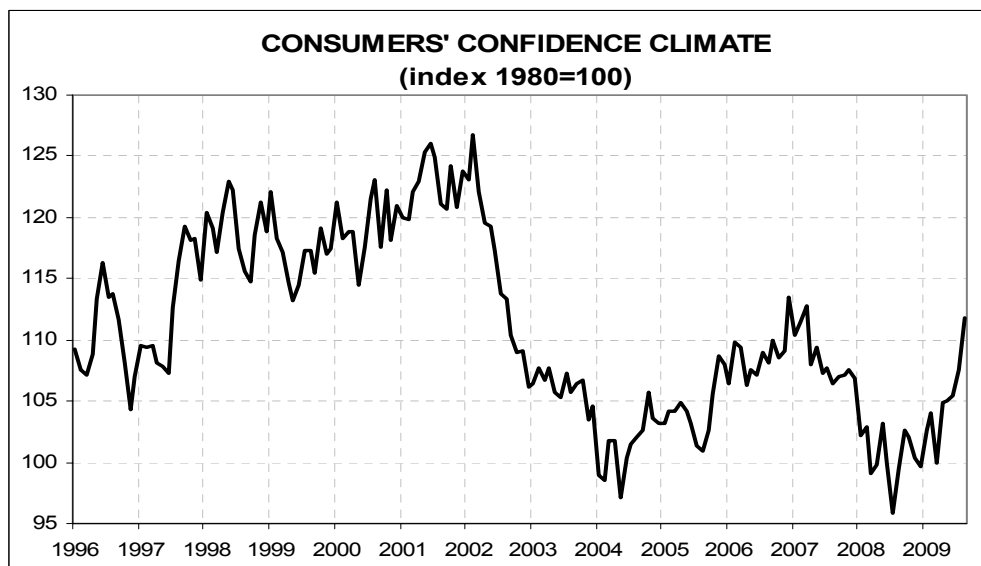




Date: 28 September 2009

## CONSUMER CONFIDENCE GROWS MORE IN SEPTEMBER

- The index goes to 113.6 from 111.8, the highest level since December 2006
- Signs of recovery are coming mostly from indications about the nation's general economic picture, which climb from 87.1 to 89.6 after a slight setback in the previous month. The index referring to the personal financial situation of the survey participants is also higher (going from 125 to 125.9)
- Increases of a similar magnitude are reported for the current situation indicator (which went from 118.3 to 119.2, the highest level since July 2002) and the index related to expectations for the next 12 months (which went from 104.2 to 105.2, highest level since March 2007)
- Opinions and forecasts about the general economic situation both improved: in the latter case, the balance is positive for the first time since March 2002, thanks to an increase in the number of consumers expecting virtual stability of the economic picture in the next 12 months and a corresponding decrease in the number of consumers who are expecting further setbacks; the forecasts of unemployment have nonetheless continued to rise
- The outlook for household budgets is also getting better, with a drop in the number of consumers forced to use their monetary reserves or to rely on debt in order to meet current expenses, and a corresponding increase in the number of consumers who are instead managing to put aside savings
- During this phase, the upturn in opinions about personal financial situation could be affected by the virtual standstill in prices: for the first time since 1982, the percentage of consumers who feel prices are stable or even falling is much greater than the percentage of those who believe prices are rising (a lot or somewhat). What's more, the forecasts for the next 12 months continue to descend
- The growth in confidence, however, has not been seen nationwide: the index rises in the northwestern regions and even more so, in the southern regions, whereas it has remained almost stable in the northeast, and has fallen in the central regions



**The data relative to the month of October are to be published on 27 October 2009**

*The next planned ISAE surveys are:*

**29 September:** *Monthly survey of manufacturing and mining businesses (month of reference: September); Monthly of services firms (month of reference: September); Monthly survey of retailers (month of reference: September); Monthly survey about construction activity (month of reference: August)*

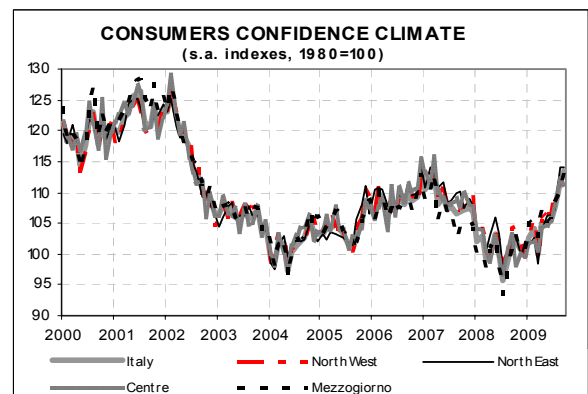
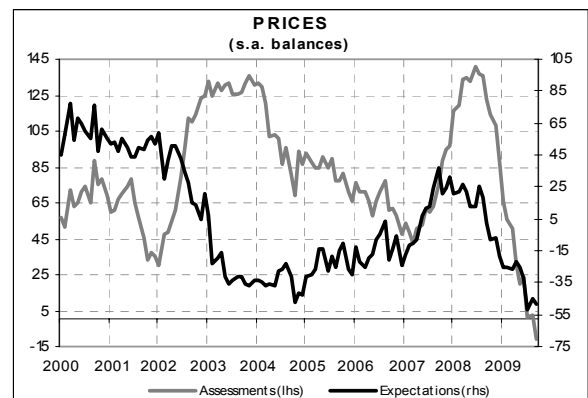
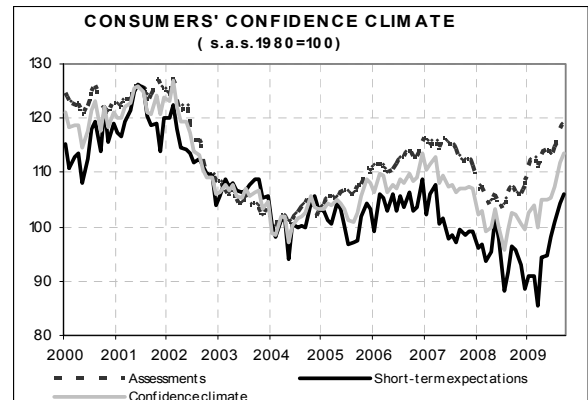
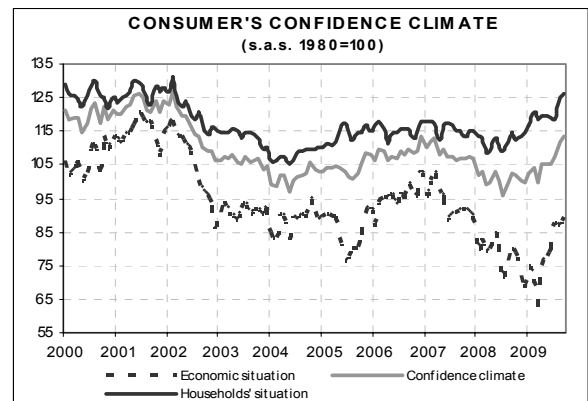
**The complete text of the ISAE surveys (in paper and electronic form) is available for sale, at the conditions indicated on the site: [www.isae.it](http://www.isae.it)**

## Consumer confidence in Italy

Consumer confidence in Italy in September rose to its highest level since December 2006, with the index going 111.8 to 113.6 based on a survey conducted by ISAE during the period of 1-16 September. The indications are particularly favourable for the nation's general economic picture, with the related index rising from 87.1 to 89.6 after a slight setback during the past month. The index related to the personal financial situation of the survey participants was also higher (from 125 to 125.9). Increases of a similar magnitude were reported for two indicators: the current situation index (which went from 118.3 to 119.2, the highest level since July 2002) and the index related to expectations (which went from 104.2 to 105.2, the highest level since March 2007).

Opinions and forecasts about the general economic situation and about household budgets were better, whereas the expectations about the trend of the labour market continue to worsen. During this phase, the upturn in opinions about personal financial situation could be affected by the virtual standstill in prices: for the first time since 1982, the percentage of consumers who feel prices are stable or even falling is much greater than the percentage of those who believe prices are rising (a lot or somewhat). As a result, the balance of the variable is negative for the first time since it began to be measured; the forecasts about the trend of prices for the next 12 months have also been scaled down.

The growth of confidence, however, is not a nationwide phenomenon: the index rose from 111.7 to 114.1 in the northwest and from 110.2 to 114.1 in the southern regions; it was instead virtually stable (going from 114.1 to 114) in the northeast and decreased from 112.3 to 111.1 in the country's central regions.

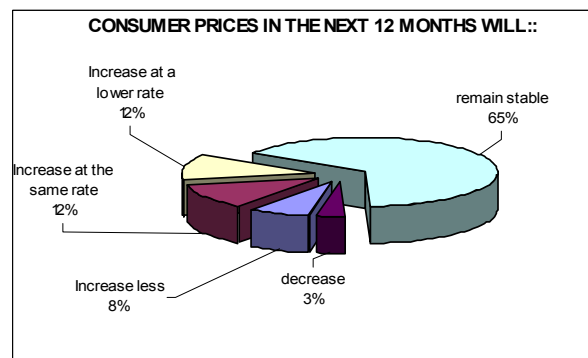
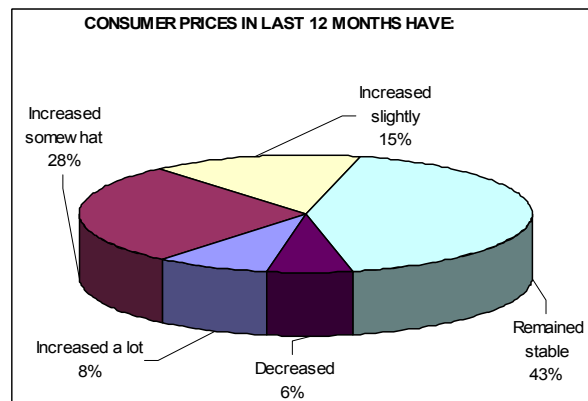
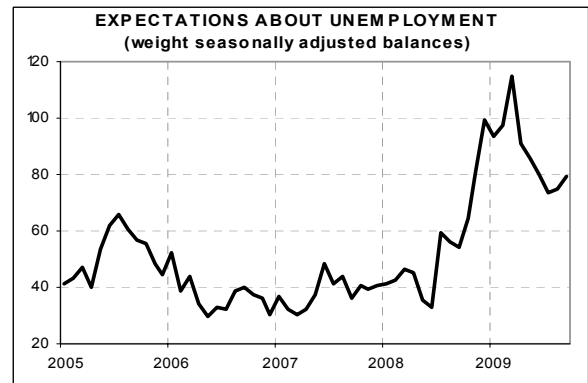
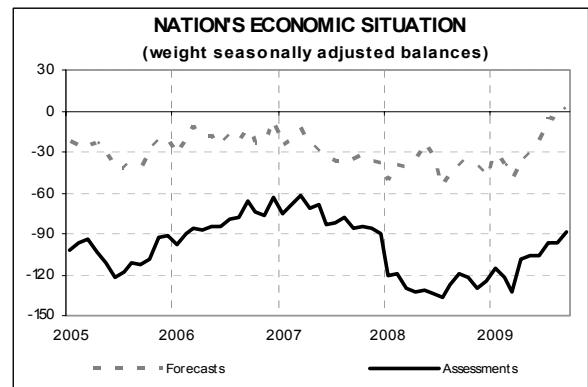


## General economic framework

The assessments of the survey participants about the country's economic situation also rebounded in September, but the short-term forecasts about the trend of the labour market were again worsening.

More specifically, the views about the current situation went from -97 to -90, the best result since December 2007; the short-term expectations rose from -6 to 2, with the balance becoming positive for the first time since March 2002. The improvement is due to a growing percentage of consumers who believe that the situation will remain stable in the next 12 months (46% of the sample versus 42% in August) and the simultaneous decrease in the percentage of consumers who instead believe the situation is worsening (from 26% to 22% of the sample); the percentage of "optimistic" consumers, namely, those who discern improvement in the economic situation over the next 12 months, remained stable at 27%. The outlook about the labour market took a turn for the worse, with the expectations of a rise in unemployment going from 75 to 79, the highest level since June.

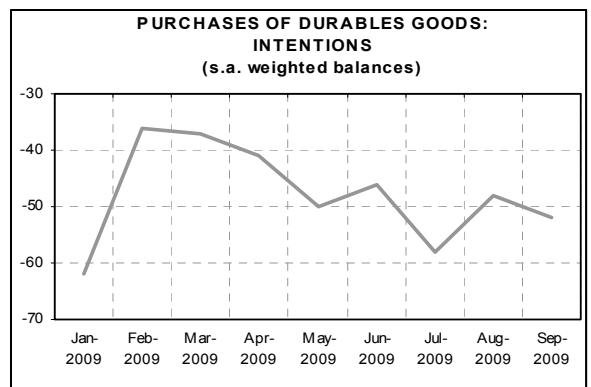
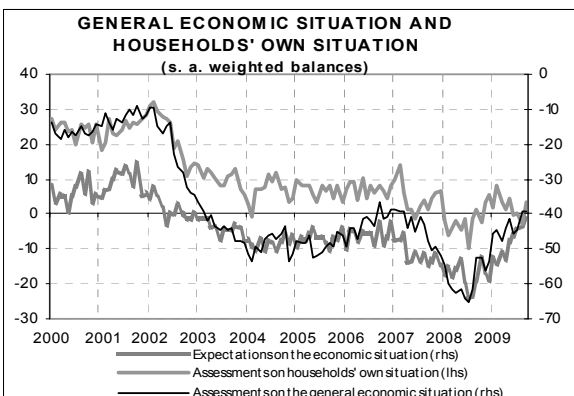
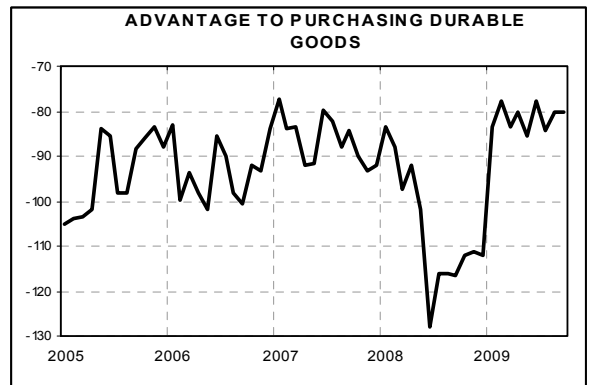
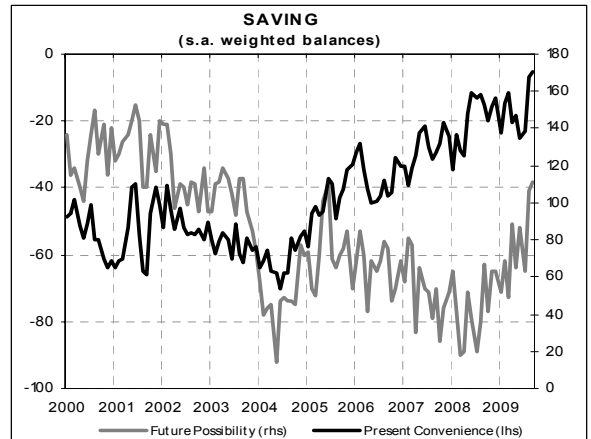
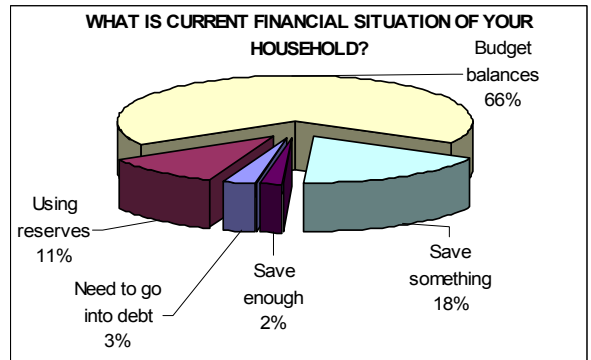
The views about the trend of prices in the past 12 months represent perhaps the most significant finding of this month's survey: for the first time since 1982, the percentage of consumers who feel prices are stable or even falling (49% of the total sample) is much greater than the percentage of those who believe prices are rising a lot or somewhat (36% of the total sample), with the weighted balance (that assigns a double value to the "extremes") that becomes negative, going from 2 to -11. With further regard to prices, the near-term expectations continue to be scaled down, with the balance going from -45 to -49, which is also an historical low.



**Personal financial situation**

The survey participants' assessments about personal financial situation also show signs of a recovery. After the setback seen in August, consumers are once again airing more favourable views about the status of household budgets, with the balance that goes from -3 to 3, and is thus back in positive territory after three months; the percentage of consumers who balance their budgets is essentially stable at 67% (it was 66% for the previous month), whereas those who have to tap their reserves or go into debt falls from 16% to 14%, and those who manage to set aside savings climbs from 16% to 20%. The perceptions about the household financial situation remain stable after improving in August (to a balance of -39); at the same time, the near-term forecasts recovered from -41 to -38.

As to savings, consumers continued to be more optimistic in September with regard to both current opportunities (with the balance going from 168 to 171) and the forecasts for the next 12 months (from -41 to -38). Turning to the market for durable goods, it is possible that expectations of lower prices will suppress current purchases and more importantly, the expectations for the near term: in effect, the indicator of the present advantage of buying is stable for the third month in a row (at -80), while the balance referring to the intention to make purchases in the next 12 months fell from -48 to -52.



### Consumer confidence on a regional basis

The growth of consumer confidence at the national level was not seen on a uniform basis from region to region. The assessments about the general climate grew better in northwest and southern Italy, remained stable in the northeast, and grew worse in the central regions, whereas perceptions about personal financial position were much better in southern Italy, somewhat better in the northwest, and on the decline in the two other regional segments. Turning to the distinction between the current scenario and the future outlook, the perceptions improved in all areas of the country except for the central regions, with particular intensity in southern Italy, whereas the forecast for the next 12 months look better in the northwestern and southern parts of the nation, but were scaled down in the northeastern and central regions.

Northwest Italy: The index rose from 111.7 a 114.1, hitting its highest level since the summer of 2001. The biggest improvement was seen in the perceptions and projections about the country's economic situation, the perceptions about household financial situations and those about the household budget. In contrast with the national figure, the forecasts about unemployment were scaled down, though the perceptions about savings and those about durable goods were worse.

Northeast Italy: The index remained essentially stable, standing at 114 versus 114.1 for August. The biggest improvement was seen in the perceptions about the country's economic situation and about household financial situations; instead, the outlook proved much worse in the case of the forecasts of the trend of unemployment and savings, and the benefits of buying durable goods.

Central Italy: The confidence index dropped from 112.3 to 111.1, while still staying above the values reported for the first seven months of the year. As in the other regional segments, perceptions improved with regard to the general economic picture and the family budget, but there were considerably more concerns indicated about the trend of unemployment,

perceptions about the advantages of saving, and perceptions about buying durable goods.

Southern Italy: This area recorded the strongest boost in confidence, with the index rising from 110.2 to 114.1, its highest level since July 2002. The consumers were more optimistic than one month before with regard to almost all of the variables measured: exceptions in this case were the forecasts of unemployment and the forecasts of the household financial situation, which were nonetheless almost stable at the August levels.

