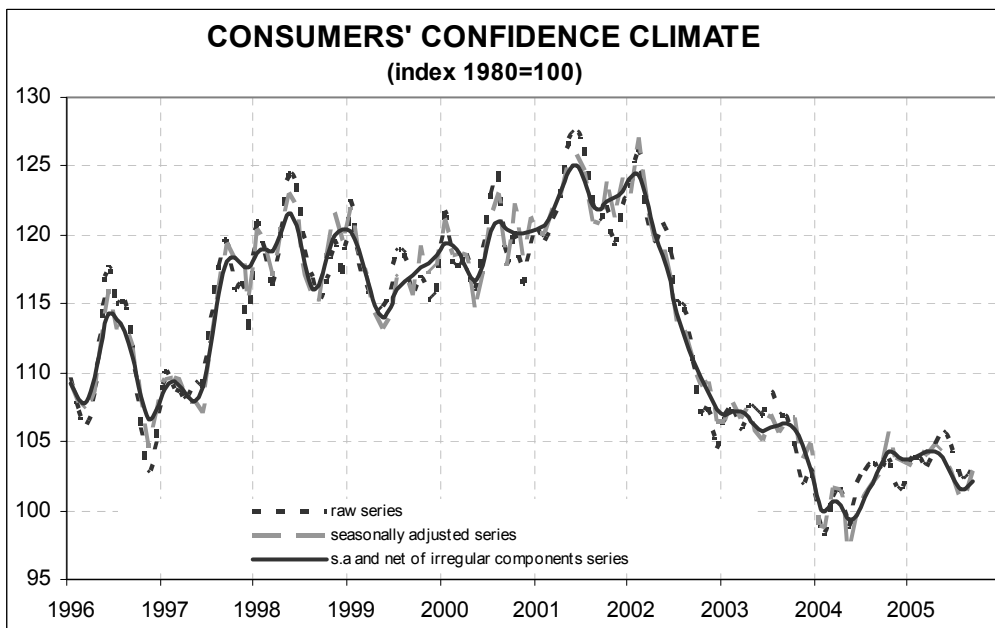




Date: September 22, 2005
TEL.: 06/444821

CONSUMERS' CONFIDENCE GROWS AGAIN IN SEPTEMBER

- The seasonally adjusted indicator rises from 100.8 in August to 102.8 in September, thus getting close to the June figure; the raw index grows from 102.3 to 103, while the indicator adjusted for the seasonal and irregular components goes from 101.5 to 102.1, which is the best score in the quarter
- The respondents' assessments on their own situations and on the current situation definitely improve, as do – though to a lesser extent – opinions and expectations on the overall economic situation. In particular, a rise is observed in evaluations on the labour market, on the saving convenience and on the market of durables
- However, some signals of tension emerge in short-term expectations on the price trend, probably linked to further price rises of energy products
- In the euro area, the European consumers' confidence remains stable for the fourth month in a row, in spite of the two-point recovery observed in Germany
- In the United States, the early data from the Michigan University provide pessimistic figures for September: indeed, the indicator registers a contraction by more than twelve points, which marks the trough of the past twelve years and indeed one of the strongest contraction since 1978



Data referring to October shall be diffused on **October 22, 2005**.

Next ISAE surveys are scheduled as follows:

September 28, 2005: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: September)

September 29, 2005: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (Reference months: July-August) and ISAE Monthly Business Service Survey (Reference months: August-September)

October 3, 2005: Comparative Business Surveys for Italy, Germany and France (Reference months: August-September)

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

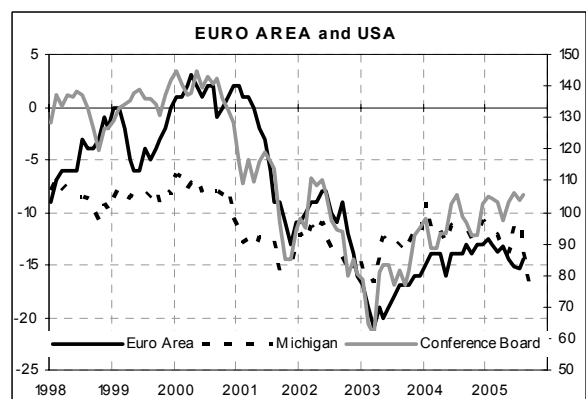
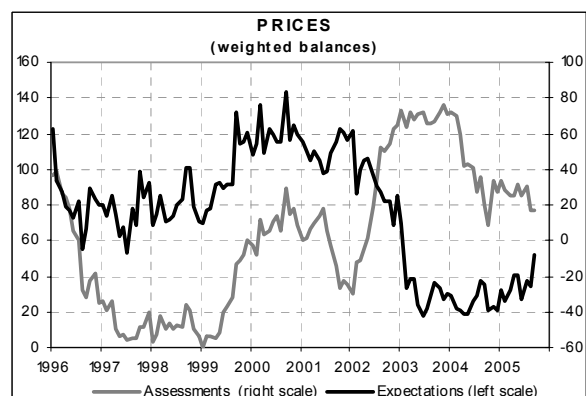
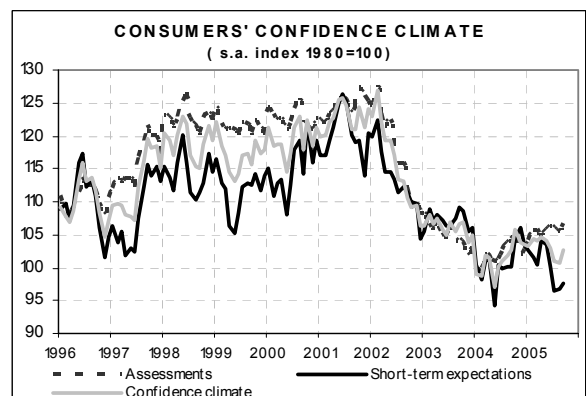
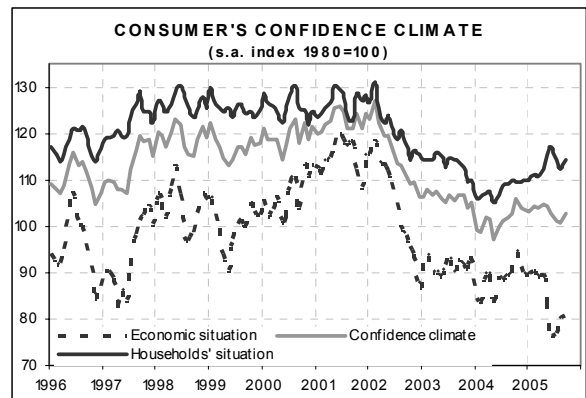
Confidence in Italy, in the euro area and in the United States

According to the ISAE Consumer Survey carried out between September 1 and 14 on a sample of 2,000 respondents, the Italian consumers' confidence rises again from 100.8 in August to 102.8 in September, thus getting close to the June figure; the raw index grows from 102.3 to 103, while the indicator adjusted for the seasonal and irregular components goes from 101.5 to 102.1, which is the best score in the quarter.

The respondents' assessments on their own situations signal a development compared to August: the sub-index offsets the two-point contraction of the previous month, passing from 112.2 to 114.5. Opinions on the current situation also improve: the seasonally adjusted confidence balance grows from 105.5 to 107.1. Besides, ISAE respondents express rosier opinions on the general economic situation: their confidence – though remaining quite low – recovers for the second month in a row passing from 80 to 80.7. Finally, also future expectations improve, as the index rises from 96.9 to 97.7.

Turning to inflation, assessments on the current dynamics are rather optimistic, while the price dynamics for the next twelve months is expected to accelerate.

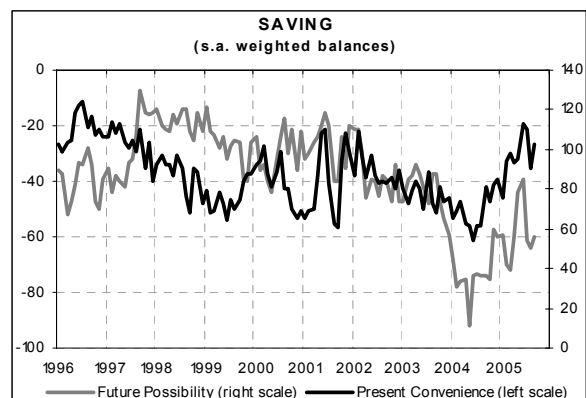
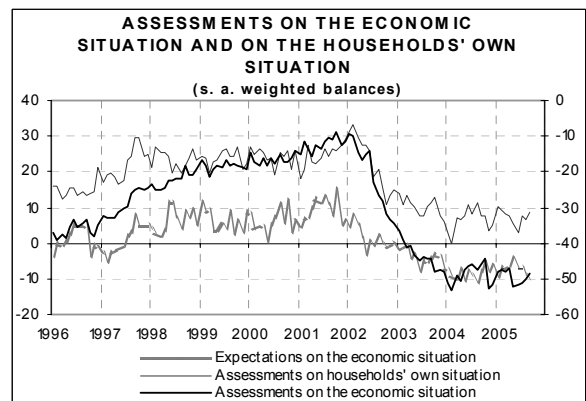
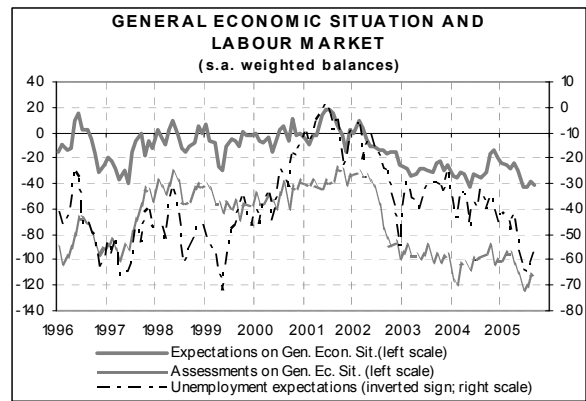
In the euro area, the European consumers' confidence climate remains stable for the fourth month in a row, in spite of the two-point recovery observed in Germany. In the United States, the early data from the Michigan University provide pessimistic figures for September: indeed, the indicator registers a strong confidence contraction and the index goes from 89.1 to 76.9.



The ISAE Survey: the overall economic situation

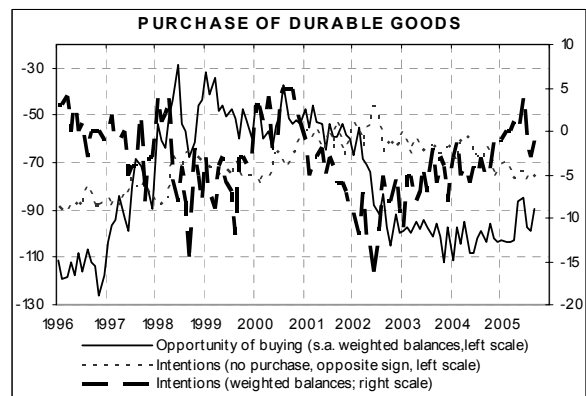
In September, the growing assessments on the country's general situation - which had already emerged in August - are confirmed, as the balance recovers from -112 to -111. However, short-term expectations are rather cautious, as they deteriorate from -39 to -41.

Expectations for an unemployment rise diminish (from 61 to 57, close to the May figures) and assessments on the inflationary dynamics slowdown consolidate: indeed, the raw weighted balance of the past twelve months remains on the troughs since 2002 (77) and the share of those considering prices rose "very much" decreases from 29 to 27%. Conversely, the number of respondents considering prices rose "enough" grows from 38 to 40%, and the percentage of respondents considering prices "slightly" increased remains at 16. Finally, the share of those deeming prices remained stable goes from 17 to 15%. Expectations for the next twelve months remarkably deteriorate. The raw weighted balance recovers from -26 to -8, which is the worst score since January 2003. In particular, the share of those fearing a similar or larger growth in the future rises from 24 to 30%, while the percentage of respondents expecting a smaller growth increases from 14 to 16% and the number of those expecting price stability in the next twelve months diminishes from 52 to 45%, which is the worst score since January 2003.



The ISAE Survey: the households' situations

Definitely favourable indications come from evaluations on the households' own situations. Indeed, assessments on the households' financial situations improve (the balance increasing from 6 to 9, which is the best figure since February 2005), as do those on the households' economic situations (the balance recovering from -50 to -48). However, few tensions emerge from expectations on the next twelve months, as the balance decreases from -9 to -10.



Evaluations on saving are rosier: in particular, the present convenience to save improves (the balance increases from 91 to 103), as do future saving opportunities, though to a lesser extent (from -64 to -60).

Positive signals come from durables: consumers are more optimistic on the immediate convenience to purchase them (the balance growing from -99 to -90). Similarly, intentions to make short-term purchases improve: the raw weighted balance passes from -3 to -1, thus fully offsetting the August contraction. In particular, respondents express rosier intentions on their intentions to purchase a home or spend for home maintenance. Conversely, the share of those declaring their intentions to buy a car remains stable at 7%, while the number of those definitely excluding they will buy any car grows from 87 to 89%.

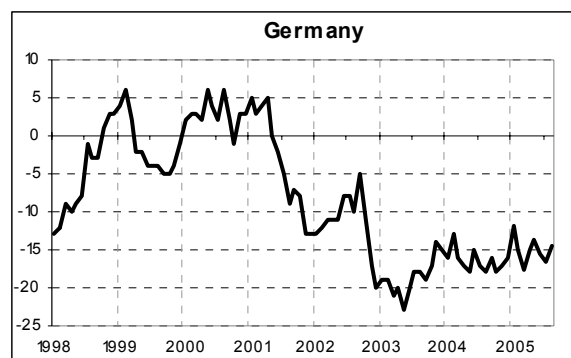
The Surveys on the euro area and the United States (August and September data)¹

In August, the average consumers' confidence in the euro area is stable at -15 for the fourth month in a row, thus marking one of the lowest levels since May 2004. Stable or slightly favourable indications come from almost all confidence-building components. With reference to the labour market, the number of those expecting an unemployment rise diminishes and the balance passes from 30 to 28. Among non confidence-building variables (according to the Commission's definition), assessments on the convenience to purchase durables and spending prospects for the next twelve months improve, within a framework characterised by a price slowdown (the balance passing from 17 to 14).

Confidence recovers in Germany, where the indicator goes from -17 to -15 thanks to a generalised improvement of all confidence-building components (with particular reference to the consumers' forecasts

on the general economic situation and on their future saving opportunities). With reference to prices, German consumers expect an inflation slowdown (the balance passing from 19 in July to 14 in August).

In the United States, the early data coming from the Michigan University provide a markedly negative signal: after the August contraction, confidence falls from 89.1 to 76.9, thus reaching the all-time low of the past twelve years and registering one of the strongest contraction since 1978. Looking at single components, assessments on the current situation and short-term prospects considerably worsen (from 108.2 and 76.9 to 97.7 and 63.6 respectively), owing in particular to the respondents' growing concerns on their own situations (probably linked to the rising prices of raw materials). This is probably also due to the impact of the natural catastrophe of August.



¹ The European Commission has not disseminated the August data on the confidence indicators in France and Spain.