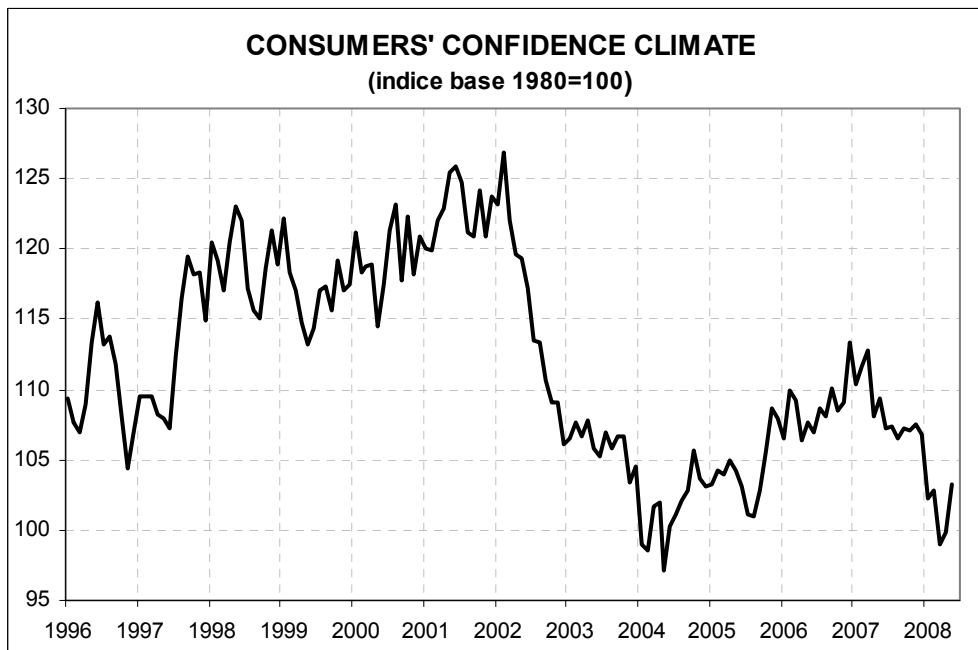




Date: May 22, 2008
TEL.: 06/444821

CONSUMER CONFIDENCE IMPROVES IN MAY

- The overall confidence index rose from 99.9 in April to 103.2, its highest value for the year, remaining however below last December's level. The improvement mainly characterized forecasts for the country's economic conditions and for labour market developments, as well as assessments on the opportunity and convenience to save
- The indicator related to short-term expectations recorded the sharpest recovery, moving from 95.6 to 101.7. The gauge summarizing the opinions on the present situation increased instead from 104.7 to 105.8
- Confidence in the country's economic conditions continued to rise, moving from 79.6 to 84.9, while the one about the respondents' personal situation grew from 109.3 to 113.1
- Consumers considered inflation to have eased slightly over the last twelve months, but they expected a more marked slowdown in the following year
- Confidence improved all over the country. The greatest increase distinguished the North West and the Centre. In the North East and, above all, the *Mezzogiorno*, the rise was more moderate



Data on June shall be released on June 24, 2008

The next ISAE surveys are scheduled as follows:

May 27: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: May), and ISAE Investment Survey on Manufacturing and Extractive Firms (reference period: January-June 2008)

May 28: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: May), ISAE Monthly Business Services Survey (reference period: May), and ISAE Monthly Survey on Construction (reference period: April)

June 5: ISAE International Comparison of Consumer and Business Surveys (reference period: May)

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)

Italian consumers' confidence

According to the ISAE Survey, carried out between May 2 and May 19, Italian consumers' confidence increased in May from 99.9 to 103.2, reaching its highest value for the year, but still remaining below last December's level. The indicator related to short-term expectations recorded the sharpest recovery, moving from 95.6 to 101.7. The gauge summarizing the opinions on the present situation, instead, increased from 104.7 to 105.8. Confidence in the country's economic conditions improved from 79.6 to 84.9, while the one about the respondents' personal situation bettered from 109.3 to 113.1.

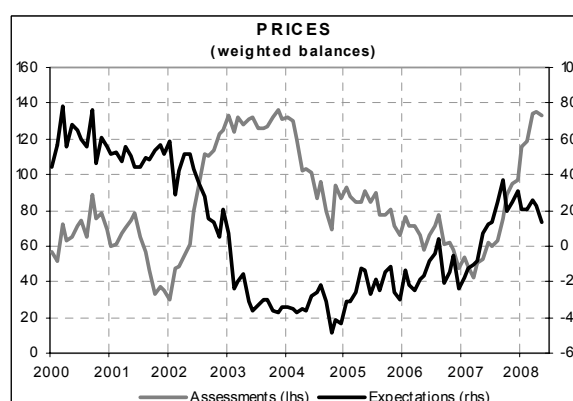
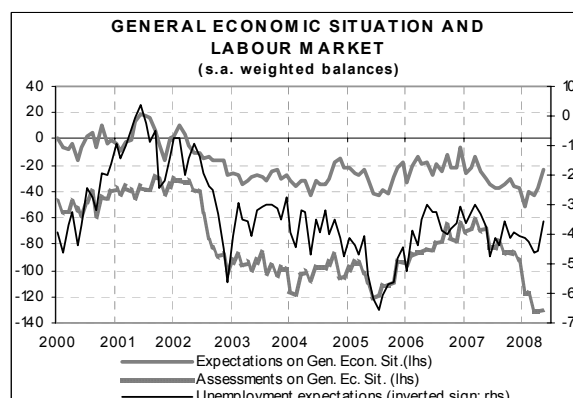
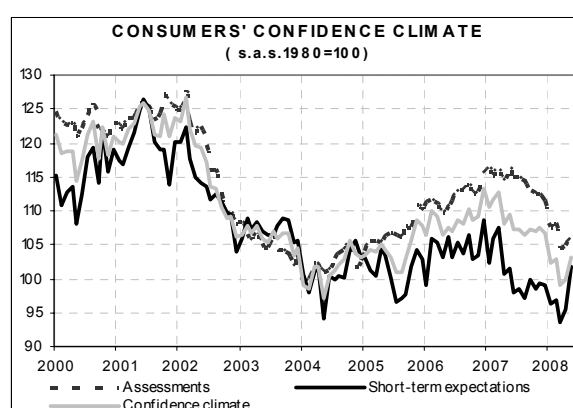
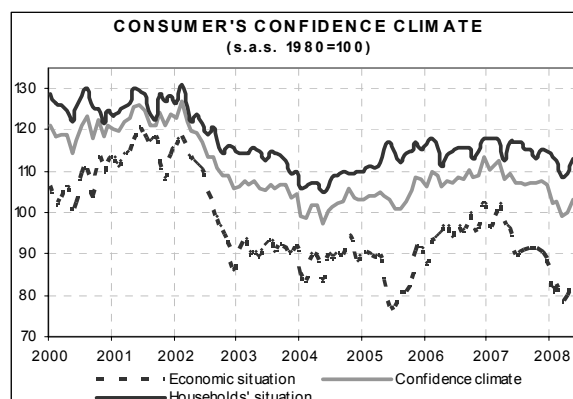
With regard to the single ISAE Survey questions, the improvement mainly characterized the forecasts for the country's general economic conditions and, in particular, those for labour market developments, as well as the opportunity and convenience to save. Respondents considered inflation to have eased slightly over the last twelve months, but expected a more marked slowdown in the following year.

Confidence improved all over the country. The greatest increase distinguished the North West and the Centre. In the North East and, mainly, the *Mezzogiorno*, the rise was more moderate.

Overall economic situation

In May, the evaluation of general economic conditions clearly improved, mainly regarding short-term expectations for the country's economic situation and for the labour market. In particular, the balance for the general economic situation increased from -37 to -23, the highest reading since February 2007. Meanwhile, unemployment expectations declined from 46 to 36, going back to the value recorded last September. In contrast, the opinions on the current economic situation remained overall negative, though they moderately improved over the previous month (the related balance rose from -132 to -130). As for prices, consumers continued to perceive high inflation, but the balance lowered slightly with respect to April (from 135 to 133). Forecasts for the following twelve

months were instead less negative: the balance moved from 22 to 13, reverting to the value recorded last July.



Personal situation

Also with regard to their personal situation, respondents became clearly more optimistic. However, the improvement characterized nearly solely the opinions on the present convenience and future opportunities to save, for which the balance rose from 125 to 148 and from -89 to -71, respectively. As for the family's economic situation, assessments instead remained stable in negative territory (the balance came in at -63, its previous month level). In contrast, short-term expectations improved slightly (from -16 to -13). The evaluation of the family budget extended its downward path. The related balance declined to -5 (from -2), due to the rise in the share of respondents stating they had to reduce their savings to cope with current expenses. As for consumer durables, assessments on the present convenience to buy also clearly worsened (the balance diminished from -92 to -102), while future buying intentions recovered (from -9 to -5).

Regional breakdown of consumer confidence

The upturn in confidence posted at the national level spread across areas, though at different rates. The sharpest improvement in the indicator distinguished the North West and the Centre, whereas in the North East and, above all, the *Mezzogiorno*, progress was more moderate. As for the underlying components of the consumer climate, optimism was marked and widespread for the opinions on the general economic situation and future conditions, whereas assessments on the personal situation and on current conditions were less favourable.

North West: the indicator rose from 99.1 to 103.5, reverting to the value recorded in January 2008. The improvement was mainly due to decidedly favourable opinions on both the general economic situation and future conditions. The personal situation and current conditions instead showed signs of more moderate optimism.

North East: the index rose from 103 to 106, returning above its four-month average. Assessments

on the country's economic situation and future conditions clearly bettered. The opinions on the personal situation were instead more cautious, though positive, whereas those on current conditions slightly deteriorated.

Centre: the indicator increased from 98.9 to 102.9, going back, also in this case, above its January-April 2008 average. In this area, consumers gave a particularly optimistic appraisal of both the personal situation and current conditions, whereas they were more cautious about opinions and forecasts regarding the general economic situation and future conditions.

Mezzogiorno: improvement in the consumer confidence index was least marked in this area: the indicator increased from 100.8 to 102.5. The rise in confidence was essentially due to greater optimism about the general economic situation and future conditions. Some signs of caution distinguished instead assessments on current conditions.

