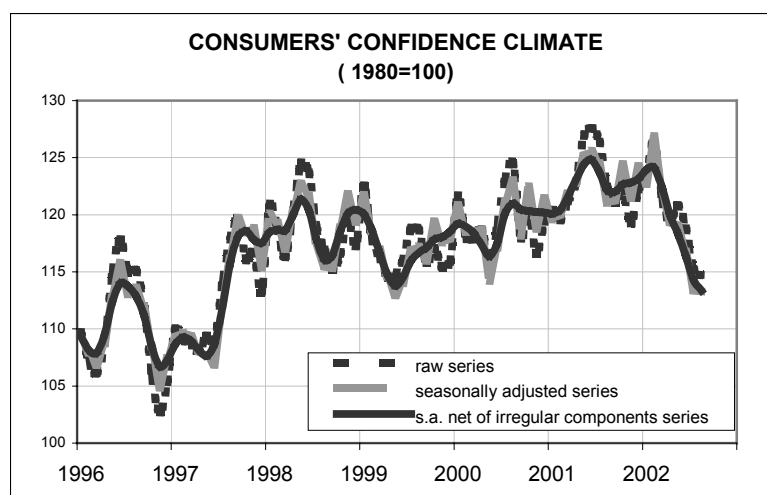




## ISAE CONSUMER SURVEY

Reference month: August

- The Italian consumers' confidence climate (seasonally adjusted data) slightly falls in August and reaches 113.3 (113.4 in July). The fall is sharper for the indicator adjusted for the seasonal and irregular component, which goes down from 114.3 to 113.4, thus reaching the minimum July 1997 levels. The raw index decreases from 115.2 in July to 114.7
- The confidence deterioration is particularly visible in the respondents' assessments on the general economic situation. The worsening is particularly evident in their assessments on the current situation and in their expectations for the general labour market trend. Besides, consumers perceive a further price dynamics acceleration in the last 12 months, but they seem less pessimistic on the short-term prospects of inflation
- Conversely, a rise is observed in the index mirroring assessments and forecasts on the respondents' own situations. Indeed, evaluations on the households' economic situations improve, as does the convenience to purchase durables in the immediate future
- The August consumers' confidence falls also in the United States; according to the EC data referring to July, also European consumers are slightly more pessimistic, mainly because of a deterioration in the short-term labour market prospects. European consumers feel significant inflationary tensions, which - according to respondents - should however gradually decrease in the forthcoming month



Data referring to the next Consumer Survey shall be diffused on September 19, 2002.

Next ISAE surveys are scheduled as follows:

September 6, 2002: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: August)

September 25, 2002: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: September)

September 27, 2002: ISAE Quarterly Business Service Survey (III quarter)

The full text of ISAE Surveys (either hardcopy or electronic) is available on sale (for further information see website [www.isae.it](http://www.isae.it))

## I – ISAE CONSUMER SURVEY FOR ITALY

August 2002

### General results

The survey carried out by ISAE between August 1 and 16 on a sample of 2,000 respondents shows a further weakening in the Italian consumers' confidence climate. The August seasonally adjusted index falls down to 113.3 (113.4 in July); the adjusted index for the seasonal and irregular component decreases for the sixth month in a row, passing from 114.3 to 113.4, thus reaching the minimum July 1997 levels. The raw index equals 114.7 (115.2 in July).

Among the indicator-building series, the largest worsening is observed in consumers' evaluations on the general economic situation as well as in their labour market expectations. Conversely, consumers opinions on their own situations are less pessimistic. In particular, with regard to expectations, there are favourable signals on the households' own situations. As far as the market of durables is concerned, more cautious future expectations emerge, alongside with rosier assessments on the convenience to make purchases.

Evaluations on the present convenience to save are slightly increasing and the possibility to save in the next twelve months is strengthening.

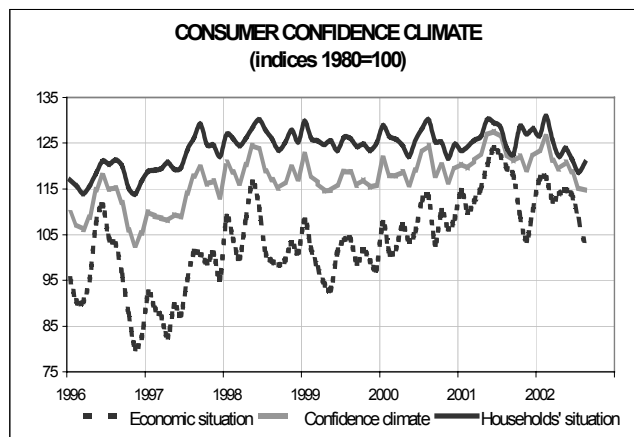
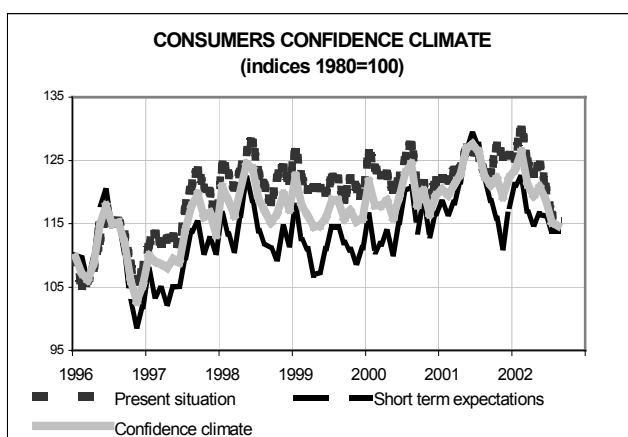
With reference to prices, in August consumers perceive a further inflation dynamics acceleration for the last 12 months, but show less pessimistic short-term expectations.

### Overall situation

The confidence climate raw index on the general economic situation signals a marked worsening, passing from 108.4 in July to 102.6 in August, thus reaching the minimum March 2000 levels. The largest worsening is witnessed in the evaluations on the country's economic situation and in those on the labour market trend.

The share of consumers expecting a strong or moderate unemployment rise increases to 34% (30% in July). With regard to the country's general economic situation, assessments are strongly deteriorating (the August balance falling from -45 to -54), while short-term expectations are stable (the August balance being -6 as in July).

In August, consumers perceive a marked price dynamics upturn: the number of those deeming prices rose "very much" grows to 34% (24% in July). However, the share of respondents expecting a larger or equal prices rise in the next twelve months falls down to 49% in August (51% in July).



## Households' situation

The raw confidence index referring to respondents' own situations grows in August from 118.7 to 120.8, mainly thanks to rosier evaluations on the present convenience to save and purchase durables. The balance concerning the households' own situations slightly improves (from 19 in July to 21 in August), while the present convenience to save remains substantially unchanged. Indeed, the share of those forecasting to save in the next twelve months rises from 36% to 39%.

Also opinions on the market of durables are more favourable, though expectations do not follow suite. While the percentage of favourable assessments increases to 10% (7% in July), the number of those excluding to make purchases in the short term grows to 65% (53% in July). With regard to households' own situations, consumers' assessments worsen (the balance passing from -19 to -23), while their expectations for the next future recover (the balance going from 2 to 3).

With regard to major purchases, figures remain stable with reference to respondents' intentions to purchase a house (6% of respondents report they wish to buy one in the next twelve months, as in the previous month), while their propensity to spend for home maintenance grows (12% in August and 11% in July). The number of those declaring their intentions to buy a car in the next twelve months goes from 18% to 19%.

## II - THE EUROPEAN COMMISSION CONSUMER SURVEY<sup>1</sup> AND AMERICAN CONSUMER SURVEYS

### July and August 2002

In July, the consumers' confidence climate slightly decreases on average in the euro area, while the worsening is more marked in the United States, as confirmed by the August data.

According to the European Commission Consumer Survey, the consumers' confidence climate in the euro countries contracts from -9 to -10 owing to a deterioration in the expectations on the general economic situation (the balance falling from -8 in June to -10) and on the unemployment trend (the balance equalling 25 in July and 21 in June). Indeed, expectations on the households' own situations and on saving remain stable (the balances equalling 0 and -5 respectively, i.e. equal to the June figures). Among indicators not contributing to the confidence indicator, a worsening is observed in the opinions on the households' own situations (the balance passing from -12 to -13) and on the general economic situation (the balance going from -28 to -32). With regard to durables, opinions on the present convenience to purchase are more cautious (the balance falling from -25 to -26), while spending prospects in the next twelve months are stable (the balance remaining unchanged at -17).

In the average data refers to euro area, consumers perceive the inflationary dynamics is accelerating (the balance equalling 52 as against 49 in June). Conversely, the share of those expecting a price rise in the short term decreases and the balance goes from 13 to 12.

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<sup>1</sup> Since September 2001, the European Union has been diffusing a confidence climate indicator computed on data series different from the past. For further details, see the Note to the Survey.

French, Irish and Dutch consumers are indeed particularly pessimistic. The confidence climate is stable in Germany, Spain, Finland and Sweden. Among the major countries, confidence stability in Germany (the balance equalling -8, as in June) is the synthesis of different components showing different trends: expectations on the households' own situations (the balance going from -4 to -3) and saving (from 5 to 6) are better, while expectations on the general economic situation are stable (-10 in July as in June) and those on the labour market are markedly deteriorating (the balance concerning the unemployment rise equalling 26 as against 22 in June). Besides, also concerns on inflationary tensions continue to decrease: the balance of replies on the price dynamics falls from 12 in June to 11 in July.

In France, the confidence climate considerably worsens, going from -12 in June to -15 in July, mainly because of strongly increasing fears for unemployment (the balance was 27 in June and 33 in July) and of a deterioration in the country's economic situation (the June balance being -7 and becoming -11 in July). Expectations on the households' own situations and saving intentions seem substantially stable: the July balances equalling 1 (2 in June) and -16 (as in June) respectively. French consumers fear an inflation rekindling in the next future (the balance being 7 as against 3 in June).

The Spanish confidence climate remains unchanged (-12) in July, as the synthesis of favourable expectations on saving (the balance being -15 in July and -18 in June), of expectations for an unemployment reduction (from 22 to 21), of stable expectations on the households' own situations (the balance being 0 as in June) and of a deterioration of those concerning the general economic situation (the balance passing from -8 to -10).

Also Spanish consumers expect a reduction in inflationary tensions in the next twelve months (from 29 to 26).

In the United States, the August Conference Board index shows a further reduction, going from 106.4 in June, to 97.4 in July and to 93.5 in August, thus reaching the minimum November 2001 levels. The bad trend of the American confidence indicator seems to mirror the high volatility of financial markets and the fears for the short-term labour market prospects. That evolution is also confirmed by the deterioration of the confidence climate indicator elaborated by the University of Michigan, which decreases from 92.4 in June to 88.1 in July and, according to the early-August data, to 87.6. However, the fall in the consumers' confidence climate observed in the past few months has not yet stopped the consumption growth, which - according to the Dept. of Commerce data - rose by 1%, which is the highest pace since October 2001.