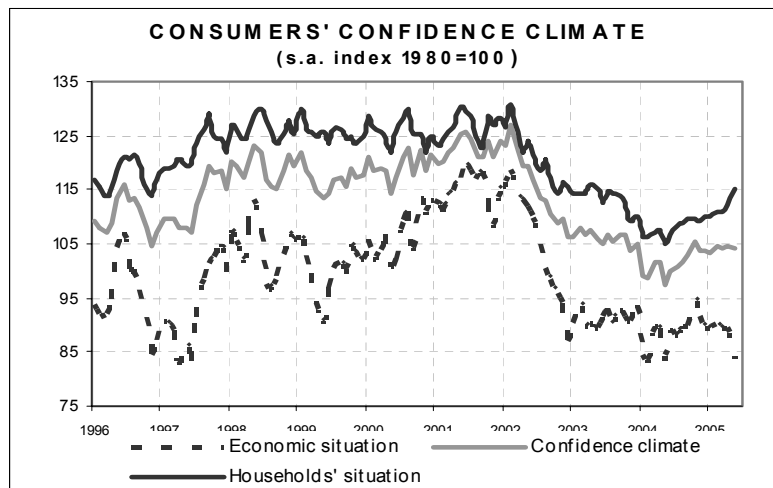




Date: May 24, 2005
TEL.: 06/444821

THE MAY CONSUMERS' CONFIDENCE SLIGHTLY FALLS

- The seasonally adjusted indicator decreases from 104.8 to 104.4, which is however above the average figures of Q1 2005. Looking at the indicator adjusted for the seasonal and irregular components, confidence remains stable at 104.5, while the raw index grows from 104.8 to 105.7, which is close to the maximum values ever reached since September 2003
- Evaluations on the respondents' own situations and on the country's situation are rather dishomogeneous, as the former index rises from 112.1 to 115.3 – which is close to the peaks since April 2003 -, while the latter indicator falls from 89.8 to 84.4, which is the lowest level reached in the past twelve months
- According to ISAE respondents, the growth of the indicator on the own situations is positively affected by the better saving opportunities and by the greater convenience to purchase durables. On the other side, the index deterioration referring to the general economic situation is negatively affected by worsening unemployment expectations
- Indeed, respondents express rosier opinions on their current situations, while short-term expectations are more cautious
- In Europe, the consumers' confidence registers a slight improvement in April, thanks in particular to the favourable German trend which more than offsets the fall of France and Italy
- In the United States, confidence shows a further deterioration in April, which continues in May according to the early Michigan University data



Data referring to June shall be diffused on **June 23, 2005**.

Next ISAE surveys are scheduled as follows:

May 25, 2005: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: May) and ISAE Bi-Annual Investment Survey (Reference period: Spring 2005)

May 26, 2005: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (Reference month: April) and ISAE Monthly Business Service Survey (Reference month: May)

June 1, 2005: Comparative Business Surveys for Italy, Germany and France (reference month: May)

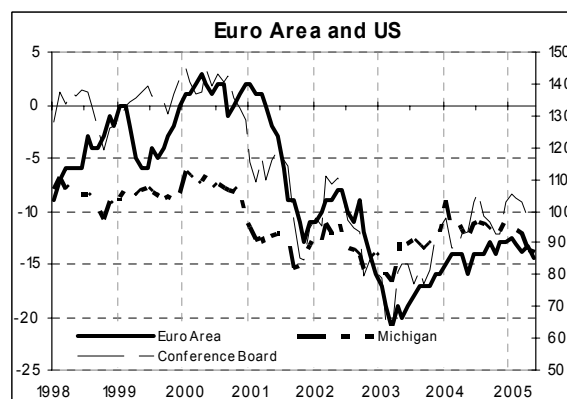
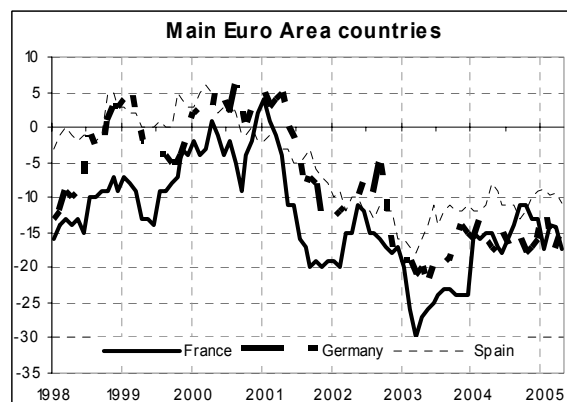
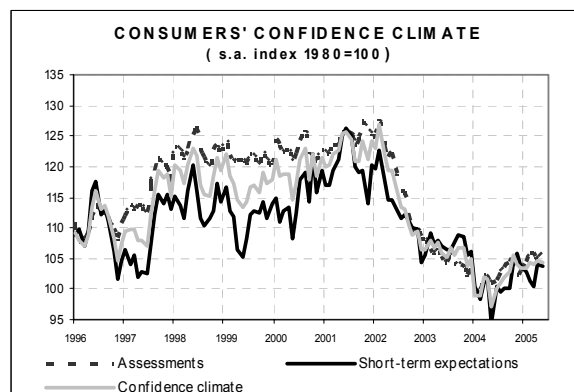
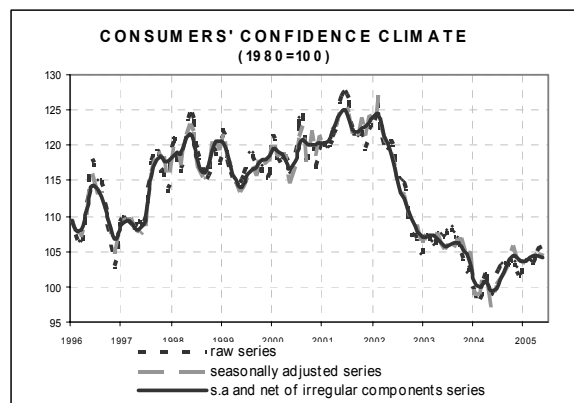
The full text of ISAE Surveys (either hardcopy or electronic) is available on sale (for further information see web site www.isae.it)

Confidence in Italy, in the euro area and in the United States¹

According to the Consumer Survey carried out by ISAE between May 2 and 17 on a sample of 2,000 respondents, the confidence indicator slightly decreases in May, passing from 104.8 to 104.4, which is however above the average figures of Q1 2005. Looking at the indicator adjusted for the seasonal and irregular components, confidence remains stable at 104.5, while the raw index grows from 104.8 to 105.7, which is close to the maximum values ever reached since September 2003.

Evaluations are partially dishomogeneous: indeed, rosier assessments emerge with reference to the current situation (the sub-index recovering from 104.9 to 105.8) and, in particular, to the respondents' own situations (the index growing from 112.1 to 115.3). Indeed, those favourable signals are offset by darker indications on the general economic situation (the index falling from 89.8 to 84.4) and by cautious short-term expectations (from 104.2 to 103.7). Finally, with regard to the inflationary dynamics, evaluations on the current dynamics grow again, while short-term expectations are stable.

In the euro area, the consumers' confidence registers a slight improvement in April - going back to the February figures - thanks in particular to the favourable German trend. In the United States, confidence shows a further deterioration both in April and - according to the early Michigan University data - in May.

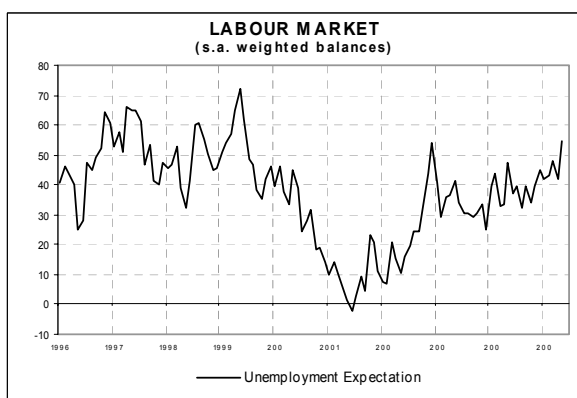
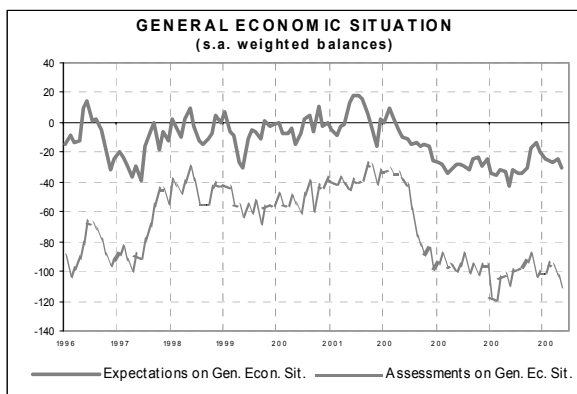


¹ All data are seasonally adjusted, unless indicated otherwise.

The ISAE Survey: the general economic situation

In May, the index of the general economic situation alone shows a marked deterioration, decreasing from 89.8 to 84.4, which is close to the troughs of the past twelve months. Indeed, both assessments and forecasts on the general economic situation worsen (the weighted balances passing from -103 and -23 to -110 and -30 respectively), while expectations on unemployment are growing (from 41 to 54, which is close to the peaks reached since December 2002).

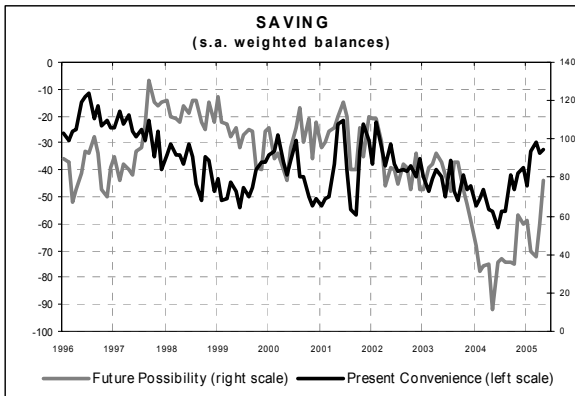
With reference to prices, signals of inflationary dynamics acceleration are emerging: indeed, the raw weighted balance of the trend of the past twelve months rises from 85 to 91, while the number of respondents deeming prices rose “very much” grows from 27 to 34%. However, consumers continue to express stable opinions on the situation of the next twelve months and the raw weighted balance stabilises at -19.



The ISAE Survey: the households' situations

In May 2005, the index referring to the respondents' own situations alone rises from 112.1 to 115.3, thus getting close to the April 2003 figure. Within a framework characterised by a slight deterioration in the households' situations (the balance diminishing from 8 to 5), consumers are less pessimistic on the short-term trend of their own situations (the balance rising from -6 to -4). Besides, evaluations on the present convenience to save and, in particular, on future saving opportunities are more favourable: indeed, the balances of those variables grow from 93 and -60 to 95 and -44 respectively.

Rosier signals also come from durables: consumers are definitely more optimistic than in April in their assessments on the present convenience to purchase durables (the weighted balance recovering from -104 to -86, which is the highest figure in the past twelve months). Future purchasing intentions, however, remain cautious and the raw weighted balance slightly decreases from 1 to 0, though the share of those declaring they will make no purchase in the next twelve months decreases from 77 to 74%. Also the consumers' intentions to make major purchases are recovering: indeed, the percentage of those “definitely” or “probably” buying a car in the next twelve months grows from 8 to 9%, while the share of those intending to buy a house rises from 3 to 5% and the percentage of respondents referring they will have extra expenses for home maintenance and improvement rises from 8 to 15%.



The Surveys on the euro area and the United States (April and early-May data)

The average consumers' confidence in the euro area slightly increases in April, passing from -14 to -13. A relative stability characterises all confidence-building components: in particular, expectations on the respondents' financial situations remain unchanged, while expectations on the general economic situation slightly worsen. Finally, expectations on saving are improving. Among other variables, assessments on the convenience to purchase durables decrease and spending intentions for the next twelve months remain stable, within a framework characterised by expectations for a slight price rise.

However, the average confidence improvement in the euro area mirrors diversified trends in the major countries: indeed, the German confidence climate recovers from -18 to -15, thanks in particular to improved labour market expectations (the balance of the unemployment rise decreasing from 44 to 37). Also expectations on the inflation dynamics are stable.

In France, the confidence climate falls from -14 to -17, particularly owing to more pessimistic prospects on the general economic situation (the balance decreasing from -10 to -17), on the respondents' own situations and on the saving opportunities. With regard to prices, the inflationary thrusts are expected to weaken.

The Spanish confidence indicator shows a small deterioration, passing from -10 to -11: in this case, expectations on the general economic situation worsen,

together with those referring to the respondents' own situations, to saving opportunities and to the labour market. Turning to prices, Spanish respondents fear new inflationary tensions (the balance passing from 18 to 23).

In the United States of America, according to the Conference Board indicator, the consumers' confidence falls from 103 to 97.7 alongside with a strong worsening in the index of expectations alone (passing from 93.7 to 87.2) and in the one referring the present situation (from 117 to 113.6). The negative April trend is also confirmed by the Michigan University data, whereby the index decreases from 92.6 to 87.7. Always according to the Michigan University figures, the American consumers' confidence worsens in May too for the fourth month in a row, as it goes down to 85.3 (according to preliminary data), which is the worst figure ever registered since March 2003. In this case, the deterioration mirrors a weakening of the financial situation and of long-term economic expectations.