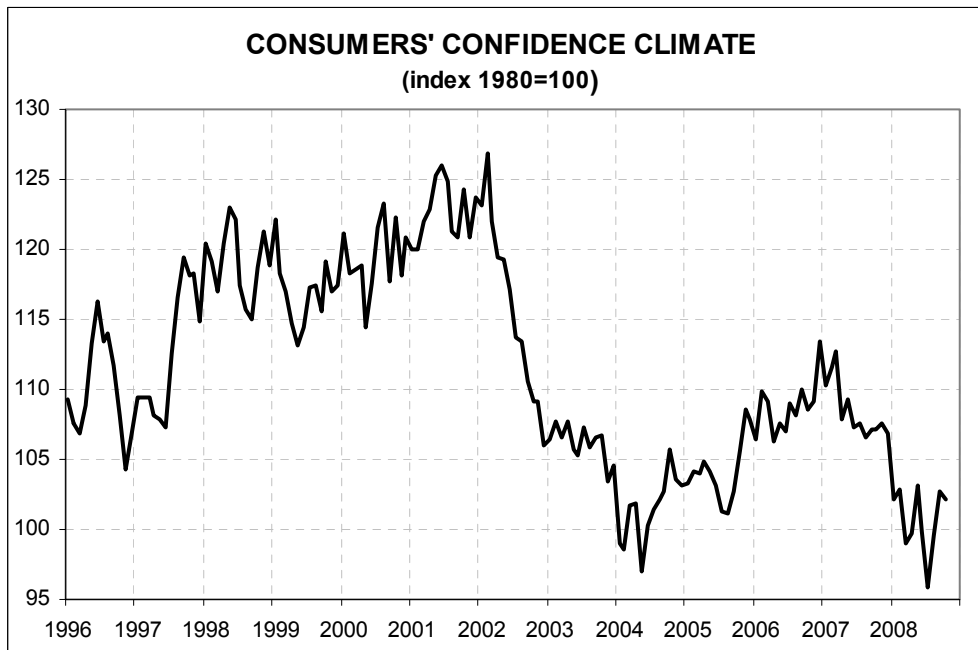




Date: **October 24, 2008**
TEL.: **06/444821**

IN OCTOBER CONSUMER CONFIDENCE DECLINES SLIGHTLY

- The index decreased from 102.8 to 102.2, exceeding by about 1.5 points its 2008 yearly average notwithstanding the financial crisis
- The indicator for the opinions on the respondents' personal situation moved from 114.4 to 112.3, while the one for the general economic situation lowered from 80.3 to 78.4. The gauge for the sole current situation went down from 107.1 to 105.3 and the one related to short-term expectations moved from 96.7 to 96. In all cases, the drop was moderate and the indices came in close to or higher than the level recorded in August
- Moreover, prices gave particularly favourable indications. A sharp decline characterized both assessments on the rise in prices in the last twelve months (which neared the low posted in February) and, above all, inflation forecasts for the following year (at its April 2007 trough)
- However, respondents were particularly concerned about labour market prospects and present and future savings
- According to the ISAE traditional quarterly survey for consumer durables, respondents revised slightly up their intention of purchasing a car, but cut their plans to buy a house and carry out maintenance
- At the regional level, confidence lowered in the North West and the Centre, while it remained basically unchanged in the North East and decidedly improved in the *Mezzogiorno*



Data on November shall be released on November 25, 2008

The next ISAE surveys are scheduled as follows:

October 28: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: October), ISAE Monthly Business Services Survey (reference period: October), and ISAE Monthly Survey on Construction (reference period: September)

November 5: ISAE International Comparison of Consumer and Business Surveys (reference period: October)

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 October 1 and October 17 – right in the middle of the international financial crisis – Italian consumers' confidence declined slightly in October, reaching 102.2 (from 102.8).

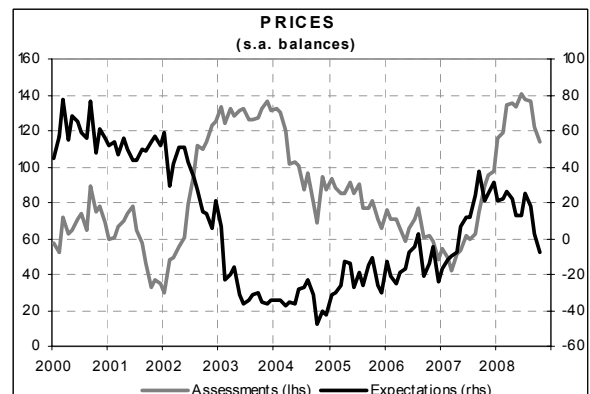
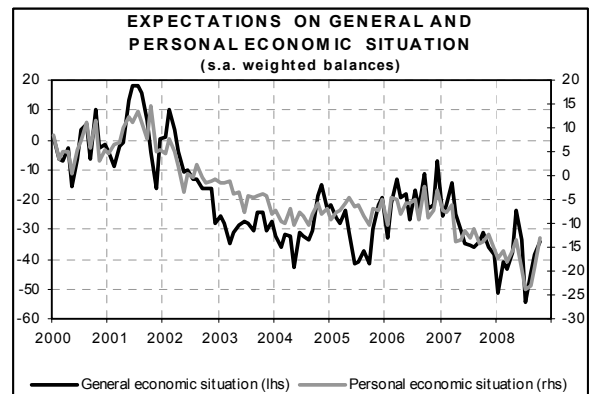
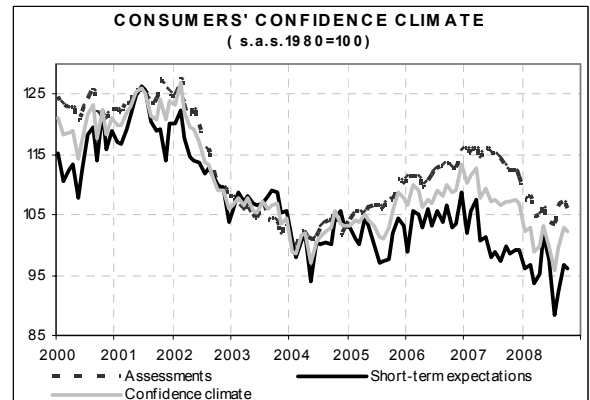
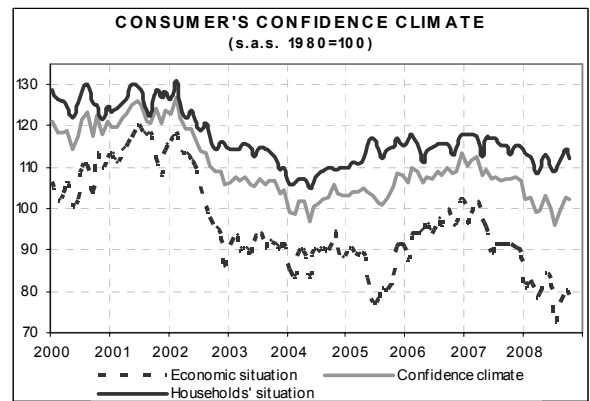
The deterioration was broadly dispersed across all variables. The indicator related to the general economic situation lowered to 78.4 from 80.4 recorded in September and the one for the respondents' personal situation went down to 112.3 from 114.4. The index for the sole current situation decreased to 105.3 from 107.1, while the one related to future conditions declined the least, moving from 96.7 to 96. In all cases, the drop was anyhow moderate and the indices came in close to or higher than the level recorded in August.

In the middle of the financial crisis, the variables related to savings recorded the worst fall, while short-term forecasts for labour market developments posted major concerns. Both general and personal economic prospects and assessments on the consumer durables' market showed instead signs of recovery. Respondents continued to perceive a marked slowdown in inflation: a fall distinguished both the opinions on the rise in prices posted in the last twelve months and short-term inflation forecasts.

At the regional level, confidence lowered in the North West and the Centre, while it remained basically unchanged in the North East, and decidedly improved in the *Mezzogiorno*.

Overall economic situation

As for Italy's general economic situation, deterioration in the opinions on the current economic situation contrasted with short-term recovery expectations. The associated balances actually moved from -120 to -124 for the former variable and from -38 to -34 for the latter one. The balance related to expectations of a rise in unemployment increased however from 54 to 65, reaching the highest level since July 2005.



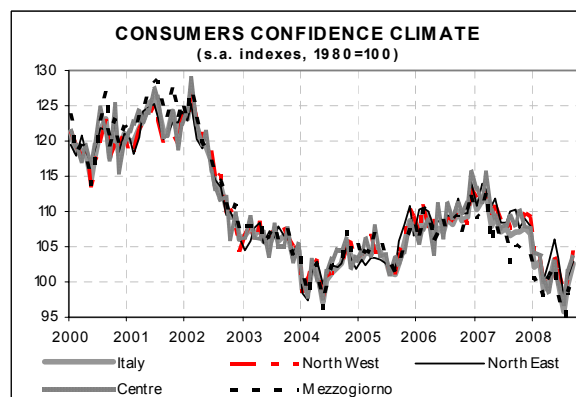
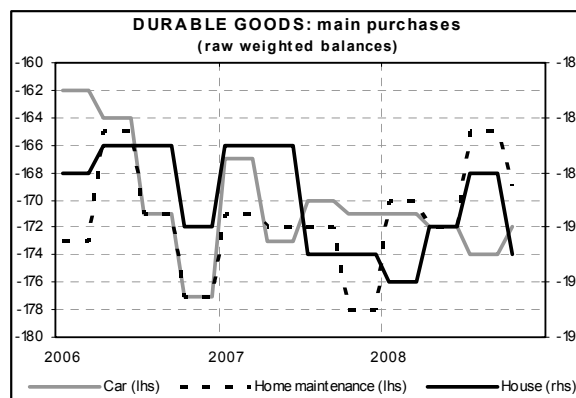
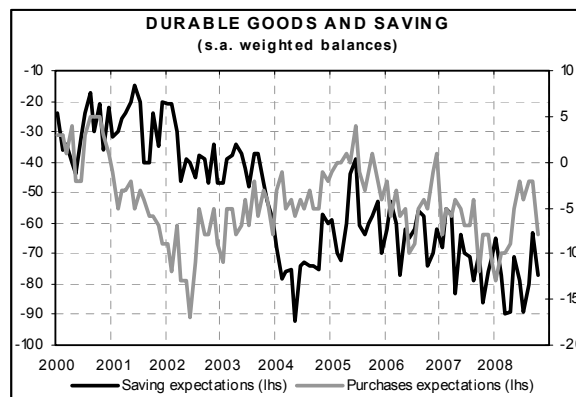
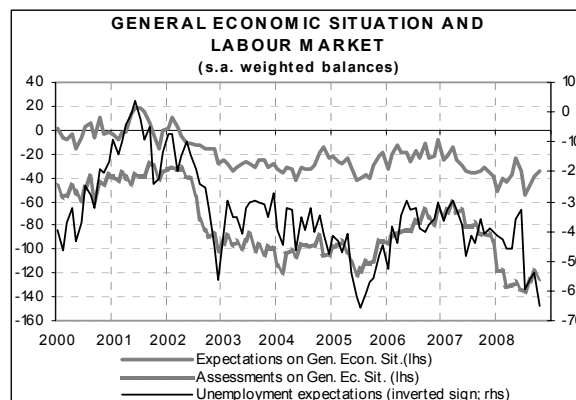
Opinions on inflation in the last twelve months improved markedly: the balance decreased to 114 (from 122), the best result of 2008. Short-term expectations lowered from 2 to -7, going back in negative territory for the first time since April 2007.

Personal situation

Opinions on the respondents' personal situation are partly contradictory. The balance for the opinions on the family economic situation declined slightly compared to the previous month (to -52 from -51 in September), but expectations recovered (the balance rose from -19 to -13, close to its May 2008 value). The balance for the trend in the family budget however turned negative (moving from +1 to -2) and, accordingly, consumers considered less appropriate to save at present (the balance dropped from 153 to 144) and they cut their plans to increase savings in the near future (the balance decreased from -63 to -77). Lastly, while on the one hand assessments on current purchases of consumer durables improved (from -116 to -111), on the other future buying intentions went back into a decline (the balance moved to -8 from -2 in September). Finally, always about the market for consumer durables, according to the traditional ISAE quarterly survey on car and house expenditures, consumers scaled up their intention of purchasing a car (from -174 to -172), but cut their plans for buying a house (from -189 to -192) as well as for carrying out extraordinary house maintenance (from -165 to -169).

Regional breakdown of consumer confidence

In October, the deterioration in consumer confidence was the result of diverging trends across areas. The confidence index worsened in the North West and the Centre, while it remained basically stable in the North East, and clearly improved in the *Mezzogiorno*. The opinions on the current situation deteriorated all over the country, but assessments on general economic conditions and the personal situation as well as on future conditions worsened in the North and the Centre.



North West: in this area, the confidence indicator diminished (from 104.5 to 103.6, its May 2008 level) mainly because of the worsening in opinions and forecasts for the personal economic situation and of a sharp deterioration in assessments on future conditions. The opinions on the general economic situation and current conditions were instead slightly less pessimistic.

North East: in this area, confidence remained virtually stable (the index moved from 102.8 to 102.9), due to widespread pessimism, which distinguished the opinions on the personal economic situation, to a slight fall in confidence in the current and future situation, and to an improvement, instead, in the forecasts for the general economic situation.

Centre: in this case, the decrease in confidence was the sharpest. The indicator lowered from 103.3 to 98.2. The deterioration was related to widespread pessimism about the general economic situation and future conditions. The worsening was more moderate regarding opinions and forecasts for the personal economic situation and current conditions.

Mezzogiorno: the confidence index continued to improve for the fourth month running. The indicator rose from 101.4 to 103.2, reaching the best result since December 2007. The recovery was basically due to better opinions on the personal situation and future conditions. Assessments on the general economic situation remained stable and the opinions on current conditions worsened slightly.

