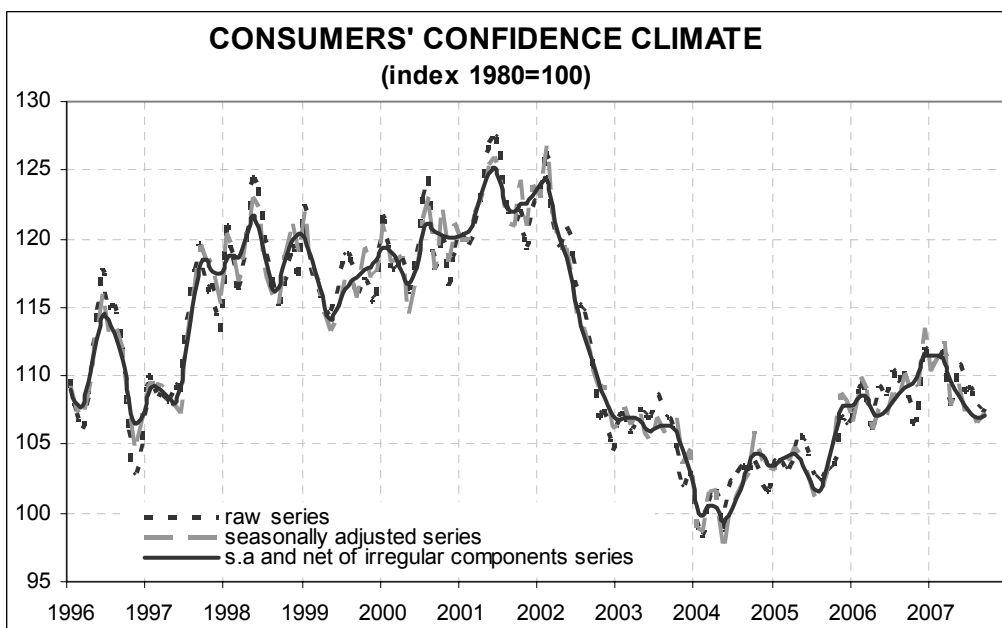




CONSUMER CONFIDENCE RECOVERS IN SEPTEMBER

- The seasonally adjusted confidence index increased to 107.3 from 106.6, returning to the level posted in the June-July period. The index also adjusted for irregular components remained virtually unchanged at 107.1 (107 in August), while in contrast the raw index declined to 107.4 (from 107.8)
- The trend in confidence was substantially homogeneous for the general economic conditions and the respondents' personal situation (the related indices increased from 91.4 to 92 and from 115.2 to 115.4, respectively)
- The indicator referring to the sole current situation declined instead from 115.2 to 114.2, whereas the gauge measuring short-term expectations increased from 97 to 100
- A clear improvement characterized the assessments on the opportunity and convenience to save and on expected labour market developments. Respondents, instead, scaled down opinions and forecasts on the family's economic situation
- Concerns about an acceleration of current and future inflation continued to increase. The related balances went back to the highest levels recorded in the last years
- The recovery in consumer confidence posted at the national level was not evenly spread across the country: the indicator improved in the North East and the *Mezzogiorno*, but declined in the rest of the country



Data on October shall be released on October 23, 2007

The next ISAE surveys are scheduled as follows:

September 26: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: September)

September 27: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: September), ISAE Monthly Business Services Survey (reference period: September), and ISAE Monthly Survey on Construction (reference period: August)

October 4: ISAE International Comparison of Consumer and Business Surveys (reference period: September)

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)

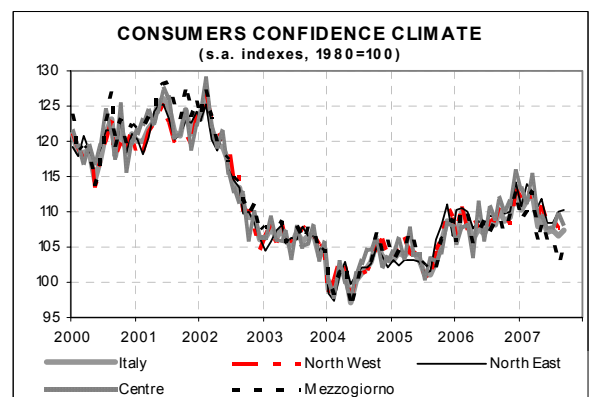
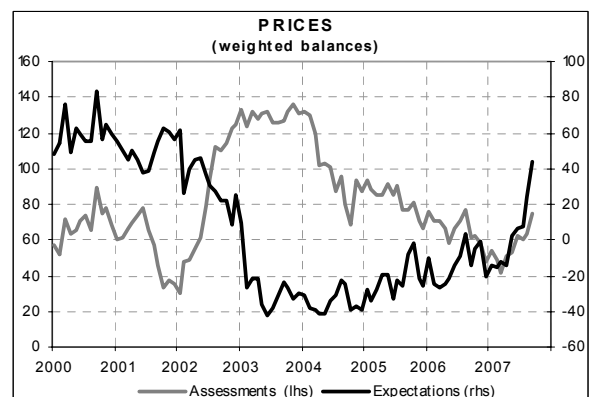
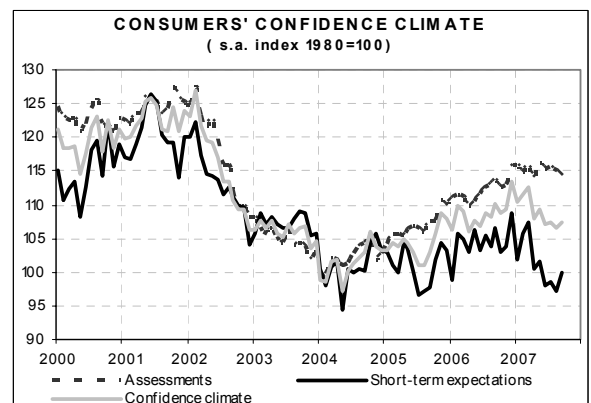
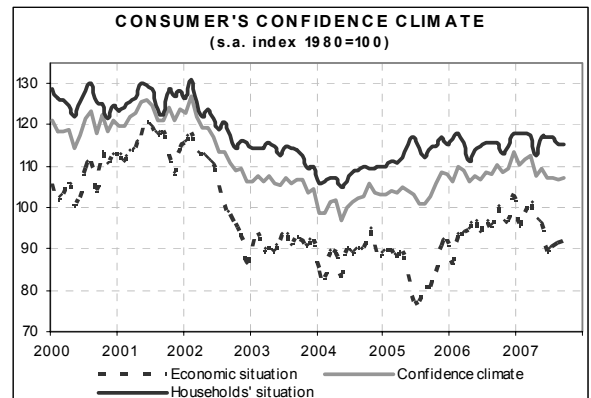
Italian consumers' confidence

According to the ISAE Survey, carried out between September 3 and September 14, Italian consumers' confidence recovered in September, returning to its June-July average value. The seasonally adjusted index increased to 107.3 from 106.6. The index also adjusted for irregular components remained virtually stable at 107.1 (107 in August), while in contrast the raw indicator declined to 107.4 (from 107.8 in August). The trend in confidence was substantially homogeneous for the indices related to the general economic conditions (the indicator increased from 91.4 to 92) and the respondents' personal situation (from 115.2 to 115.4). The indicator referring to the sole current situation declined instead from 115.2 to 114.2, whereas the gauge measuring short-term expectations increased from 97 to 100. A clear improvement characterized the assessments on the opportunity and convenience to save and on expected labour market developments. Respondents, instead, scaled down opinions and forecasts on the family's economic situation. However, concerns about an acceleration of current and future inflation continued to increase. The related balances returned to the highest levels recorded in the last years.

The recovery in consumer confidence posted at the national level was not evenly spread across the country: the indicator improved in the North East and the *Mezzogiorno*, but declined in the rest of the country. The recovery was particularly sharp in the *Mezzogiorno*, whereas in the Centre the index showed the worst deterioration.

Overall economic situation

In September, evaluations for Italy's economic situation were on the whole slightly more favourable, though renewed tensions characterized prices. In particular, the balance for the opinions on the current situation declined from -78 to -85, whereas those for expectations recovered from -37 to -34. Also assessments on the labour market started to improve once more: the balance referring to expectations for a rise in unemployment declined from 43 to 35.

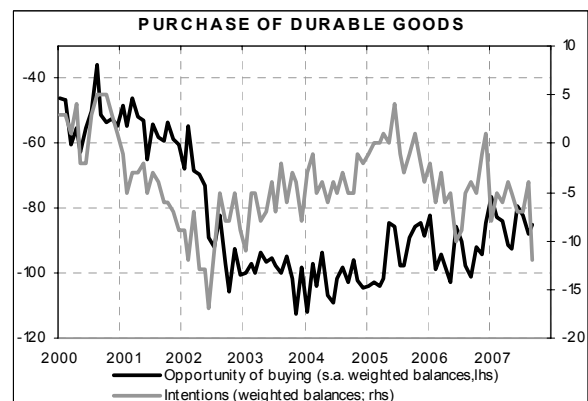
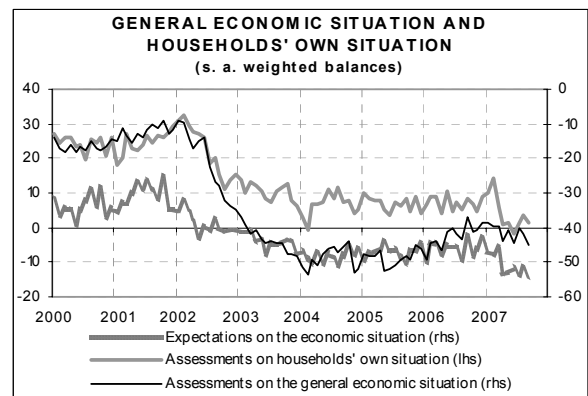
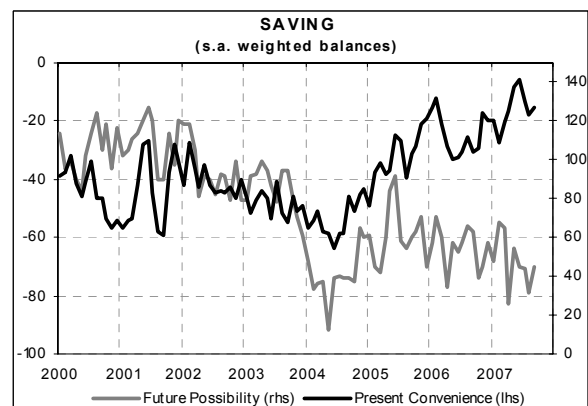
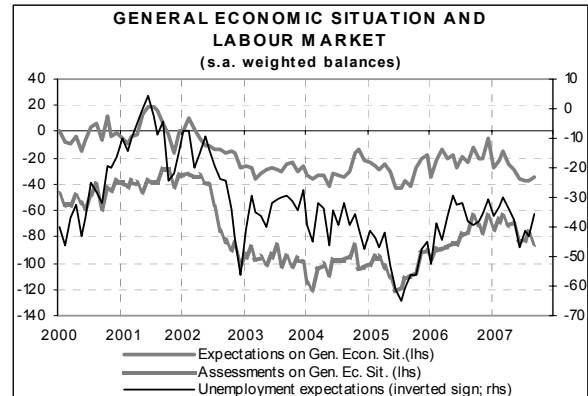


However, with regard to consumer prices, concerns about an acceleration of current and future inflation increased. The balance (seasonally adjusted by ISAE starting from this month) related to the opinions on the rise in prices recorded in the last twelve months increased from 63 to 75, the highest showing in the last year. As for the (raw) balances related to the various replies, the share of respondents who thought that prices remained “equal” and the percentage of those considering them to have increased “little” decreased from 13% to 10% and from 25% to 23%, respectively. On the other hand, the proportion of respondents judging prices to be “markedly” higher rose from 15% to 19%. As for short-term expectations (also seasonally adjusted by ISAE starting from this month), the balance surged from 25 to 38, regaining the level recorded in the summer of 2002. Consumers expecting virtual “stability” in prices or, at most, an increase in prices lower than the current one declined, in the order, from 21% to 18% and from 30% to 24%. On the contrary, a rise distinguished the share of respondents expecting “same” inflation as the current one (from 35% to 38%) or, anyway, “strong” inflation (from 6% to 13%).

Personal situation

Behind the slight overall improvement of consumers’ assessments on their personal economic situation were different trends for the underlying components of the indicator. More in detail, the balances for the current and expected situation of consumers’ own family declined slightly over the previous month (to -45 and -14 from -41 and -12 in August). Also the evaluation of the family budget deteriorated (from 3 to 1). However, the opinions on the present convenience to save recovered, rising to 127 from the low level of 123 recorded in the previous month. Likewise, the evaluation of future saving opportunities bettered from -79 to -70. Lastly, data on current buying convenience for consumer durables also improved, recovering from -88 to -85. Nonetheless the

raw balance for consumer durables future buying intentions dropped sharply (from -4 to -12).



Regional breakdown of consumer confidence

The recovery in consumer confidence posted at the national level was the result of diverging trends across geographic areas. The index improved in the North East and the *Mezzogiorno*, but worsened in the rest of the country. The recovery was particularly sharp in the *Mezzogiorno*, whereas in the Centre the index recorded the worst deterioration. The opinions on the personal and on the current situation worsened in the North and the Centre, while the evaluation of future conditions improved instead everywhere. Finally, opinions and forecasts on the general economic situation sent contrasting signals.

North West: the indicator declined for the second straight month, moving from 107.6 to 107.4, the lowest value since June 2006. The deterioration was mainly due to generally worsening opinions and forecasts on the general economic situation and on personal conditions, as well as to overall negative evaluation of the current situation. The opinions on future conditions remained instead virtually unchanged.

North East: the indicator improved slightly from 110.1 to 110.4. The recovery was essentially driven by the steady improvement in opinions on the general economic situation and on future conditions. On the contrary, widespread pessimism characterized the evaluation of the personal situation and of current conditions.

Centre: in this area the indicator recorded the sharpest decline, moving from 109.3 to 108.5, the lowest level since June 2006. The evaluation of both the general economic situation and current conditions posted a sharp deterioration, whereas assessments on the personal situation remained virtually unchanged. The opinions on future conditions, instead, slightly improved.

Mezzogiorno: following the marked deterioration recorded in the previous month, the confidence index of consumers in the *Mezzogiorno* showed signs of recovery, rising from 102.6 to 105.4 and regaining the level posted last April. The recovery mainly stemmed from the improvement in opinions on the general

economic situation as well as on both the personal situation and future conditions. The evaluation of the current situation remained virtually stable.

