

July 23, 2010Data on August shall be released
on August 26, 2010The next ISAE surveys are scheduled as
follows:

July 29: 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 website www.isae.it)

CONSUMER CONFIDENCE CLIMBS IN JULY

- The confidence index increased to 105.6 (from 104.5 in June), retracing the fall posted in the previous month
- The rise distinguished all the underlying components of the indicator and was particularly sharp for overall economic conditions (from 76.8 to 79.7) and short-term expectations for the country's situation (from 94.6 to 96.4)
- Also confidence for the personal situation and current conditions moderately improved (from 119.1 to 119.3 and from 114.2 to 114.9, respectively)
- The evaluation of Italy's current and future situation was particularly positive
- Assessments on the durable goods market (current and mainly future conditions) were still cautious instead
- Moreover, according to the traditional ISAE quarterly survey, the auto and real estate markets worsened, whereas spending on extraordinary home maintenance increased
- As for the price trend, assessments remained at their annual high, while forecasts showed a new acceleration
- Growth in confidence was widely spread across the North and the Centre: the index increased from 106 to 107.4 in the North West, from 105.4 to 106.8 in the North East, and from 103 to 104.8 in the Centre. In the *Mezzogiorno*, instead, the indicator lowered slightly, moving from 105.4 to 105.1

CONFIDENCE CLIMATE

(Index 1980=100, seasonally adjusted)



Italian consumers' confidence

According to the ISAE Survey carried out between July 1 and July 16, in July Italian consumers' confidence more than made up for the loss posted June, rising from 104.5 to 105.6. The recovery in confidence characterized all the underlying components of the indicator and was particularly sharp for overall economic conditions and short-term expectations for the country's situation: the related indicators moved from 76.8 to 79.7 and from 94.6 to 96.4, respectively. Also confidence on the personal situation and current conditions moderately improved (from 119.1 to 119.3 and from 114.2 to 114.9).

As for the price trend, assessments on the year-on-year inflation rate increased slightly compared to the previous survey (the balance reached 27, from 25 in June), whereas higher worries distinguished again expectations (the balance rose from -9 to 3).

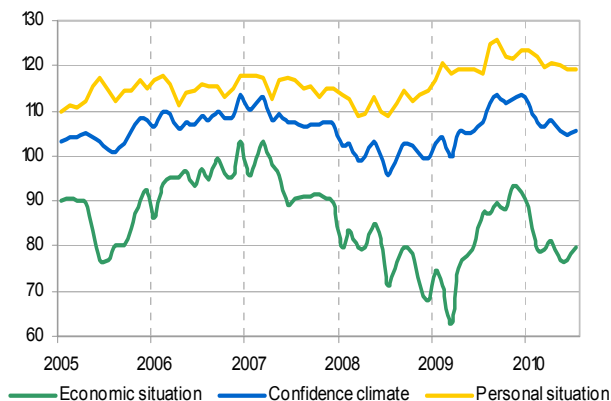
Recovery in confidence was widely spread across the North and the Centre. The index declined instead in the *Mezzogiorno*.

Overall economic situation

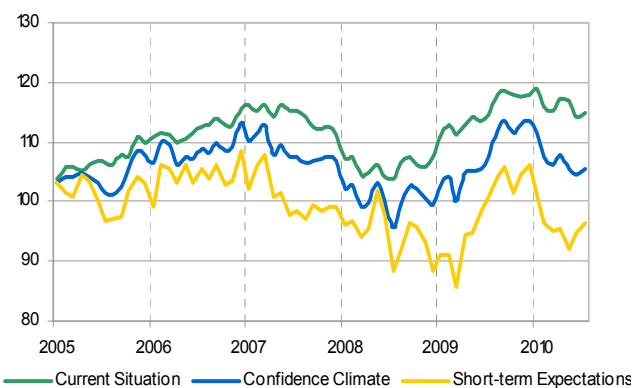
In July, the evaluation of general economic conditions posted the sharpest recovery. Both assessments and forecasts for the country's economic situation increased: the related balances moved up from -100 and -35 to -97 and -31, respectively. Also short-term prospects for a rise in unemployment improved: the balance diminished from 87 to 85.

As for prices, the balance for the opinions on the current year-on-year inflation rate moderately increased, moving from 25 to 27 and returning to its May level. Following the marked decline posted in June, consumers feared instead a new acceleration of inflation: the balance went back in positive territory, rising from -9 to +3.

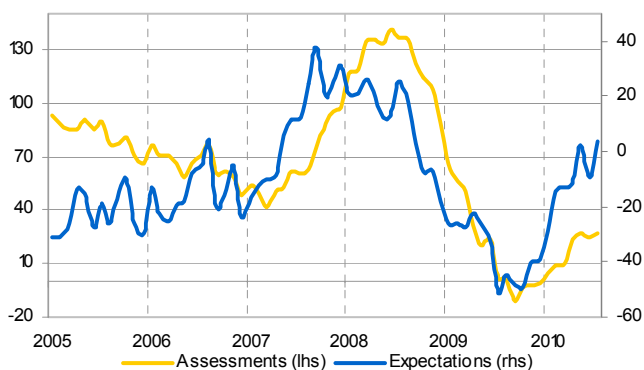
CONFIDENCE ON THE PERSONAL SITUATION REMAINS STABLE, WHILE THE ONE ON OVERALL ECONOMIC CONDITIONS BETTERS



IMPROVEMENT DISTINGUISHES OPINIONS ON THE CURRENT SITUATION AND, MOSTLY, SHORT-TERM FORECASTS



WHILE ASSESSMENTS ON PRICES REMAIN PRACTICALLY UNCHANGED, EXPECTATIONS START TO RISE ONCE MORE



Personal situation

In July, consumers' personal climate recorded a small improvement as a result of the slight prevalence of moderately positive opinions on the family's financial situation and savings, which came along with broadly negative assessments on consumers' own personal situation and, mainly, on the durable goods market.

In particular, the balance for the family budget turned positive, moving from -1 to 1. As for savings, following the sharp fall posted in June, the opinions on the current convenience to save started to improve once more. The related balance, though remaining among the lowest in the last three years, increased from 128 to 130. Also expectations for future saving opportunities in the next twelve months recorded a (though marginal) progress, moving from -49 to -48.

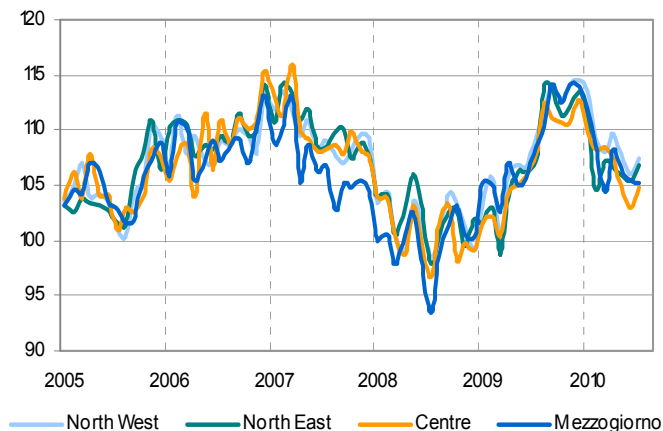
Assessments and forecasts for the respondents' personal situation stabilized at their previous month negative values (at -46 and -13, respectively), whereas opinions on the current convenience to buy consumer durables posted a marked decline. This prudence was reinforced by prospects for future buying intentions, which were even more negative: the balance dropped to -81, falling by as much as seventeen points from the level posted in June (-64).

According to the traditional ISAE quarterly survey on consumers' intentions for big-ticket purchases, the percentage of respondents planning to buy a car or a house diminished. On the contrary, the share of those claiming they intended to carry out extraordinary maintenance increased.

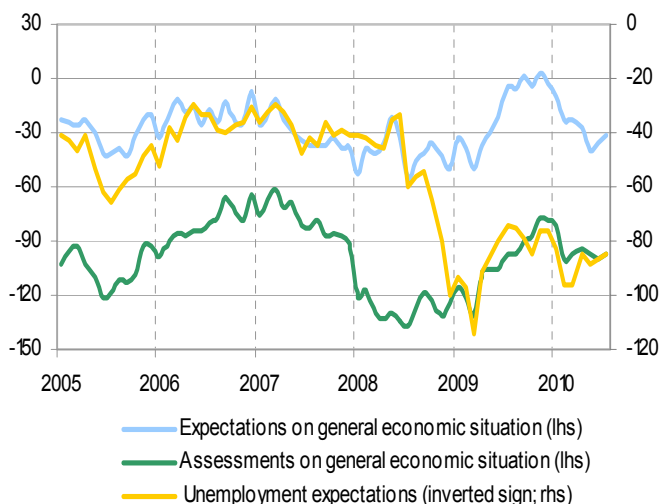
Regional breakdown of consumer confidence

The recovery in consumer confidence recorded at the national level was evenly spread across the North and the Centre, while the *Mezzogiorno* recorded an opposing trend. In particular, assessments on overall economic conditions were markedly positive in the North, favourable in the Centre, and slightly negative in the South. The personal situation came in favourable in the North West and above all in the Centre, but declined instead in the *Mezzogiorno* and, mainly in the North East. As for the distinction between current and future

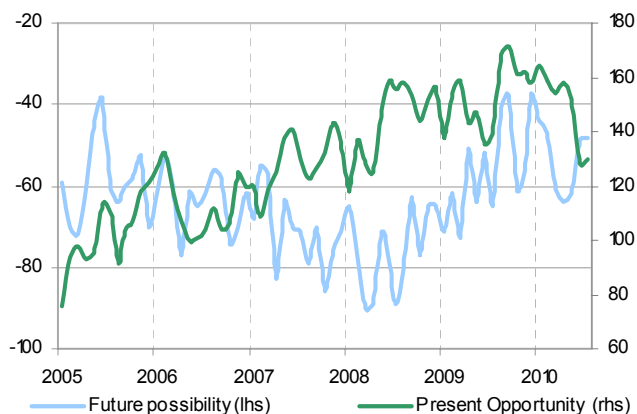
CONFIDENCE GROWS IN THE NORTH AND THE CENTRE, BUT DROPS IN THE MEZZOGIORNO



OPINIONS AND FORECASTS FOR THE ECONOMIC SITUATION AND PROSPECTS FOR THE LABOUR MARKET IMPROVE



THE CURRENT CONVENIENCE TO SAVE DETERIORATES, BUT FUTURE SAVING OPPORTUNITIES BETTER



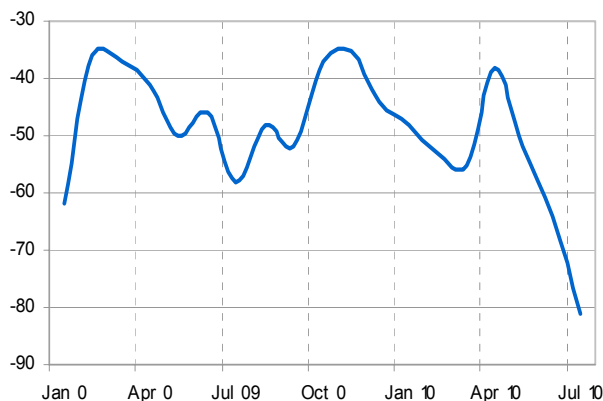
conditions, opinions improved in the Centre and the North West, remained practically stable in the North East, and declined slightly in the *Mezzogiorno*, whereas forecasts for the following twelve months bettered in the North (especially in the North East), remained virtually unchanged in the Centre, and deteriorated in the South.

North West: the confidence index increased from 106 to 107.4. The economic climate, in all its components, gave the largest positive contribution, going from favourable assessments and expectations on the country's situation to the improvement in the labour market. The two latter variables were also at the basis of the advance in the forecast index. Concerns emerged instead regarding the personal climate, mainly with respect to prospects for the family situation in the following twelve months and the current convenience to purchase consumer durables. Assessments were instead more favourable regarding the current convenience to save.

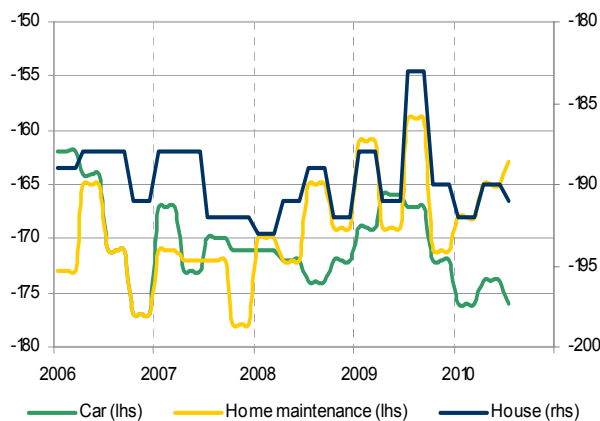
North East: also in this area the confidence index improved more than the national average (from 105.4 to 106.8), again because of decidedly more favourable opinions on the economic and future climate stemming from positive evaluation of the country's situation and confident expectations for the labour market. Alongside virtual stability of the current climate, deterioration of the personal situation emerged instead. Assessments and forecasts for the family economic situation actually declined; the latter variable diminished to its lowest level in the last fifteen months. Also the evaluation of savings was unfavourable: after the plunge posted in June, the present convenience to save remained at the lowest level recorded over the last three years. Lastly, consumers were more cautious regarding the convenience to buy durable goods.

Centre: in the Centre confidence more than made up for the loss recorded in the previous month, rising from 103 to 104.8. It showed the largest increase among all areas. The economic climate and mainly the current situation were the most favourable components: a large increase characterized opinions and forecasts for the country's economic conditions, the family budget, and the current convenience to save and buy consumer durables. Cautious assessments distinguished instead the labour market, the present and future personal situation, and future saving opportunities.

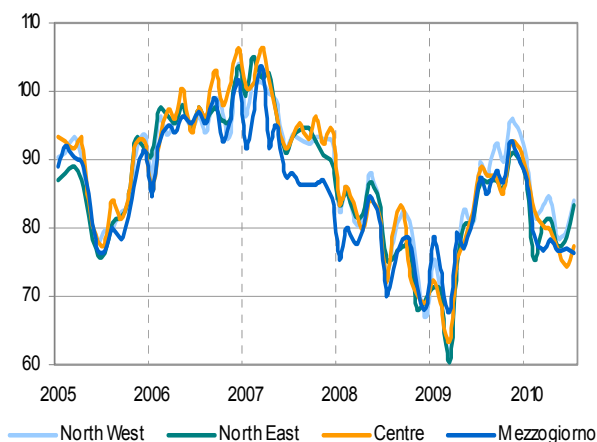
ASSESSMENTS ON THE CONSUMER DURABLES MARKET ARE UNFAVOURABLE



... MAINLY REGARDING CAR AND HOUSE PURCHASES; MAINTENANCE EXPENDITURES INCREASE INSTEAD



ECONOMIC CONDITIONS ARE FAVOURABLE IN THE NORTH AND THE CENTRE, BUT WORSEN IN THE MEZZOGIORNO

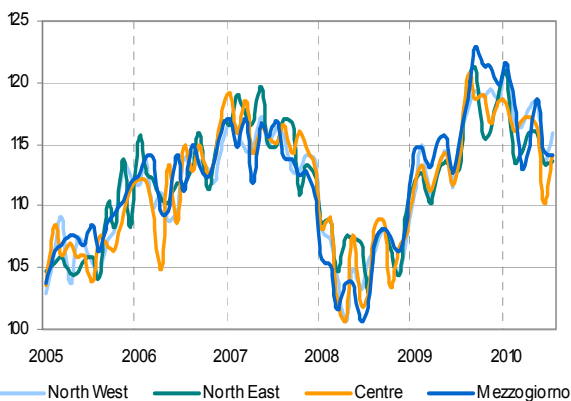


Mezzogiorno: only in this area confidence posted a moderate but widespread deterioration (from 105.4 to 105.1), largely regarding expectations. Forecasts for the country's situation were particularly unfavourable. Even personal assessments were pessimistic, mainly concerning the opinions of the family situation, the current convenience to save and purchase consumer durables. Some negative signals came instead from the family budget and future saving opportunities.

THE PERSONAL SITUATION IS POSITIVE IN THE NORTH WEST AND THE CENTRE, WHEREAS IT DECLINES IN THE NORTH EAST AND THE SOUTH



CURRENT CONFIDENCE INCREASES IN THE NORTH AND THE CENTRE, BUT NOT IN THE MEZZOGIORNO



... LIKELIKE FUTURE CONFIDENCE

