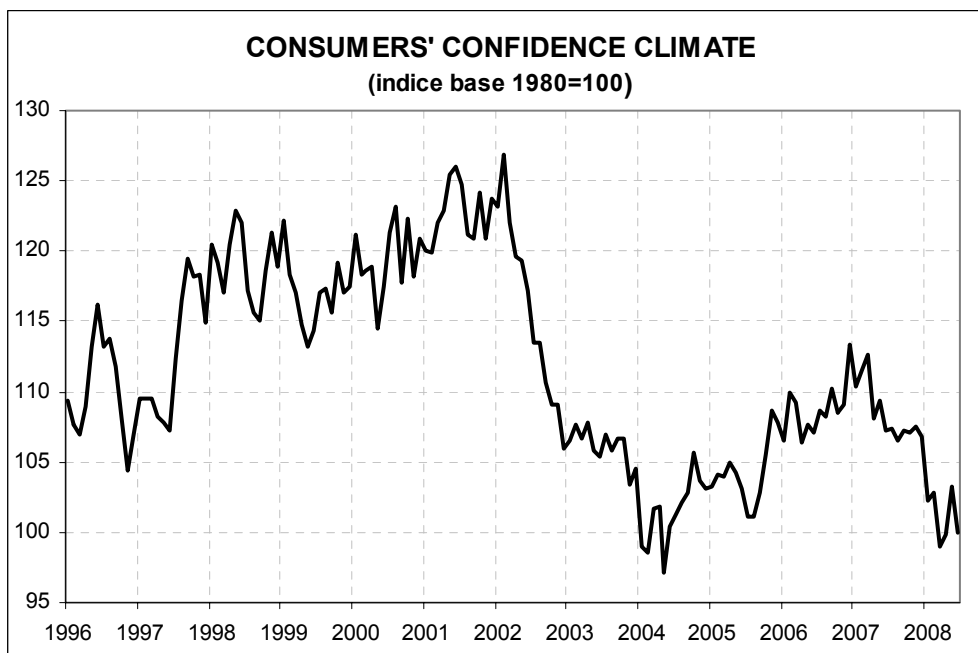




Date: **June 24, 2008**  
TEL.: **06/444821**

## IN JUNE CONSUMER CONFIDENCE GOES INTO A DECLINE

- The overall confidence index came in at 100, compared to 103.2 in the previous month, returning to its April level
- The indicator related to short-term expectations recorded the sharpest drop, moving from 101.7 to 97.8. The gauge summarizing the opinions on the present situation lowered from 105.5 to 103.1
- Confidence in Italy's economic conditions diminished from 84.7 to 82.3, while the one about the respondents' personal situation moved from 113.1 to 109.9
- Deterioration mainly characterized forecasts for the country's general economic conditions and for the respondents' personal situation, as well as assessments on the convenience to save and buy consumer durables
- Strong inflationary pressures emerged. The balance for the opinions on the year-on-year change in consumer prices surged to a historical peak (a higher value was recorded only at the start of the eighties). However, respondents expected slightly lower inflation in the following twelve months
- Confidence worsened all over the country but, mostly, in the Centre and the South



**Data on July shall be released on July 22, 2008**

*The next ISAE surveys are scheduled as follows:*

**June 26:** ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: June)

**June 27:** ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: June), ISAE Monthly Business Services Survey (reference period: June), and ISAE Monthly Survey on Construction (reference period: May)

**July 3:** ISAE International Comparison of Consumer and Business Surveys (reference period: June)

**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

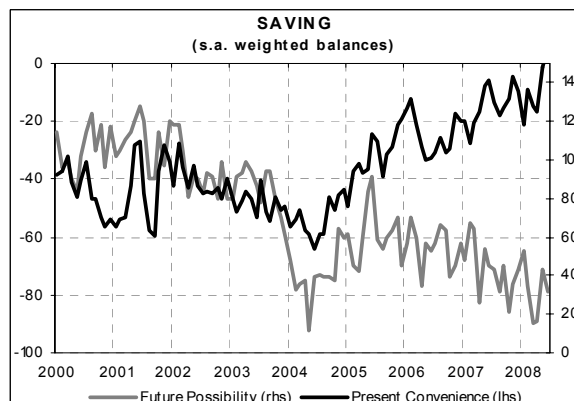
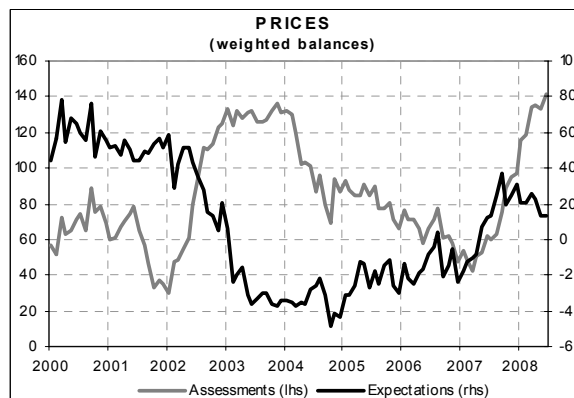
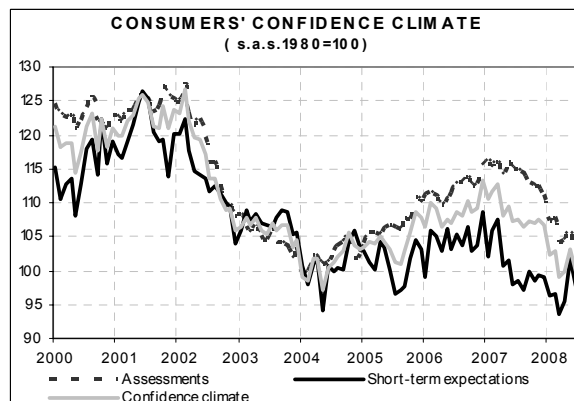
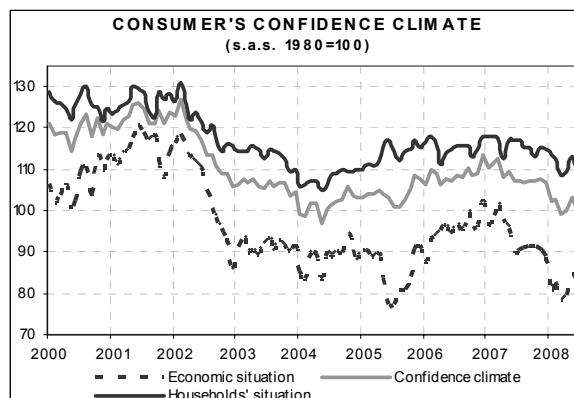
According to the ISAE Survey, carried out between June 3 and June 17, Italian consumers' confidence decreased in June from 103.2 to 100, retracing almost all the rise recorded in the previous month. The indicator related to short-term expectations posted the sharpest decline, moving from 101.7 to 97.8. The gauge summarizing the opinions on the present situation lowered from 105.5 to 103.1. Confidence in the country's economic conditions diminished from 84.7 to 82.3, while the one about the respondents' personal situation moved from 113.1 to 109.9.

With regard to the single ISAE Survey questions, deterioration mainly characterized the forecasts for the country's general economic conditions and, in particular, for the respondents' family situation, as well as the opinions on the convenience to save and buy consumer durables. Strong inflationary pressures emerged. The balance for the opinions on the year-on-year change in consumer prices surged to an historical peak. However, respondents continued to expect slightly lower inflation in the following twelve months.

Confidence worsened all over the country. The index declined in all areas but, mostly, in the Centre and the South.

### Overall economic situation

In June, unfavourable evaluation of general economic conditions mainly distinguished opinions and, above all, short-term expectations for the country's economic situation, whereas prospects for labour market developments recorded an improvement. In particular, the balance for assessments on the current, general economic situation declined from -130 to -133 (the lowest reading since February 1994). Also the one for expectations came in sharply lower, moving from -23 to -33. In contrast, expectations for a rise in unemployment bettered for the second month running: the balance reached 33 (compared to 36 in May), going back to the value recorded last April.



As for price developments, in the last twelve months consumers markedly increased their perception

of higher inflation. The related balance rose from 135 to 141, a record high (in order to find a similar peak, one must go back to February 1983). Forecasts for the following twelve months continued instead to be less negative: the balance moved from 8 to 7, nearing its last June level.

### Personal situation

Also with regard to their personal situation, respondents became markedly more pessimistic. A sharp deterioration chiefly characterized the family's current and, mainly, future economic situation. The related balances moved from -63 to -67 and from -14 to -20, respectively. Consumers also showed more trouble about buying consumer durables and about saving in the following months: the balance for buying opportunities declined from -102 to -127, while the one for saving lowered from -71 to -79. In opposing trend, the balance for the opinions on the present convenience to save increased from 148 to 159, even reaching a historical peak. Moreover, in the latest period, generally the current trend for the latter variable clearly differed from short-term saving forecasts. In the current Italian economic situation, it may be that for precautionary reasons consumers were more watchful when surveyed about their saving opportunities, especially in a phase of increasing uncertainty. Lastly, the evaluation of the family budget gave a less unfavourable indication. The related balance recovered from -5 to -2 (remaining however at a historical low value).

### Regional breakdown of consumer confidence

The downturn in confidence posted at the national level was homogeneously spread across areas, but the sharpest deterioration distinguished the Centre and the South. In the North, opinions on future conditions mainly worsened, while in the Centre and the South deterioration mostly characterized assessments and forecasts on the personal economic situation and opinions on current conditions.

North West: the indicator declined from 103.5 to 101.8, remaining however above the low level posted last April. Deterioration was mainly due to the worsening in the opinions on future conditions and, to a lesser extent, to pessimism about the opinions and the forecasts for the economic situation. Pessimism also characterized the evaluation of the personal economic situation and current conditions.

North East: the index decreased from 106 to 103.4, staying however above its January-April 2008 average. The worsening was prompted by widespread pessimism which distinguished the opinions on the personal economic situation and, most of all, by a fall in confidence about future conditions. Assessments on the general economic situation and current conditions were instead less pessimistic.

Centre: following the improvement recorded the previous month, the indicator decreased in June from 102.9 to 99.8, remaining however, also in this case, above the low level posted in April. Deterioration was related to the worsening in the evaluation of the personal situation and current conditions. Pessimism about the opinions on the general economic situation and future conditions was more moderate.

Mezzogiorno: deterioration in the consumer confidence index was most marked in this area: the indicator diminished from 102.5 to 98.3, one of the lowest showings in the last four years. Also in this case, the worsening basically stemmed from deterioration in the opinions on the general economic situation and on current conditions. The fall was more moderate for opinions and expectations on general economic conditions and short-term forecasts.

