

May 25, 2010Data on June shall be released
on June 23, 2010The next ISAE surveys are scheduled as
follows:*(NB data are released according to the new
ATECO 2007 classification)***May 27:** ISAE Monthly Business Survey on
Manufacturing and Extractive Firms (reference
period: May), 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)The full text of ISAE Surveys (either hardcopy
or electronic format) is available for sale (for
further information see the website
www.isae.it)

CONSUMER CONFIDENCE LOWERS IN MAY

- The confidence index came in at 105.4 (down from 107.9 in April), nearing the value recorded in May 2009, probably reflecting international financial tensions
- Pessimism was higher with regard to assessments on the overall economic situation (the related indicator moved from 81.3 to 76.6). Clear deterioration also characterized confidence for short-term prospects (from 95.5 to 91.9)
- The indicators for the personal situation and current conditions posted a more moderate decline (from 120.7 to 120.3 and from 117.9 to 117.3, respectively)
- The worsening staged in May was due to decidedly more unfavourable indications for the country's short-term prospects
- Prices showed a sharp acceleration, especially with regard to expectations for the next twelve months
- Respondents considered instead the present moment more favourable for purchasing consumer durables. The related balance recovered from -70 to -68, the best result since March 2002
- On a regional basis, confidence lowered all over the country, but at different rates. The fall was sharpest in the Centre, while in the North West and the South it was in line with the national average, whereas in the North East the decline was more moderate

CONFIDENCE CLIMATE

(Index 1980=100, seasonally adjusted)



Italian consumers' confidence

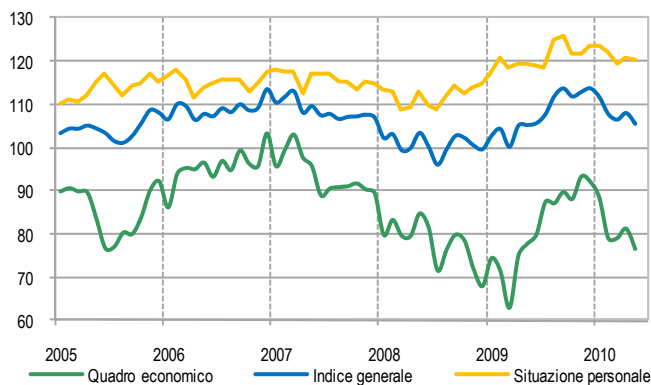
According to the ISAE Survey carried out between May 3 and May 14, Italian consumers' confidence retrenched in May. The confidence index came in at 105.4 (down from 107.9 in April), nearing the value recorded in May 2009, probably reflecting the ongoing tensions in international financial markets. Pessimism distinguished all the underlying components of the indicator, but was more marked with regard to assessments on the overall economic situation and future conditions (the related indicators moved from 81.3 to 76.6 and from 95.5 to 91.9, respectively). The indexes for the personal situation and current conditions posted a more moderate decline (from 120.7 to 120.3 and from 117.9 to 117.3). In detail for individual variables, the decrease could be largely traced to sharply more unfavourable indications about the country's short-term prospects. Consumers also expected a new acceleration of inflation. On a regional basis, confidence lowered all over the country, but at different rates. The decline was sharpest in the Centre, while in the North West and the South the fall was in line with the national average, whereas in the North East the decrease was more moderate.

Overall economic situation

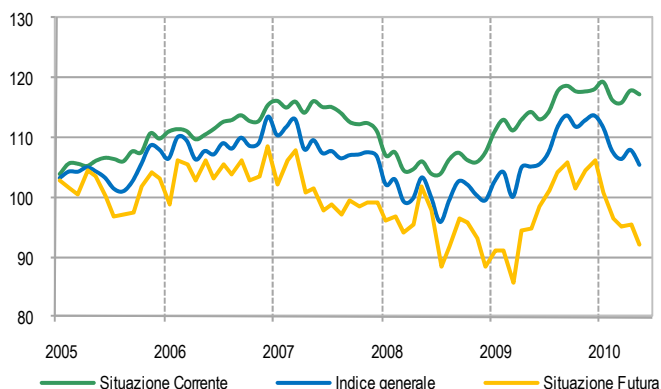
In May, the sharp deterioration in the overall economic situation mainly stemmed from pessimistic forecasts for the country's economic trend in the following twelve months. The related balance dropped to -41 (from -27 in April), the lowest level since March 2009. Also the opinions on the current situation worsened (from -95 to -97) and concerns about growth in unemployment increased (from 85 to 88).

As for price developments in the last twelve months, the weighted balance posted eight increases in a row, peaking at 27 (compared to 24 in April) and approaching the value recorded in April 2009. Short-term expectations showed a proportionately more marked acceleration. The related balance rose from -11 to 2, turning positive for the first time since September 2008.

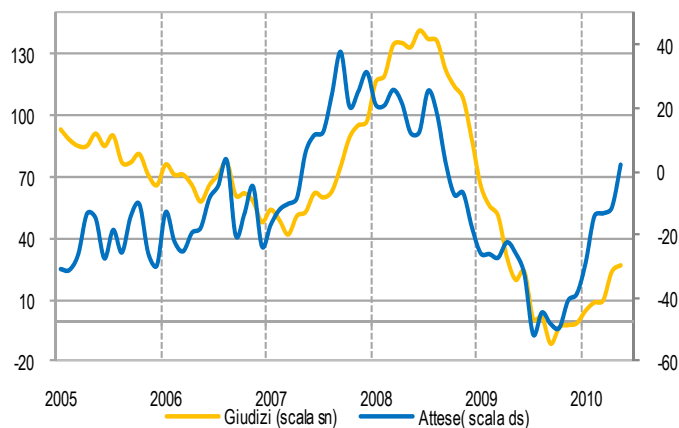
CONFIDENCE LOWERS FOR BOTH THE PERSONAL SITUATION AND ECONOMIC CONDITIONS



... AS WELL AS THE CURRENT SITUATION AND FUTURE PROSPECTS (Index 1980=100, seasonally adjusted)



OPINIONS AND PROSPECTS FOR PRICES CLIMB UP AGAIN



Personal situation

Opinions and forecasts for the respondents' personal situation showed overall an almost negligible decline, which was the result of heterogeneous opinions and small changes. Faced with a fairly stable family economic situation (the balance stood at -47, compared to -46 in April), the family budget, though remaining positive, recorded a deterioration compared to the previous survey (the balance came in at +1 from +3). Moreover, concerns about the future family situation increased. The balance for prospects in the following twelve months dropped from -10 to -13, the lowest value since April 2009.

Though consumers thought they were able to save somewhat in the short term (the balance recovered from -64 to -62), they were at the same time less optimistic about their current convenience to save (from 158 to 152). On the other hand, respondents considered the present moment more favourable for buying consumer durables. The related balance recovered from -70 to -68, the best value since March 2002. However, they became again cautious about their purchases in the near future. The balance worsened, moving from -38 to -52 and returning close to the level posted last March.

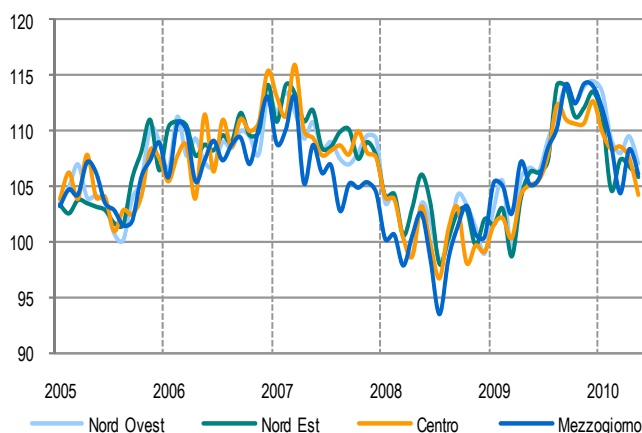
Regional breakdown of consumer confidence

The fall in consumer confidence recorded at the national level was widely spread across the country. However it was sharper in the Centre, in line with the national average in the North West and the South, and more moderate in the North East.

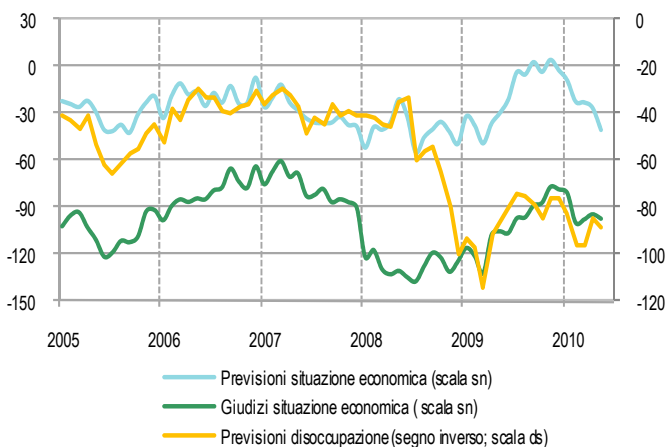
North West: the confidence index decreased from 109.6 to 107.2, hitting the low last reached in June 2009. Deterioration mainly characterized assessments on the economic climate and, in particular, forecasts for the Italian economy and the labour market. Opinions on the personal climate and on current conditions improved instead, mainly thanks to the strong enhancement in forecasts for saving opportunities and to the moderate improvement in the family situation (considering both the economic situation and the current financial balance).

North East: in this area the confidence index registered the smallest decline (from 106.7 to 105.8), also in this case because of pessimistic assessments on the overall economic situation and, partly, due to unfavourable future prospects.

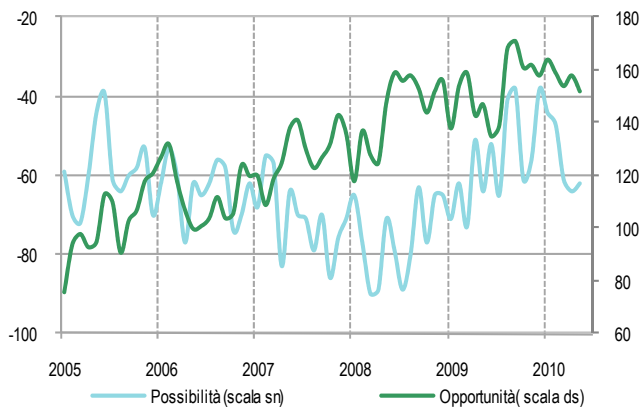
CONFIDENCE DECLINES EVENLY ACROSS THE COUNTRY



ASSESSMENTS AND FORECASTS FOR THE ECONOMIC SITUATION AND THE LABOUR MARKET WORSEN



OPINIONS ON SAVINGS REMAIN CAUTIOUS

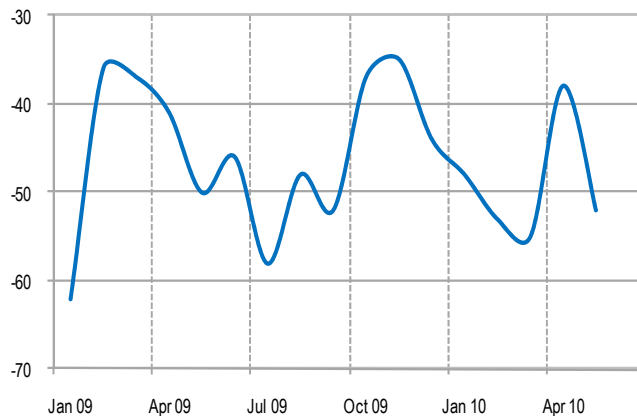


In contrast, the personal situation improved slightly, owing to clearly more favourable opinions about purchases of consumer durables and about future saving opportunities, despite respondents' unfavourable evaluation of their own family economic situation.

Centre: in the Centre confidence recorded the sharpest decline moving from 107.5 to 104.3, in the wake of widely unfavourable opinions, which were particularly pessimistic concerning the country's future economic situation and were also marked with regard to the family budget and current and future saving assessments.

Mezzogiorno: also in this area the decline in confidence (from 108.3 to 106.1) stemmed from an unfavourable evaluation of overall economic conditions. In contrast, some positive signals came from the opinions on the economic situation of the consumers' own family.

BUYING PROSPECTS FOR CONSUMER DURABLES DETERIORATE



ASSESSMENTS ON ECONOMIC CONDITIONS DIMINISH EVERYWHERE

