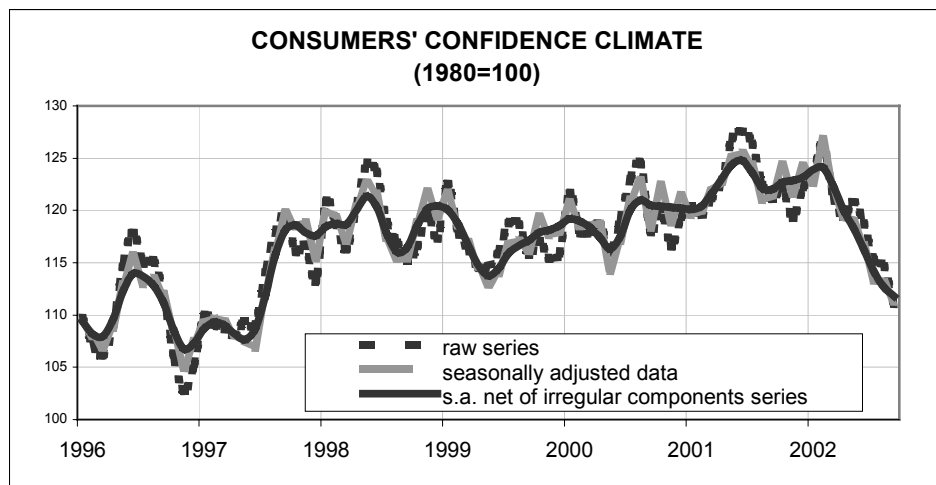




ISAE CONSUMER SURVEY

Reference month: September

- The Italian consumers' confidence climate (seasonally adjusted data) continues to fall in September, reaching 111.2 from 113.2 in August; the indicator adjusted for the seasonal and irregular component falls down to 111.8 from 112.7 of the previous month; the fall is sharper for the raw index (almost 4 percentage points, namely from 114.7 to 110.8). However, the indices remain above the figures reached in the previous cyclical trough, reached in the late-1996
- The confidence deterioration continues to be particularly marked with reference to the general economic framework. The worsening is observed both in the assessments and in the forecasts on the country's general economic situation and in short-term expectations on unemployment. Consumers continue to perceive the price dynamics of the past twelve months as high; also assessments on the present convenience to make major purchases are deteriorating
- On the other hand, respondents are gradually more optimistic on future inflationary prospects; non-negative signals come also from substantially stable assessments on saving and future intentions to purchase durables
- In the United States, the September indicator elaborated by the University of Michigan points out a new worsening in American consumers' confidence. However, this goes alongside with a good held of American households' expenditure which – according to the Dept. of Commerce data – grew in August by 0.8%



Data referring to the next Consumer Survey shall be diffused on **October 18, 2002**.

Next ISAE surveys are scheduled as follows:

September 25, 2002: ISAE Monthly Business Surveys on Manufacturing and Extractive Firms (reference Month: September)

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

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

I – ISAE CONSUMER SURVEY FOR ITALY

September 2002

General results

The ISAE survey carried between September 2 and 16 on a sample of 2,000 respondents shows a further contraction in the Italian consumers' confidence climate. The September seasonally adjusted index falls from 113.2 to 111.2, while the index adjusted for seasonal and irregular components decreases for the seventh month in a row, going from 112.7 to 111.8. The raw index decreases by 4 percentage points, diminishing from 114.7 to 110.8. However, indicators remain above the minimum levels reached in the previous cycle, namely at the end of 1996.

Among the indicator-building series, the largest worsening is observed in assessments on the general economic situation, particularly those on the country's economic situation. Indeed, also opinions on the present convenience to make major purchases are deteriorating.

Conversely, intentions to purchase durables in the next twelve months remain stable, as indeed do evaluations on the present convenience and on the future opportunity to save.

With regard to prices, the share of consumer perceiving a strong inflation dynamics acceleration in the past twelve months remains high. However, short-term expectations gradually improve thanks to the fall in the

number of those expecting a higher or equal price rise in the next twelve months.

Overall situation

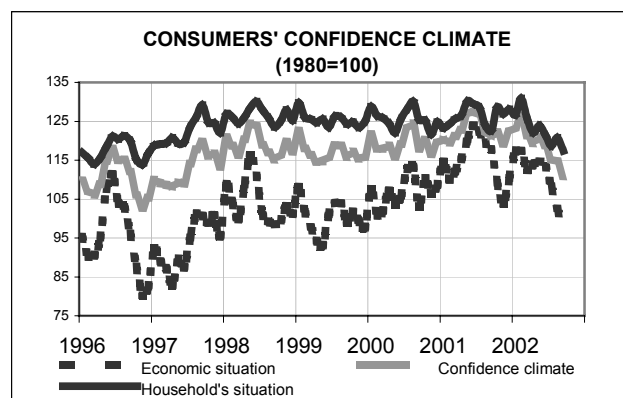
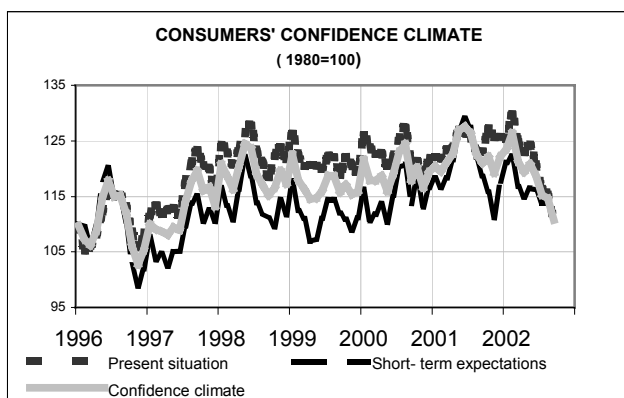
The confidence climate raw index on the general economic situation decreases by five percentage points, passing from 102.6 in August to 97.6 in September, thus going back to the December 1999 minimum levels. Also assessments (the balance falling from -54 in August to -65 in September) and short-term expectations (the balance going from -6 to -16) on the country's economic situation strongly worsen.

As happened in August, 34% of respondents expect a strong or moderate unemployment growth; however, 16% of respondents (21% in August) expect the number of unemployed to decrease in the next twelve months.

The percentage of those perceiving a marked rise in the price dynamics of the past twelve months remains high: 84% of respondents deem price rose "very much" or "enough" (83%) in August. Indeed, the share of those expecting a higher or equal price rise in 2003 as against 2002 decreases from 49% in August to 46% in September. Conversely, the share of those expecting an inflation stabilisation in the next twelve months rises (34% in August and 36% in September).

Households' situation

The raw confidence climate referring to respondents' own situations falls in September from 120.8 in August to 117.3. A lower value was only registered in



December 1996, when the index had fallen down to 116.7. Assessments on the households' own situations are worsening (the September balance equals 17 as against 21 in August) and, in particular, more caution emerges in the evaluations on immediate major purchases. Within the sample, the number of those expressing a favourable opinion on the present situation halves (the balance being 10 in August and 5 in September) and, at the same time, the number of those preferring to postpone their major purchases increases to 53% (48% in August). Also opinions on the households' economic situations continue to worsen (the August balance equalling -23, as against -27 in September), as indeed do expectations for the next twelve months (the balance was 3 in August and goes down to -1 in September).

Less negative signals come from future purchasing and saving intentions, remaining generally stable: the share of consumers foreseeing to make major purchases in the next twelve months slightly rises to 35% (34% in August). However, consumers express stable intentions with reference to home maintenance and improvement and are more cautious in home and car purchases. 5% of respondents declare their intentions to buy a house in the next twelve months (6% in the previous month), while the number of those reporting they wish to spend for home maintenance and improvement remains stable at 12%. The percentage of consumers deeming it likely to buy a car in the next twelve months falls from 19% to 16%.

With regard to saving, 76% of respondents consider the present moment as favourable (as in August). Finally, 39% of the sample (again, as in August) deem it either certain or likely to save in the next twelve months.

II – THE EUROPEAN COMMISSION CONSUMER SURVEY¹ AND AMERICAN CONSUMER SURVEYS

In the United States, the early anticipation on the indicator elaborated by the University of Michigan give negative signals: the September overall index falls from 87.6 to 86.2. Both the indicator concerning the current situation (from 98.5 in August to 95.9) and – though to a smaller extent – the one concerning short-term expectations (from 80.6 to 80) diminish. However, for the time being, the confidence deterioration does not correspond to a real contraction in American households' spending levels, as indeed – according to the Dept. of Commerce data – there was a strongly positive trend in August, with a retail sale growth equalling 0.8% as against July (+0.4% net of car sales, which are positively hit by car producers' aggressive price policies).

¹ In August, the European Commission did not diffuse data on the consumers' confidence climate in the euro countries.