

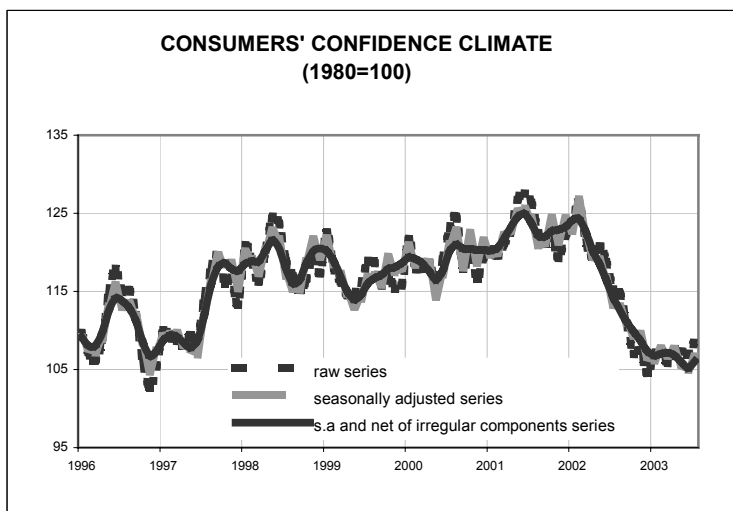


July 22, 2003

ISAE CONSUMER SURVEY

Reference month: July

- The Italian consumers' confidence climate continues to oscillate, which confirms the high uncertainty characterising the present cyclical phase. After the contractions observed in May and in June, the raw index rises to 108.7 and the seasonally adjusted indicator grows to 106.7 (from 106.9 and 105 respectively), thus equalling the average levels of the first half of 2003. The indicator adjusted for the seasonal and irregular component goes from 105.7 to 106.1, which is close to the figures of May 2003
- The improvement concerns in particular assessments on the country's general economic situation as well as those on the respondents' own situations. The rosier assessments on the current situation are offset by worsening short-term expectations, particularly with reference to saving
- Assessments on the current price trend remain substantially stable, while expectations on the gradual inflation easing in the next twelve months continue to grow
- On average, the June consumers' confidence climate in the euro area stabilises on the (low) levels registered in the time lapse between January and May 2003. However in some countries (namely Spain, France, Belgium and Portugal) the indices elaborated by the European Commission have been recovering for some months and are above the figures observed at the beginning of the year
- According to the early data on July diffused by the Michigan University, the consumers' confidence in the United States, which had registered a slight contraction in June, is growing again in July



Data referring to August shall be diffused on September 9, 2003.

Next ISAE surveys are scheduled as follows:

July 24, 2003: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: July)

July 29, 2003: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (Reference month: June) and ISAE Monthly Business Service Survey (Reference month: July)

July 31, 2003: Comparative Business Surveys for Italy, Germany and France (Reference Month: July)

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

I – ISAE CONSUMER SURVEY FOR ITALY

July 2003

According to the Survey carried out by ISAE between July 1 and 14 on a sample of 2,000 respondents, the Italian consumers' confidence climate continues to oscillate, thus confirming the high uncertainty characterising the present cyclical phase. After the contractions observed in May and in June, the raw index rises to 108.7 and the seasonally adjusted indicator grows to 106.7 (from 106.9 and 105 respectively), thus equalling the average levels of the first half of 2003. The indicator adjusted for the seasonal and irregular component goes from 105.7 to 106.1, which is close to the figures of May 2003..

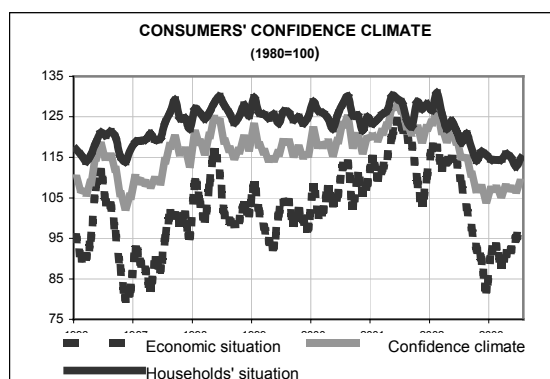
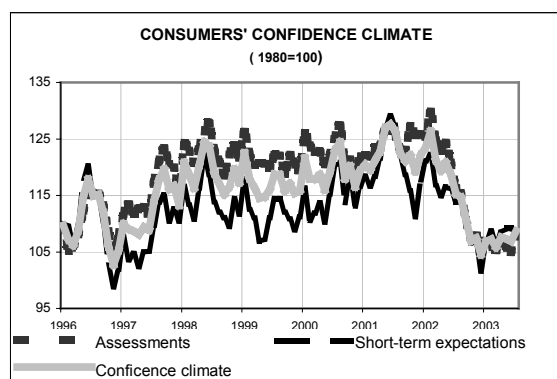
The improvement concerns in particular assessments on the country's general economic situation as well as those on the respondents' own situations. The rosier assessments on the current situation are offset by worsening short-term expectations, particularly on saving.

Assessments on the current price trend remain substantially stable, while expectations on the gradual inflation easing in the next twelve months continue to grow.

Overall situation

In July, the confidence climate raw index on the general economic situation alone grows for the four month in a row, passing from 95.1 to 96.6. Assessments on the country's economic situation recover from -66 in June to -63 in July, while expectations on the short-term labour market evolution are more favourable. Indeed, the percentage of those expecting a "moderate" unemployment rise in the next few months falls from 31% to 28%, while the share of those expecting a substantial stability or a contraction in the number of unemployed grows from 43 and 13 to 46% and 14% respectively.

Assessments on inflationary tensions remain substantially stable, while expectations on future prospects improve. Indeed, the number of respondents deeming prices rose "very much" or "enough" passes from 89% in June to 88% in July, even though the number of those feeling prices rose "enough" grows more (from 40 to 44%) than the share of those deeming prices skyrocketed (from 49 to 44%, close to the minimum levels of February 2003). With regard to expectations, the number of those expecting prices to rise more or in the same amount as in next year further decreases, passing from 17% in June to 16% in July, which is close to the all-time low of this particular item). Conversely, the share of respondents expecting a price rise smaller than the current one is growing (from 17 to 21%).



Households' situation

After two contractions, the raw confidence index referring to the respondents' own situations alone rises again in July (up to 114.8), remaining however close to the low average figures registered in the first half of the year.

Assessments on the respondents' own situations slightly deteriorate (their balance decreasing from 10 to 9), while those concerning the households' economic situations remain stable (the balance equalling -36, as in June). Within this framework, opposing indications emerge on saving: the share of those considering the present situation as "favourable" grows from 71 to 76%, while the number of respondents reckoning they will allocate part of their income to saving in the next twelve months falls down to 35% (37% in June).

With regard to durables, assessments on the convenience to make major purchases in the immediate future are less negative than in June (the balance rising from -48 to -47) and positive signals emerge in future purchasing intentions. Indeed, 22% of respondents (19% in June) declare themselves ready to make as many major purchases in the next twelve month as in the past.

Turning to details, consumers' intentions are very cautious: the number of respondents declaring their readiness to purchase a home in the next twelve months falls from 4 to 3%, and the share of those intending to spend for home maintenance and improvement in the next twelve months goes from 9 to 6%. Finally, the number of consumers considering it probable or certain to buy a car next year remains stable at 9%.

II - THE EUROPEAN COMMISSION CONSUMER SURVEY AND AMERICAN CONSUMER SURVEYS

June and early-July data

On average, the June consumers' confidence climate in the euro area stabilises on the (low) levels registered in the time lapse between January and May 2003. However in some countries (namely Spain, France, Belgium and Portugal) the indices elaborated by the European Commission have been recovering for some months and are above the figures observed at the beginning of the year. According to the early data diffused by the Michigan University, the consumers' confidence in the United States, which had registered a slight contraction in June, is growing again in July.

Going in details, the average confidence climate indicator in the euro area grows from -20 in May to -19 in June, thus getting closer to the April 2003 figures. The improvement mirrors a less critical approach of European consumers to their future saving opportunities (the balance grows to -8, after remaining at -9 for about six months) and to the country's general economic prospects (from -23 to -22). Particularly favourable signals come from the labour market: the number of those expecting a growth in the number of unemployed is falling from 43 to 40, which is also close to the levels of April 2003. Indeed, respondents' expectations on their own situations remain stable (at -4, similar to the November 2002 figures).

Among non confidence-building series, assessments on the general economic trend are improving (their balance passing from -50 to -47), which is close to the April 2003 figures. With regard to durables, the number of households still perceiving the present moment as favourable for immediate major purchases is growing (the balance passing from -26 to -23, which marks an improvement since March 2003), as indeed do their spending prospects (the balance going from -20 to -17). With reference to prices, inflationary tensions are easing (from 5 to 3).

Among the major countries, Germany shows a confidence improvement from -23 to -20: in this case too - as for the whole euro area - this means getting close to the April 2003 levels. Favourable signals come from all confidence-building components: in particular expectations for an unemployment growth considerably diminish (from 49 to 44), as do prospects on the general economic trend. After a quarter characterised by stability, German consumers now seem strongly intentioned to allocate part of their income to saving. Finally, an improvement is observed in all other non confidence-building components: in particular, a strong contraction is registered in inflationary expectations (the balance decreasing from 11 to 8, which is close to the minimum May 1987 levels).

The situation seems to be improving in France as well. The French confidence indicator slightly grows (for the third month in a row), going from -26 in May to -15 in June. The prospects of the consumers' own situations remain stable (as in the whole euro area), in the presence of much improved expectations on the general economic trend and on unemployment (the balances going from -31 and 49 to -26 and 44 respectively). Favourable signals also come from future saving opportunities, which pass from -19 to -15. Among other components, assessments on the respondents' own situations slightly worsen (from -9 to -10), in the presence of stable evaluations on the general economic trend. With regard to durables, the share of those considering the present phase as non favourable for immediate major purchases slightly diminish, in the presence of an inflation rekindling (the balance passing from 11 to 12).

In Spain, the confidence climate remarkably improves and grows from -14 of May to -11 in June, which is close to the September 2002 figures. Spanish consumers - just as German ones - express smaller concerns on the prospects of the general and of households' own situations, alongside with an improvement in the balance on future saving

opportunities and of expectations on unemployment. Favourable signals also come from other non confidence-building indicators.

In the United States, the Conference Board index, which was 83.6 in May, equals 83.5 in June: the sub-index concerning expectations alone rose from 94.5 to 95.9 (particularly thanks to a rosier approach to the labour market trend), while the one concerning the current situation decreased from 67.3 to 64.9. More favourable signals emerge from the University of Michigan confidence indicator, which falls from 92.1 in May to 89.7 in June, thus getting close to the long-term average figures, mainly because of a more pessimistic respondents' approach to their own situations and to the general economic situation.

According to the early University of Michigan data on July, however, the American consumers' confidence climate grows again in July, equalling 90.3, particularly thanks to rosier evaluations on the part of households on their economic situations. There are however concerns on the economic recovery, mainly linked expectations for an unfavourable labour market trend.