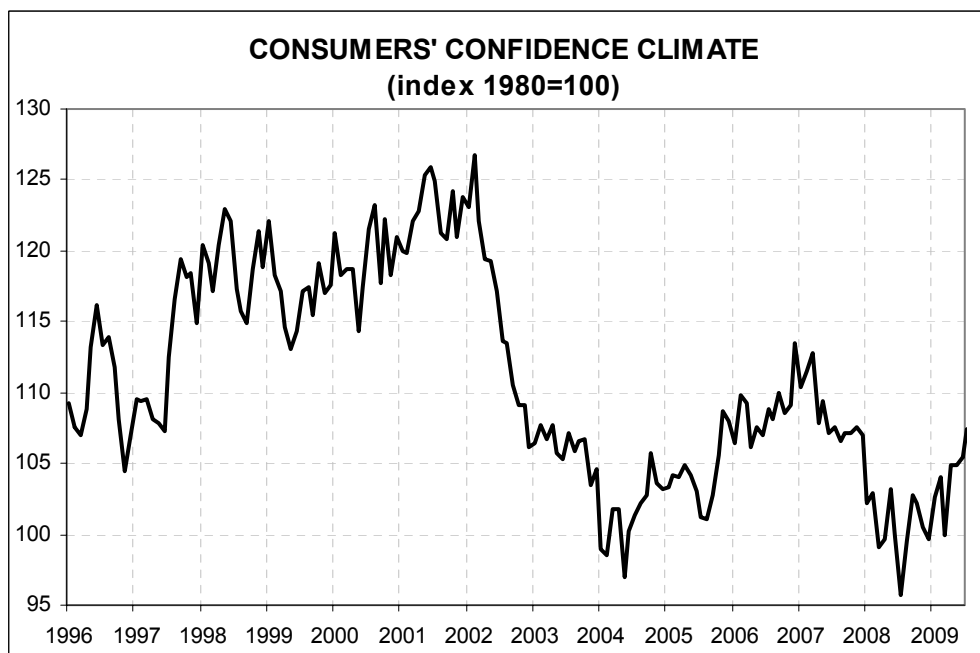




Date: July 28, 2009

CONSUMER CONFIDENCE CONTINUES TO CLIMB IN JULY

- The confidence index rose to 107.5 from 105.4 in June, reaching the highest level since November 2007
- The indicator for general economic conditions marked the greatest improvement, growing to 85.4 from 81.1. Respondents were instead more reserved about their personal situation, for which the index declined to 118.7 from 119
- The indicator for expectations rose from 97.7 to 99.4 and the one for current conditions edged up from 113 to 113.4
- In particular, improvement characterized the opinions on the country's economic situation and prospects for the labour market
- Forecasts for savings and assessments on the durable goods market worsened instead
- Nevertheless, according to the traditional ISAE quarterly survey, the real estate market bettered for both house buying and extraordinary maintenance, whereas the car market remained virtually flat
- As for prices, the slowdown of current and expected inflation accentuated. The related balances neared historical lows
- At the regional level, confidence increased all over the country, rising however at a slower pace in the North East



Data on August shall be released on August 27, 2009

The next ISAE surveys are scheduled as follows:

July 29, 2009: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: July), 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)

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)

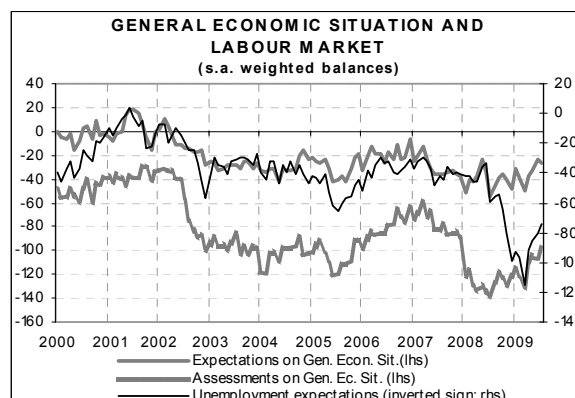
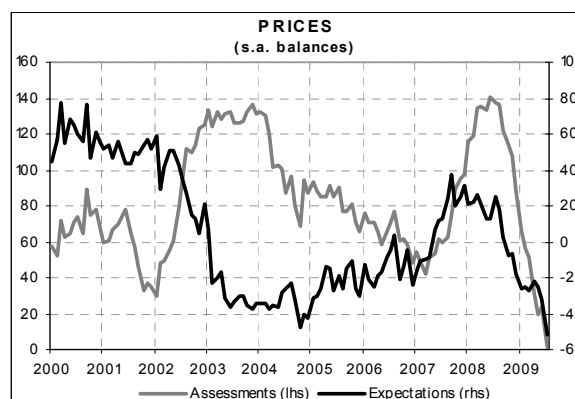
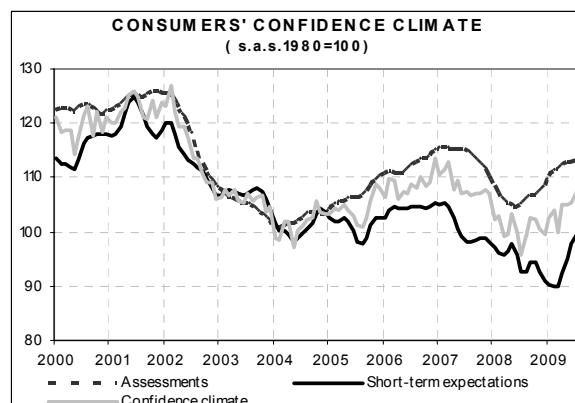
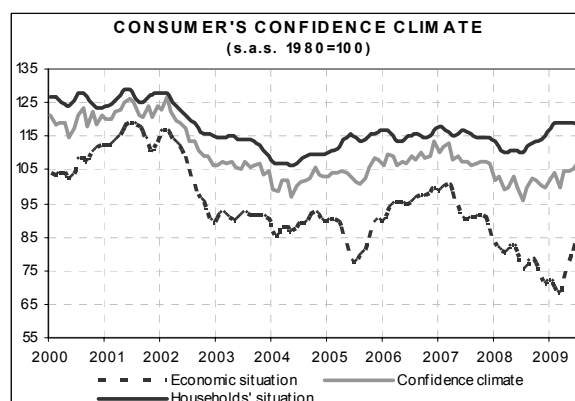
Italian consumers' confidence

According to the ISAE Survey carried out between July 1 and July 16, Italian consumers' confidence increased in July, moving from 105.4 to 107.5, the highest level since November 2007. In July, the most favourable indications came from the opinions on general economic conditions (rising from 81.1 to 85.4, the best result since December 2007) and short-term expectations, which grew for the fifth month running reaching 99.4 (from 97.7), higher than at any time since May 2007. Small changes instead characterized (positively) assessments on the current situation (from 113 to 113.4) and (negatively) those on the personal situation (from 119 to 118.7). However, also the latter value, like all others, remained above its yearly average. Moreover, consumers perceived a marked slowdown of both current and expected inflation and the related balances neared their historical lows.

At the regional level, confidence increased all over the country, rising however at a slower pace in the North East.

Overall economic situation

Signs of recovery, which started to emerge in April, strengthened in July. Particularly, assessments on the country's current situation clearly improved (from -107 to -98, the best showing since December 2007), though short-term prospects declined (from -24 to -27) following the marked recovery recorded in June. As for the labour market, expectations for an increase in unemployment diminished from 80 to 74, nearing the value staged in October 2008. After the moderate recovery posted in June, opinions on the year-on-year inflation rate nose-dived in July, dropping from 24 (in June) to 1 and coming close to the historical low of January 1999, when the balance was zero. Moreover, also short-term expectations continued to diminish. The related balance hit -52 (compared to -32 in June), an all-time low.



Personal situation

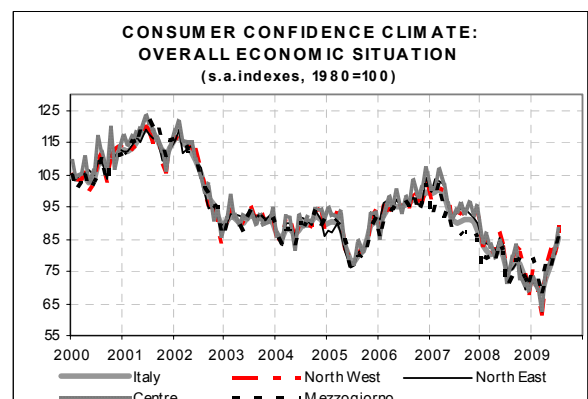
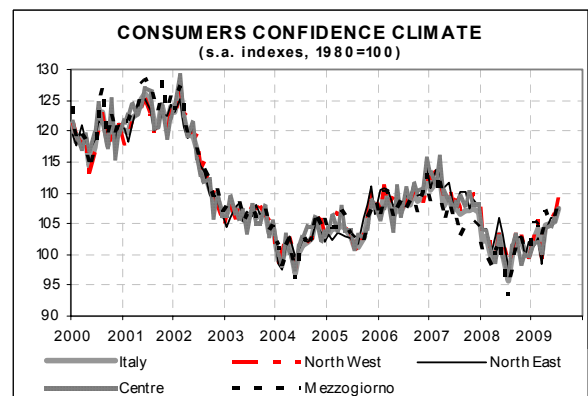
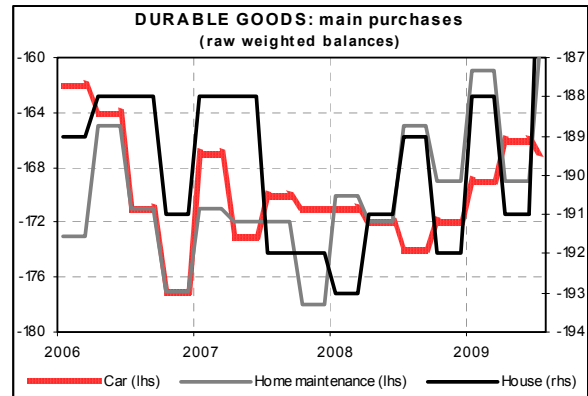
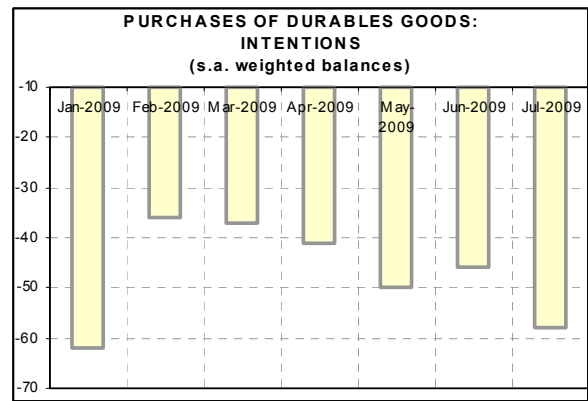
Consumers' personal situation worsened slightly instead, due to somewhat contrasting assessments and forecasts. The evaluation of the family situation actually improved: opinions on the family budget turned positive (the balance moved from 0 to 1), with a recovery in the number of respondents declaring they were able to balance their budget (the percentage rose from 62% to 68%). Also assessments on current and future family conditions bettered. The related balances recovered from -46 to -45 and from -7 to -4, respectively.

Nevertheless, in contrast with the more favourable evaluation of the current convenience to save (the balance increased from 135 to 139), consumers were less willing to save and purchase consumer durables at present and in the future. Saving intentions in the following twelve months actually dropped from -52 to -65. As for consumer durables purchases, negative assessments came along with even more negative prospects (the related balances fell from -74 to -84 and from -46 to -58, respectively).

However, in spite of this, the traditional ISAE quarterly survey on some big-ticket purchases showed an improvement in the real estate market, mirrored by consumers' increased willingness to buy a home or carry out extraordinary maintenance. The related balances recovered from -191 and -183 to -169 and -159, staging the best results since May 2005 and April 2003, respectively. As for car purchases, instead, the balance inched down from -166 to -167.

Regional breakdown of consumer confidence

In July, the improvement in consumer confidence posted at the national level was not evenly spread across the country. The rise was particularly strong in the North West and the *Mezzogiorno*, came in on average in the Centre, and was weaker in the North East.



Also at the regional level economic conditions showed the sharpest improvement, growing mostly in the North West. In contrast, the personal situation worsened mainly in North East and also in the Centre, but bettered instead in the North West and the *Mezzogiorno*. Confidence in the current situation increased in nearly all areas and above all in the North West, remaining virtually unchanged in the North East. Confidence in future conditions showed higher growth in the Northern regions and a weaker performance in the *Mezzogiorno*.

North West: in the North West the confidence index rose from 106.4 to 109.2, going back to its December 2007 value. The improvement mainly stemmed from strong optimism about the evaluation of the country's conditions and the labour market. The opinions on the personal situation were less favourable, mainly with regard to prospects for savings and the family situation. Assessments on the current convenience to buy consumer durables were also negative.

North East: the moderate increase in confidence (from 106.1 to 107.1) derived, above all, from the favourable views on the general economic situation (and, to a lesser extent, on future conditions), which contrasted with virtual stability for the current climate and some pessimism about the personal situation. In particular, improvement characterized assessments on the country's economic conditions and the labour market. In contrast, deterioration distinguished the opinions on the family situation and the family budget and mostly the evaluation of future saving opportunities.

Centre: in the Centre, confidence rose from 105.3 to 107.5, due to a marked improvement for the economic situation and favourable assessments on both the current and future climate, which came along with slight pessimism about the personal situation. Forecasts for the country's economic situation were particularly favourable, but those for savings and the convenience to buy consumer durables were noticeably pessimistic.

Mezzogiorno: in the South, confidence increased from 105.5 to 108.3, also in this case mainly because of the improvement for Italy's economic conditions. Comparatively lower optimism distinguished future prospects. Opinions on the family situation and future saving capacity sent adverse signals.

