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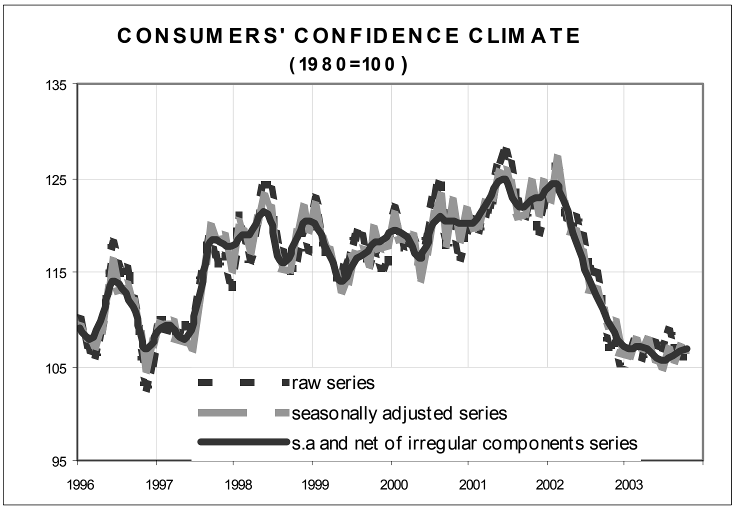
Date: **October 21, 2003**

IN OCTOBER, THE CONSUMERS' CONFIDENCE, SEASONALLY ADJUSTED DATA, REMAINS SUBSTANTIALLY STABLE

- **In October, the raw index falls by two percentage points (from 106.8 to 104.7). The contraction is exclusively due to seasonal components: indeed, the seasonally adjusted index slightly grows, passing from 106.9 in September to 107 in October. The indicator adjusted for the seasonal and irregular component goes from 106.6 to 106.9**
- **The raw data worsening affects evaluations both on the respondents' own situations and, in particular, on the country's general economic situation, which may be both affected by the seasonally adjusted factors generally accompanying the discussion on public finance provisions**
- **The (moderately) darker assessments on the current situation go alongside with a deterioration of short-term expectations, even though favourable signals emerge in intentions to purchase durables**
- **With regard to prices, assessments on the current price trend continue to worsen, while expectations for a stability in the next twelve months continue to grow**
- **In the United States, after the considerable fall registered in September, the consumers' confidence rises again in October, according to the Michigan University data, mainly thanks to a better perception of the current situation**



Data referring to November shall be diffused on **November 25, 2003.**
Next ISAE surveys are scheduled as follows:
October 28, 2003: ***ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: October)***
October 29, 2003: ***ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (Reference month: September) and ISAE Monthly Business Service Survey (Reference month: October)***
October 30, 2003: ***Comparative Business Surveys for Italy, Germany and France (Reference Month: October)***

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

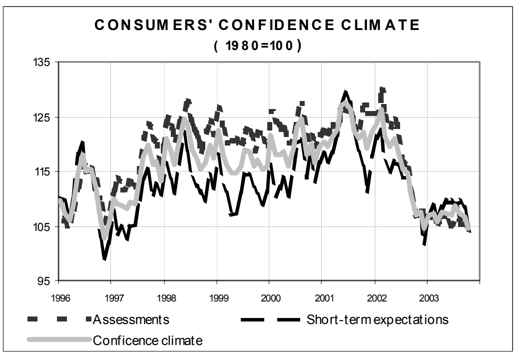
I – ISAE CONSUMER SURVEY FOR ITALY

October 2003

According to the Consumer Survey carried out by ISAE between October 1 and 18 on a sample of 2000 respondents, the raw Confidence climate index falls by two percentage points (from 106.8 to 104.7). The contraction is exclusively due to seasonal components: indeed, the seasonally adjusted index slightly grows, passing from 106.9 in September to 107 in October. The indicator adjusted for the seasonal and irregular component goes from 106.6 to 106.9.

The raw data worsening affects evaluations both on the respondents' own situations and, in particular, on the country's general economic situation, which may be both affected by the seasonally adjusted factors generally accompanying the discussion on public finance provisions. The (moderately) darker assessments on the current situation go alongside with a deterioration of short-term expectations, even though favourable signals emerge in intentions to purchase durables.

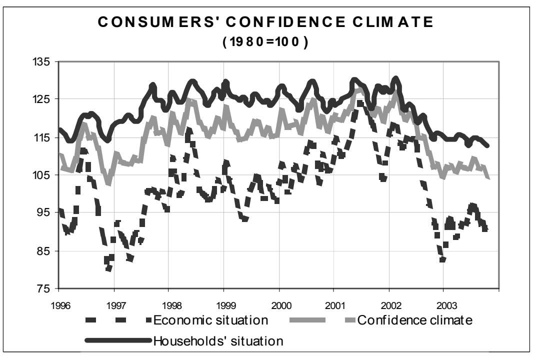
With regard to prices, assessments on the current price trend continue to worsen, while expectations for a stability in the next twelve months continue to grow.



Overall situation

In October, the confidence climate raw index on the general economic situation alone shows a further deterioration, passing from 92.2 in September to 88.5, which is close to the minimum March levels. The worsening is evident in all variables and particularly in short-term assessments and expectations on the general economic trend of Italy. The balance concerning assessments falls from –68 to –70, while the one referring to expectations goes from –22 to –28, near the March figures. Expectations on the labour market trend are substantially stable, though few tensions emerge: indeed, the share of those expecting a "strong" unemployment rise goes from 7 to 8%, while the number of those forecasting a contraction in the rate of unemployed in the next few months falls from 14 to 13%.

With regard to prices, half of respondents deem prices rose "very much" (compared to 47% in September), which is the highest figure since March 1983. 38% of the sample (39% in the previous Survey) consider they rose "enough" in the past twelve months, while the number of those deeming prices grew "little" remains at 7% and the share of those deeming they remained stable falls down to 5% (from 7%). With reference to expectations for the next twelve months, alongside with a slight reduction in the number of those fearing prices will rise more than in the past, a strengthening is registered in expectations for a substantial stability in the next twelve months (from 48 to 49% of respondents).

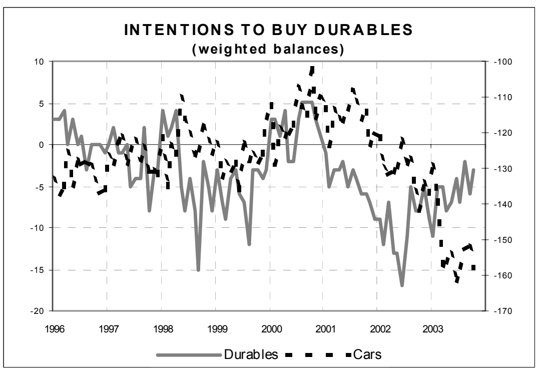


Households' situation

In September, the raw confidence index referring to the respondents' own situations alone decreases from 114.0 to 112.8, thus reaching the lowest figures in 2003. The result is the synthesis of opposing trends of unfavourable or stable trends of all variables, with the only exception of rosier evaluations on the present convenience to save.

Indeed, in spite of the higher convenience, the percentage of savers decreases from 27 to 24% and the number of those running into debts or consuming their saving rises from 12 to 13%. Thus, the balance goes from 15 in September to 11 in October. Furthermore, consumers are more doubtful on their future convenience to save: indeed, the share of those expecting to "certainly or probably" save in the next twelve months diminishes from 38 to 35% and the number of those ("certainly or probably") excluding any saving rises from 58 to 61%. Finally, assessments and forecasts on the present households' economic situations remain unchanged (the balances remaining at –36 and –4 respectively).

With regard to durables, the present phase seems less favourable according to 56% of respondents (53% in September). Indeed, the share of those who cannot express a real assessment remains at 7%, which confirms the greater households' uncertainty on their spending opportunities. Besides, consumers are more pessimistic on their future and the number of those expecting to make as many purchases as in the recent past grows from 23 26%.



With regard to major purchases, the share of those intending to buy a home remains at 3%, the number of consumers intending to spend for home maintenance and improvement in the next twelve months decreases from 8 to 7% and the percentage of those intending to buy a car in the next twelve months goes from 11 to 9%.

II - THE EUROPEAN COMMISSION CONSUMER SURVEY AND AMERICAN CONSUMER SURVEYS

September and early-October data

In September, the average confidence climate indicator in the euro area stabilises on figures slightly below the average January-August levels. According to the early Michigan University data, after reaching the lowest figures since the Iraqi war, the American consumers' confidence indicator shows signals of recovery.

Turning to details, the average confidence indicator in the euro area stabilises at –17, stable on the August levels. European consumers seem to be less pessimistic on short-term opportunities of economic recovery, as their balance passes from –20 to –18, which is the highest figure since the beginning of the year. Expectations on future saving opportunities slightly worsen (the balance remaining at –8, which is close to the June levels), while the prospects of the households' economic situations have remained unchanged for five months (-4) and the share of those expecting a future unemployment rise remains stable compared to the previous month (37).

Among non confidence-building series, assessments on the respondents' own situations improve, as do those on the country's general economic situation (the balances equalling –16 and –45 respectively). With regard to durables, the prospects for the next twelve months are worsening (from –18 to –19, which is near to April 2003). With regard to prices, a slight inflation slowdown is observed and the balance passes from 7 to 6.

Among the major countries, Germany shows a slight confidence contraction (from –18 to –19, thus getting close to the early-2003 figures). The worsening mirrors a more critical approach on future saving opportunities (the balance passing from 1 to –1) and on the prospects of an unemployment rise (the balance going from 41 to 45). Indeed, the forecasts on the general economic situation and on the respondents' own situations remain stable.

The French consumers' confidence indicator equals –23, stable on August figure. The share of those expecting an unemployment rise falls in France from 46 to 44%, while future saving opportunities are worsening (from –18 to –20). Similarly to what happens in Germany, expectations on the general economic trend remain unchanged, as do those on the respondents' own situations (the balances equalling –2 and –23 respectively). With regard to prices, the share of those expecting an inflation rekindling in the next few months is decreasing.

In Spain, the consumers' confidence climate shows signals of recovery, passing from –12 to –11, which stems from an improvement in almost all index-building components, with the exception of expectations on future saving opportunities (from –29 to –30). With reference to durables, opinions on the present convenience diminish, while prospects to make purchases in the next twelve months are worsening. Turning to prices, the concerns on future inflationary thrusts are diminishing (from 7 to 6) similarly to what happens in France and in keeping with what takes place on average in the euro countries.

In the United States, the American consumers' confidence indicator reached in September its lowest level since the end of the Iraqi war, according to the early Michigan University data. However in October, the index grows from 87.7 to 89.4. The improvement is due to the marked recovery of the indicator concerning the current economic situation (passing from 98.4 in September to 102.2 in October). The growth of the index referring to short-term expectations is smaller (from 80.8 to 81.2). Indeed, American consumers – though maintaining their cautious optimism on their general economic situation – remain sceptical on the feasibility to obtain a considerable employment recovery in the next few months.