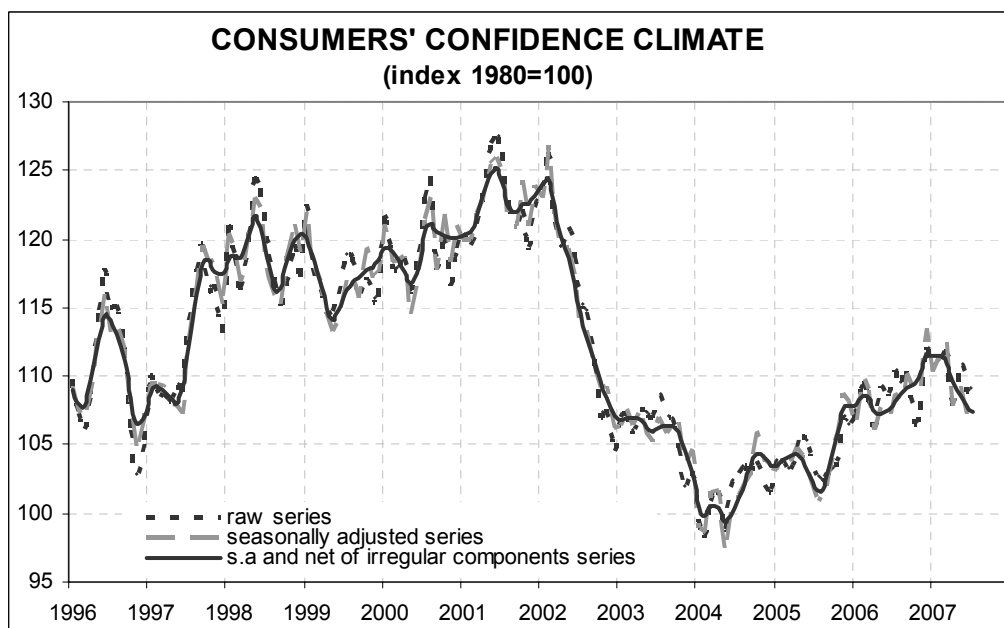


CONSUMER CONFIDENCE RECOVERS SLIGHTLY IN JULY

- The seasonally adjusted consumer confidence index edged up from 107.2 to 107.4, while the raw indicator increased from 108.8 to 109.1. The index also adjusted for irregular components declined instead from 107.8 to 107.4
- The upturn was relatively sharper for the evaluation of labour market conditions and lower for the opinions on the personal economic situation and on the family budget. Savings and the durable goods market sent instead negative signals
- The indicator referring to the general economic situation increased from 89.4 to 90.6, the one for expectations rose from 97.9 to 98.5. The confidence indicator for the current situation moved from 115.6 to 115.8, while the gauge measuring the respondents' sole personal situation inched down from 117.1 to 117
- Consumers scaled down their opinions on an acceleration of current inflation but confirmed their concerns about higher future inflation
- According to the ISAE traditional quarterly survey, consumers reduced their house buying intentions, they did not change their attitude toward house maintenance, but increased their plans for purchasing a car
- Confidence edged up all over the country but at different rates. The rise was steadier in the North West and the *Mezzogiorno* (to 109 from 108.4 and to 106.6 from 106, respectively) than in the Centre, where the indicator moved from 107.5 to 107.7. Confidence remained instead virtually unchanged in the North East (moving to 108.3 from 108.4)



Data on August shall be released on August 30, 2007

The next ISAE surveys are scheduled as follows:

July 25: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: July)

July 26: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: July), ISAE Monthly Business Services Survey (reference period: July), and ISAE Monthly Survey on Construction (reference period: June)

August 7: ISAE International Comparison of Consumer and Business Surveys (reference period: July)

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)

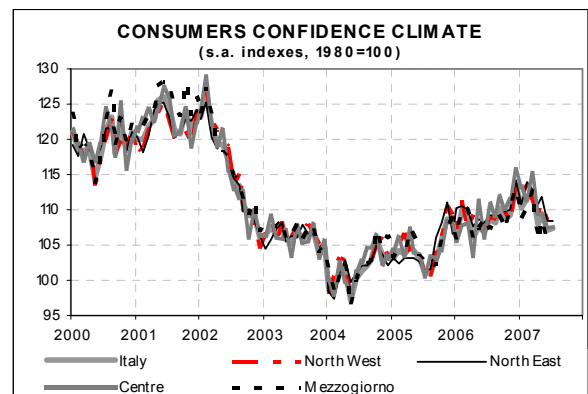
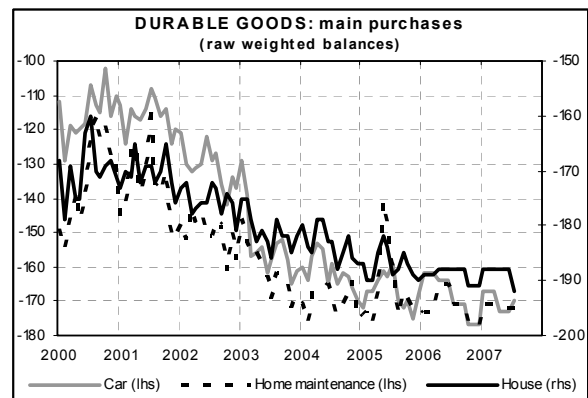
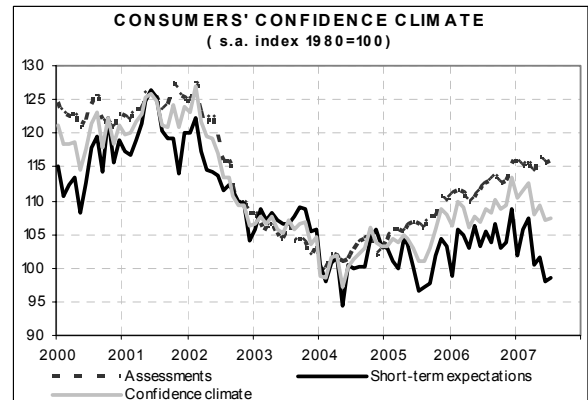
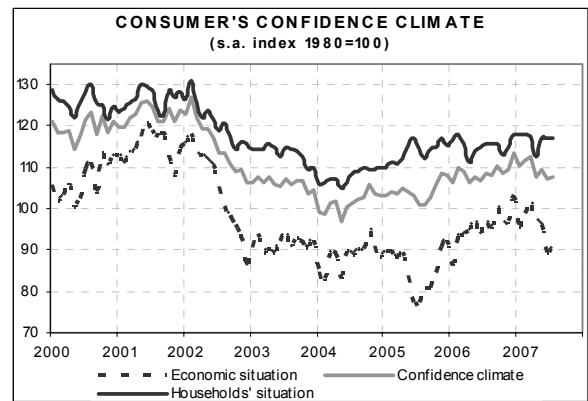
Italian consumers' confidence

According to the ISAE Survey, carried out on a sample of 2,000 respondents between July 2 and July 13, consumer confidence posted a moderate recovery in July compared to the previous month, moving to 107.4 from 107.2. The index also adjusted for irregular components – which is more influenced by the past trend of the time series – slightly lowered further to 107.4 from 107.8. The raw index increased to 109.1 from 108.8.

The evaluation of the general economic situation sent comparatively more favourable signals. The related indicator rose more than one point (to 90.6 from 89.4 in June). Short-term expectations also partially recovered, moving to 98.5 from 97.9. However, both indicators remained at their lowest level since January 2006. Virtual stability in confidence characterized the opinions on the current situation (the indicator came in at 115.8 in July, compared to 115.6 in June) as well as the evaluation of the personal situation (the indicator stood at 117, compared to 117.1 in the previous survey).

As for the price trend, consumers slightly stepped down their opinions of an acceleration of current inflation but expressed expectations of a further increase in prices in the following twelve months.

Confidence edged up all over the country but at different rates: the index improved in the North West, in the Centre and the South, while it remained virtually unchanged in the North East (at 108.3, compared to 108.4 in June). In particular, in the North West and in the *Mezzogiorno*, the rise was steadier (to 109 from 108.4 and to 106.6 from 106, respectively) than in the Centre (where the index moved to 107.7 from 107.5).

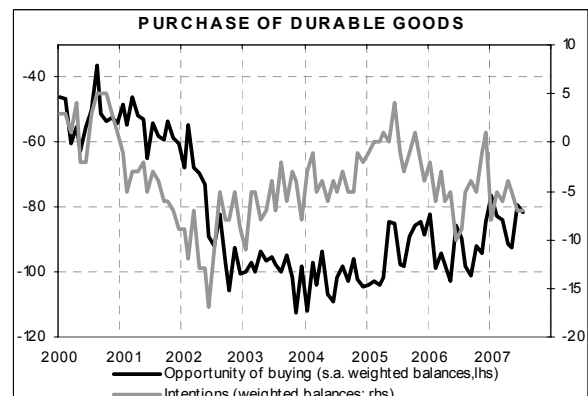
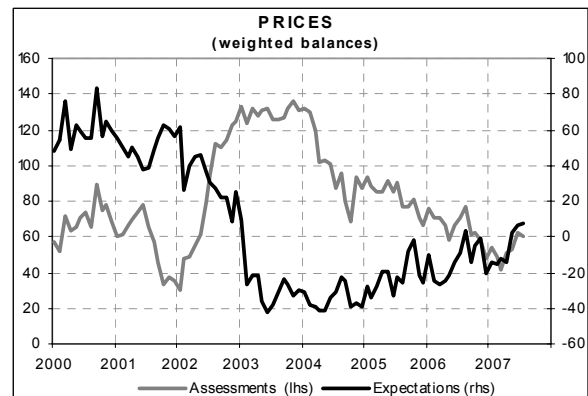
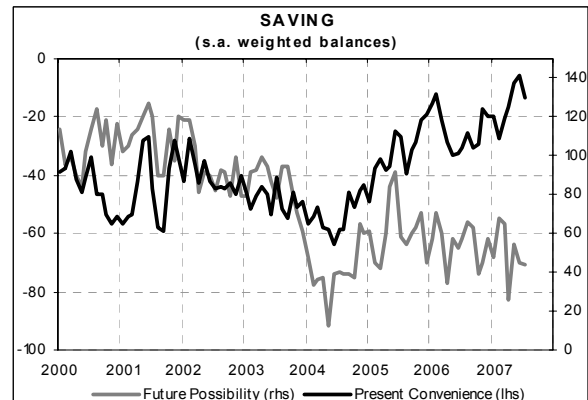
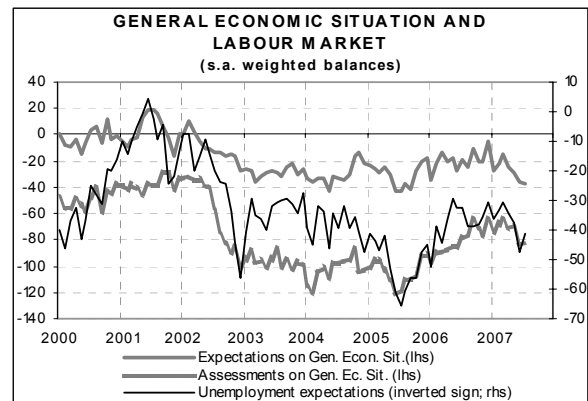


Overall economic situation

In July, the opinions on the country's general situation remained negative. In particular, the balance for the opinions on the current situation stayed at -83, the lowest level since last June, the balance for expectations further deteriorated, moving from -35 to -38, its lowest showing since September 2005. The assessments on the labour market improved instead: the balance for expectations of a rise in unemployment declined from 47 to 41.

As for prices, consumers scaled down their negative opinions on past inflation. The raw balance for the rise recorded in the last twelve months lowered in July from 62 to 60, mainly because of the fall (from 19% to 17%) in the share of respondents who thought that prices were "markedly" higher and of the rise (from 20% to 22%) in the percentage of those believing that prices increased "little". On the other hand, also the proportion of respondents considering prices to be "rather" higher rose (from 43% to 44%), and the share of those who thought that they remained "equal" compared to the previous twelve months lowered.

As for the price trend in the following twelve months, concerns over an acceleration of inflation, evident since May, were confirmed. The related balance increased from 6 to 8, remaining the worst showing since January 2003. In particular, this unfavourable result was prompted by the fall (from 32% to 29%) in the number of respondents expecting "stability" in prices and by the rise in the proportion of those anticipating "same" inflation (from 28% to 29%). On the other hand, the percentage of those expecting a "sharp increase" in prices declined (from 7% to 6%).



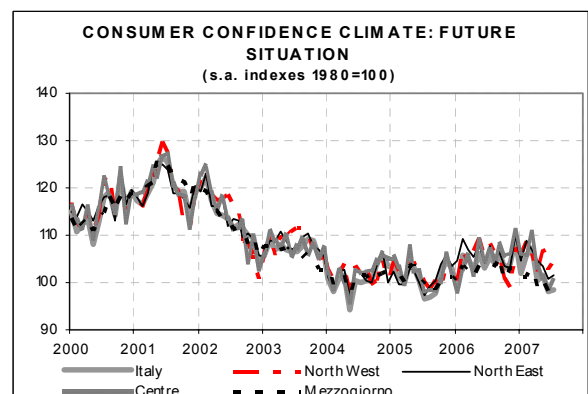
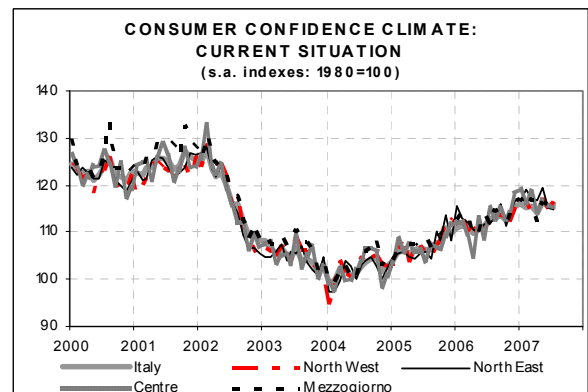
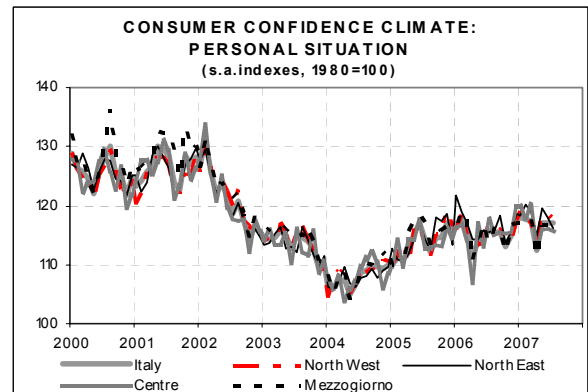
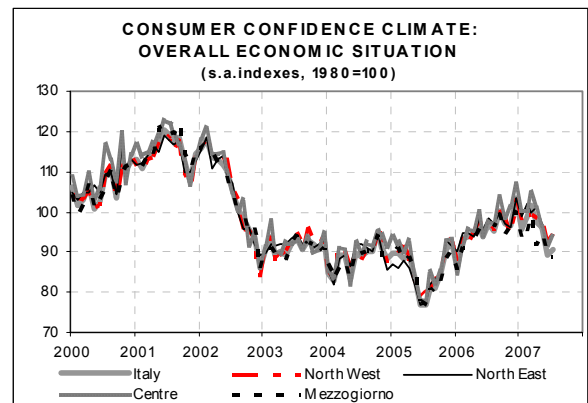
Personal situation

Assessments and forecasts on the respondents' personal situation recorded basic stability compared to the previous month, as a result of more favourable opinions on the economic situation of their own family and on the family budget (the related balances moved from -44 and -2 to -40 and 1, respectively) and of more pessimistic evaluations of future family prospects, savings and the durable goods market. Particularly, the balances for the present convenience to save and for future saving opportunities declined (from 141 to 130 and from -70 to -71, respectively), while the current convenience to buy consumer durables fell from -79 to -82. Also future buying intentions remained cautious (the raw weighted balance stayed at -7, its June level).

More in detail, house buying intentions in the following twelve months (surveyed quarterly) declined markedly (the raw weighted balance lowered to -192 from -188 recorded in April), while the balance for intentions for house extraordinary maintenance remained unchanged (at -172). Consumers were instead less pessimistic about car purchase: the balance recovered to -170 from -173 last April.

Regional breakdown of consumer confidence

The slight improvement in confidence posted at the national level was widely spread across the country, though at different rates. The index improved in the North West, the Centre and the South, but remained virtually stable in the North East. In particular, the increase was more marked in the North West and the *Mezzogiorno* than in the Centre. The underlying components of the confidence climate showed overall optimism in the opinions on the general economic situation and on future prospects, whereas the opinions on the personal situation and on current conditions painted a mixed picture.



North West: the indicator increased from 108.4 to 109, returning to the level recorded last April. The improvement was mainly driven by decidedly positive opinions on both the general economic situation and future conditions, while optimism about the evaluation of the personal situation and current conditions was more moderate.

North East: consumers' confidence in this area, which remained practically unchanged at 108.3, was the result of an improvement in opinions on the general economic situation and future conditions and of a worsening in the evaluation of the personal situation and current conditions.

Centre: in the Centre, the confidence indicator rose from 107.5 to 107.7, stagnating around the average level posted in February 2006. In this area, consumers gave generally more optimistic assessments on both future conditions and the general economic situation, whereas opinions and forecasts on the personal situation and current conditions worsened.

Mezzogiorno: this is the areas where the rise in confidence was steadier: the indicator increased from 106 to 106.6. The improvement was essentially due to decisive optimism in opinions on the personal economic situation and on current conditions, while the evaluation of the general economic situation and of future conditions slightly worsened.