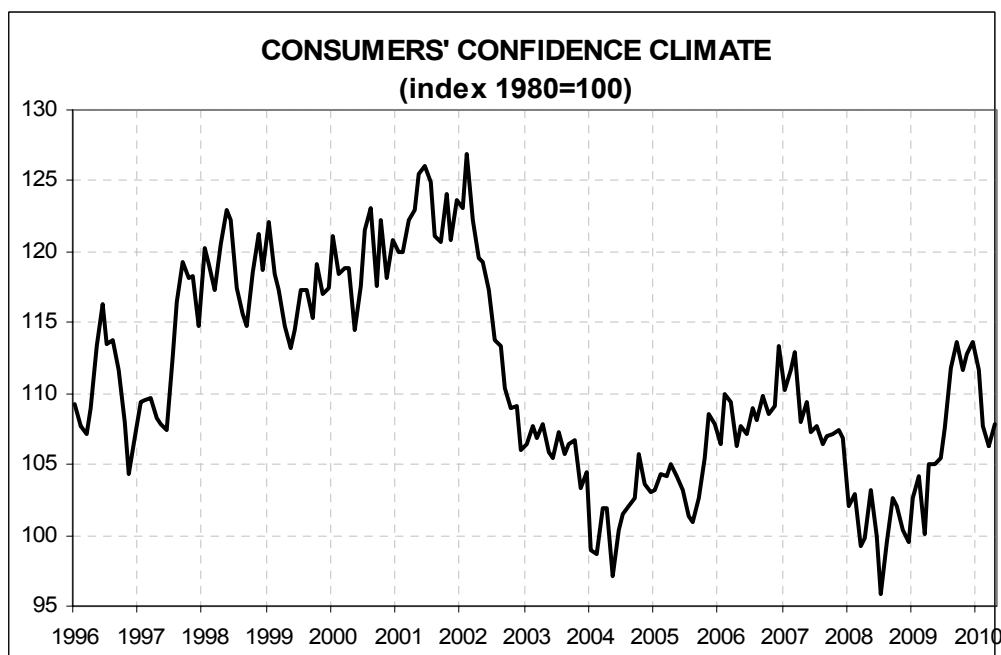


## CONSUMER CONFIDENCE RECOVERS IN APRIL

- The confidence index began to climb once more. It reached 107.9 (up from 106.3 in March), more than offsetting the decline recorded in the previous month
- The opinions on the overall economic situation and on current conditions were the most optimistic (the related indicators moved from 79.2 to 81.4 and from 115.6 to 117.9, respectively)
- Improvement, though more moderate, also distinguished the indicator for the personal situation (from 119.6 to 120.7) and the one for short-term expectations (from 95.1 to 95.6)
- In particular, progress posted in April stemmed from markedly more favourable assessments on the labour market, which found confirmation in the positive trend for both the family budget and the durable goods market
- According to the traditional ISAE quarterly survey on consumers' intentions for major purchases, the number of respondents who planned to buy a car or a house, or to spend on home maintenance increased
- Once again, consumers confirmed their perception of a further rise in prices in the last twelve months. However, they expected inflation to slow down again in the short run
- On a regional basis, the trend in confidence was mixed. Recovery characterized the North West and mostly the *Mezzogiorno*, whereas confidence lowered instead in the North East and the Centre



**Data on May shall be released on May 25, 2010**

*The next ISAE surveys are scheduled as follows:*

**April 28:** ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: April) and Bi-Annual Investment Survey (reference period: January-June 2010), 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))**

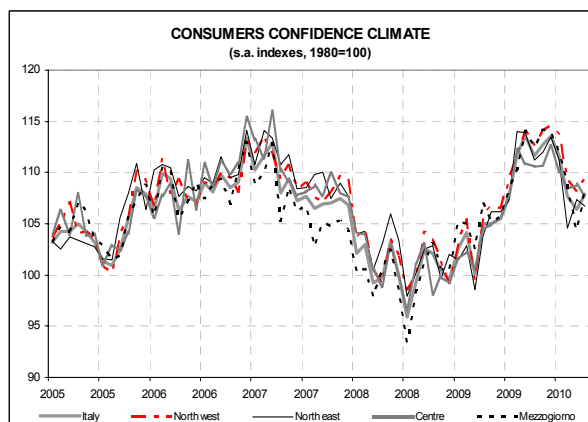
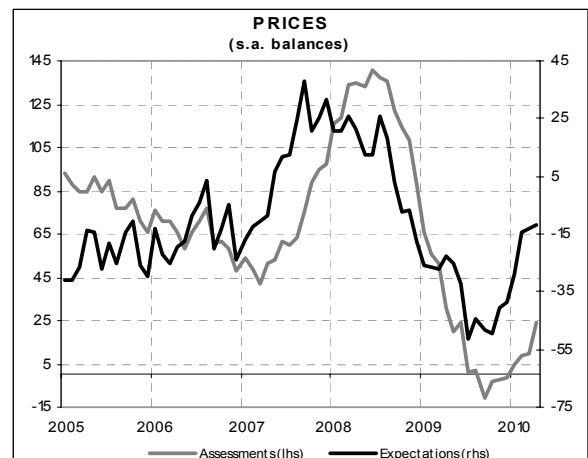
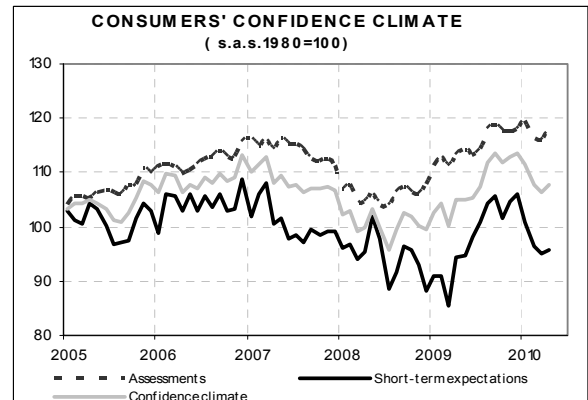
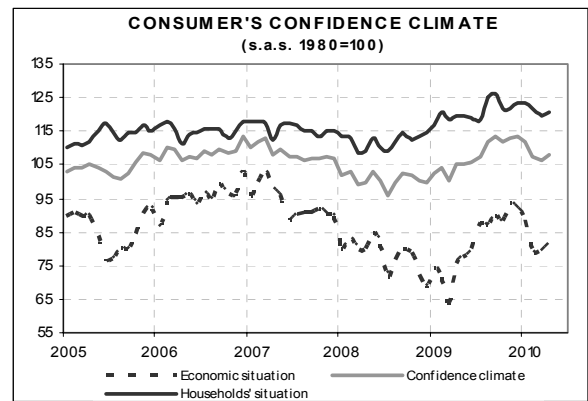
## Italian consumers' confidence

According to the ISAE Survey carried out between April 1 and April 16, Italian consumers' confidence resumed its upward path. In April, the confidence index reached 107.9 (up from 106.3 in March), more than offsetting the decline recorded in the previous month. Optimism characterized all the underlying components of the indicator and mainly the opinions on the overall economic situation and on current conditions (the related indicators moved from 79.2 to 81.4 and from 115.9 to 117.9, respectively). Improvement, though more moderate, also distinguished the indicator for the personal situation (which rose from 119.6 to 120.7) as well as the one for short-term expectations (from 95.1 to 95.6). In particular, progress posted in April stemmed from markedly more favourable assessments on the labour market, which found confirmation in the positive trend for both the family budget and the durable goods market. Once again, respondents reaffirmed their perception of a further rise in prices in the last twelve months. However, they expected inflation to slow down again in the short run.

On a regional basis, the trend in confidence was mixed. Recovery characterized the North West and mostly the *Mezzogiorno*, whereas confidence lowered instead in the North East and the Centre.

## Overall economic situation

In April, clear improvement in the overall economic situation was driven by markedly lower concerns about a rise in unemployment, down twelve points (from 96 to 84) and close to the value recorded last January. As for assessments on the economic situation, a moderate improvement in the opinions on the current situation (the balance recovered from -98 to -94) contrasted with concerns about expectations (from -23 to -26). As for price developments in the last twelve months, the share of respondents who considered prices to have increased ("much" or "quite") markedly enlarged its margin over the percentage of those who thought prices remained "stable" or "declined". In fact, the balance moved from

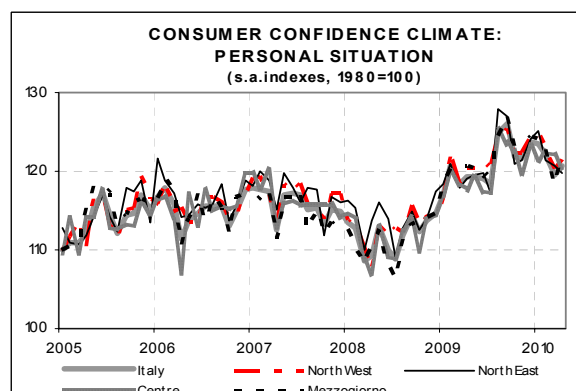
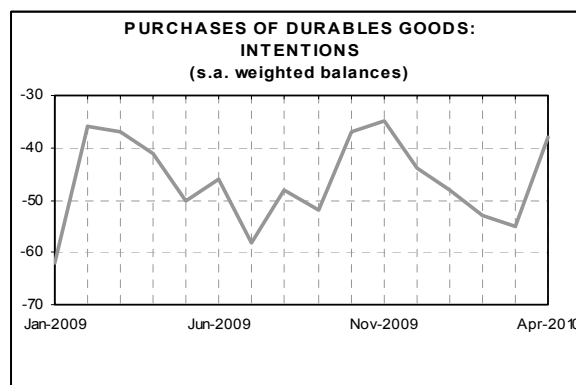
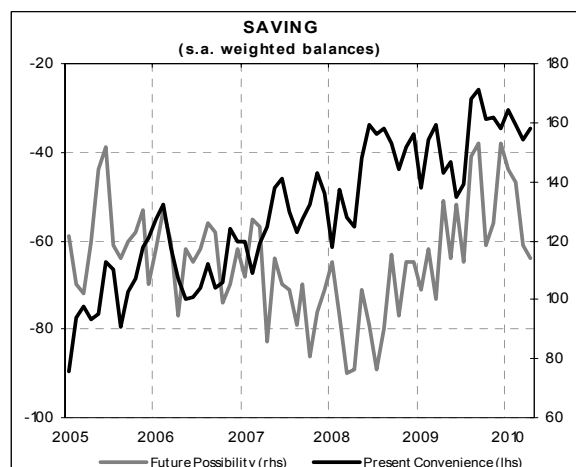
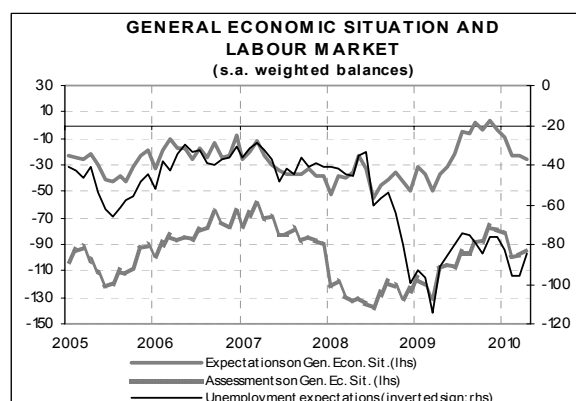


10 to 24, going back to its June 2009 value. In contrast, short-term expectations remained negative and also continued to worsen. The balance actually moved from -15 to -17, returning to the level recorded last February.

### Personal situation

Opinions and forecasts for the respondents' personal situation showed overall a moderate recovery. As for consumers' own family economic situation, notwithstanding they considered current conditions to have remained unchanged (the balance remained at -46) and made unfavourable forecasts for the next twelve months (the balance lowered from -6 to -10), they stated that their financial balance improved. The related indicator actually turned positive, reaching 3 (compared to -2 in March), thanks to lower borrowing needs. With regard to savings, assessments on the current convenience to save increased from 154 to 158, but expectations on the actual capacity to save in the following twelve months diminished instead from -61 to -64. Lastly, the strongest positive signals came from the durable goods market. Consumers considered the present moment particularly favourable for purchases. The related balance recovered from -77 to -70, the best result since April 2002. Also buying intentions for the next twelve months showed strong signs of vitality: the related balance recuperated, moving from -55 to -38, close to the level posted last November.

Consistently with this framework, optimism also emerged from the traditional ISAE quarterly survey on consumers' intentions for big-ticket purchases. Actually, the balance for consumers planning to buy a car climbed to -174 (from -176) and the one for house buying improved from -192 to -190, while the balance for carrying out extraordinary maintenance recovered from -168 to -165.



## Regional breakdown of consumer confidence

The improvement in confidence recorded at the national level was the result of contrasting trends across the country. Recovery mainly characterized the South, but was also present in the North West. In the Centre and the North East, confidence moderately lowered instead, especially in the former area. Economic confidence was highly positive in the South; it improved more moderately in the Northern regions, and worsened instead in the Centre. Confidence on current conditions showed a similar trend: progress was proportionately more marked in the South and more moderate in the North, while confidence showed virtual stability in the Centre. The positive trend posted by the personal climate at the national level was the result of strong progress in the South, more modest growth in the North West, and a fall in the North East and, mostly, in the Centre. Lastly, prospects were positive in the North West; they improved slightly in the South, but worsened in the North East and, above all, in the Centre.

North West: in this area the confidence index increased from 108.1 to 109.6. Sharper improvement characterized assessments on the labour market and consumer durables. Also opinions on the personal economic situation and the family budget were favourable. In contrast, some negative indications came from both current convenience and future opportunities to save.

North East: confidence slightly worsened from 107.3 to 106.7. Positive indications about the Italian current economic situation contrasted with cautious forecasts about the country's future conditions. Similarly, more favourable assessments on the personal situation and on the present convenience to save were offset by the worsening in the family budget and by more pessimistic forecasts for savings.

Centre: in the Centre confidence recorded the sharpest decline moving from 108.7 to 107.8, the lowest level since July 2009. Pessimism was almost entirely due to unfavourable opinions regarding present

convenience and future opportunities for major purchases and for savings.

Mezzogiorno: in this area confidence marked the largest improvement, almost entirely compensating the sharp fall recorded in the previous month: the index rose from 104.3 to 108.3 (it amounted to 108.7 in February). Assessments were broadly positive, mainly regarding the labour market, the family budget, and the current convenience to buy durable goods.

