



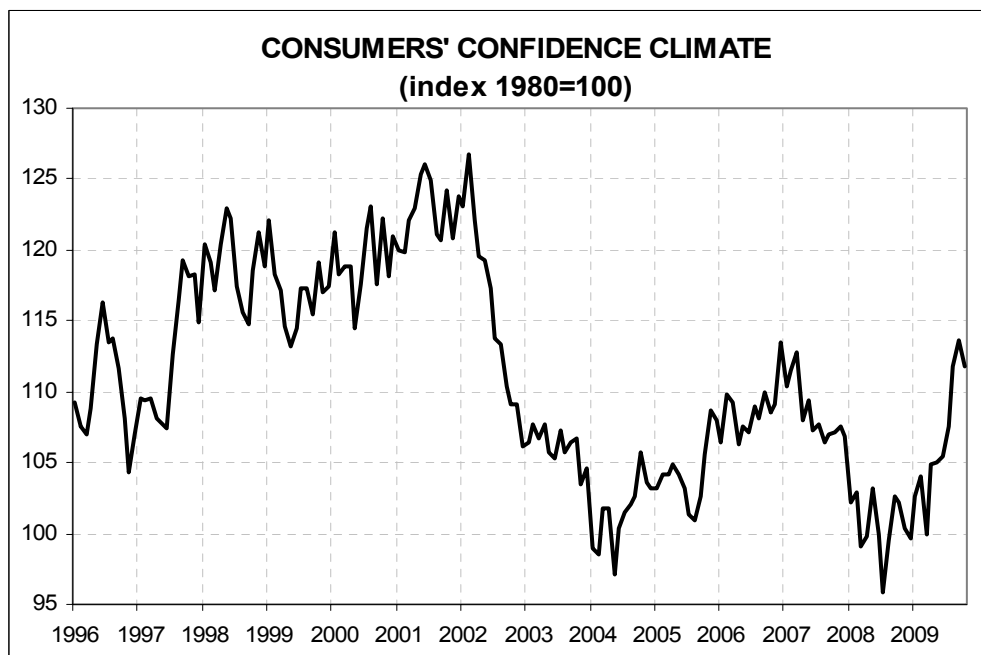
ISTITUTO DI STUDI E ANALISI ECONOMICA

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PAUSE IN CONSUMERS' CONFIDENCE IN OCTOBER

- The confidence index decreased from 113.6 to 111.7, returning to the levels registered in August, which were still well above the first semester's average
- The indicator for personal economic conditions was markedly worse (from 125.9 to 121.9), as were the expectations for the future situation (from 105.9 to 101.6)
- The indicators for general economic situation decreased, on the contrary, relatively less, as the index came in at 87.9 compared to 89.6, as did the indexes on the future situation (from 105.9 to 101.6)
- By contrast, the scenario for savings, current opportunities and, more markedly, for future opportunities, deteriorated. For the second month in a row the expectations on labour market worsened, whilst opinions on family balances and on durable goods, both current and future ones, were more favourable
- As for prices, consumers continued to expect a deceleration of current and future inflation, which was close to an all-time low
- The traditional quarterly survey revealed, however, a worsening of the housing market, both regarding purchases and extraordinary maintenance, as well as that of the automobiles
- At a regional level, confidence decreased unevenly: more markedly in the North East, averagely in the North West and South, and moderately in the Centre



Data on November shall be released on November 25, 2009

The next ISAE surveys are scheduled as follows:

October 28, 2009: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: October), ISAE Monthly Business Services Survey (reference period: October); ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: October), and ISAE Monthly Survey on Construction (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)

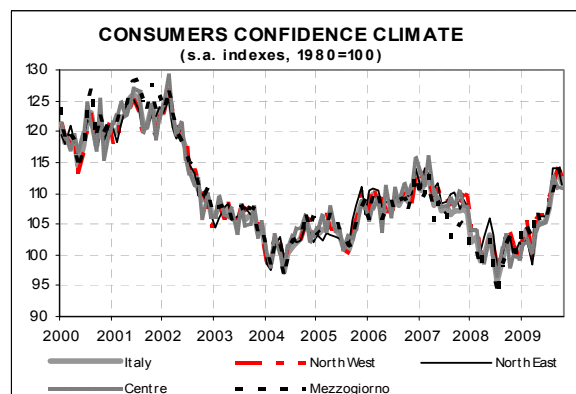
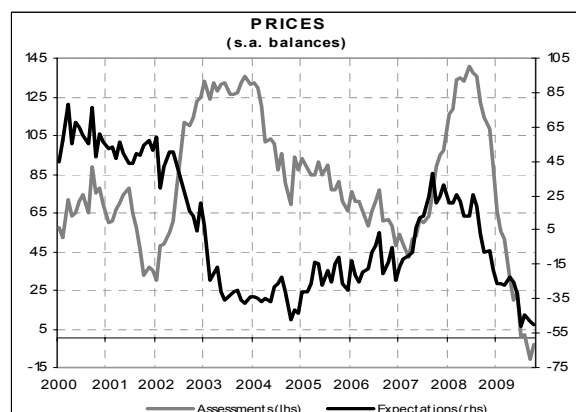
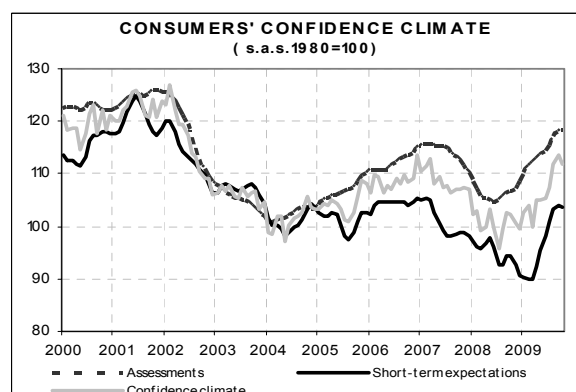
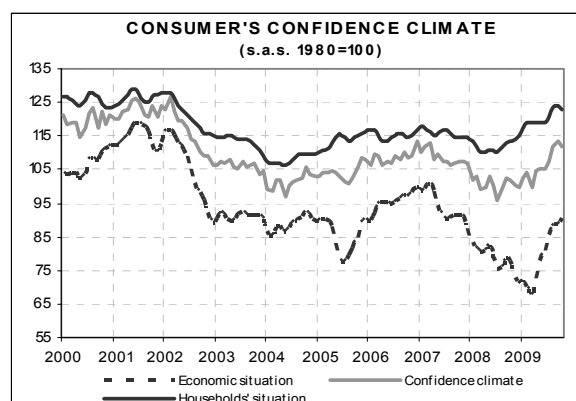
Italian consumers' confidence

According to the ISAE survey carried out between October 1 and October 16, Italian consumers' confidence decreased moderately to 111.7 (from 113.6), returning to the level of August 2009. Worrying factors came, in particular, from opinions on personal and future situations, where the indexes lost 4 points, from 125.9 and 105.9 to, respectively, 121.9 and 101.6. Opinions on the economic situation and on current conditions also decreased, although less significantly (from 89.6 and 119.1 in September, to 87.9 and 118.2 respectively).

The most unfavourable signals came from savings, with regard to both current and future opportunities; the latter might be connected to an assessment linked to the current scarce remuneration of financial investments. Forecasts for the general and personal economic situation were also negative, as were the ones for the labour market. By contrast, opinions on the general economic situation (though not on the personal one) and on the market of durable goods improved.

The price trend was regarded by consumers as stable or even as having decreased: opinions on the current development of prices showed, for the second time since the surveys began, a negative balance. Even the expectations for the forthcoming 12 months were negative, and close to an all-time low.

At a regional level, the decline in the confidence index was unevenly spread, posting a sharper decline in the North East, an average one in the North West and the South, and a moderate one in the Centre.



General economic situation

In October, while consumers were more optimistic than in the previous quarter about the country’s general economic situation, views on the labour market and the short-term forecasts worsened.

More specifically, the evaluation of current conditions recorded a new moderate improvement: the balance recovered from -90 to -88, the best result since November 2007. The balance for short-term expectations, on the other hand, shrank from 2 to -3. In addition, expectations for unemployment over the upcoming twelve months worsened, as consumers holding a view that unemployment would grow jumped to 85 from 79, reaching the high levels registered in May.

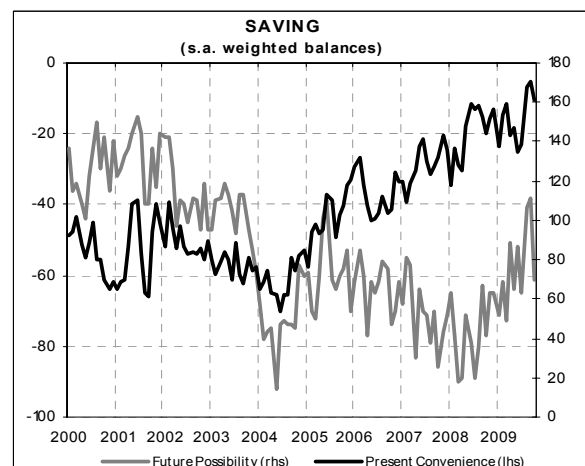
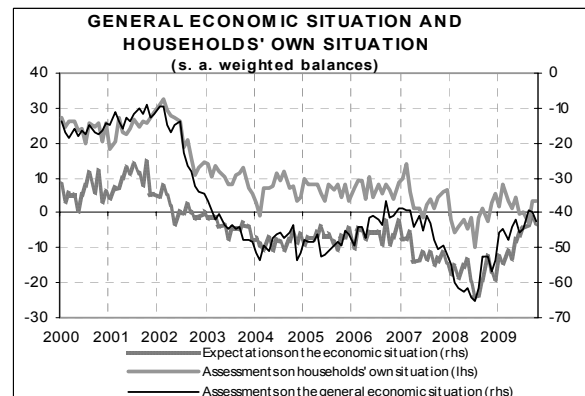
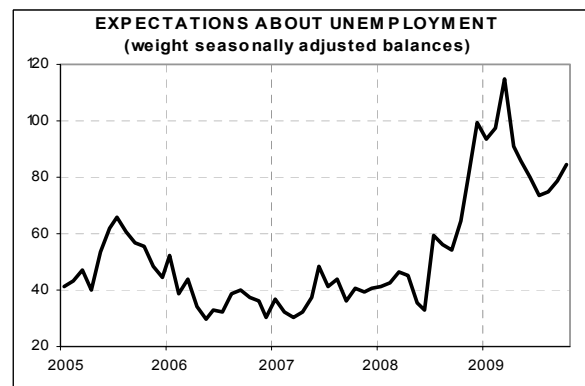
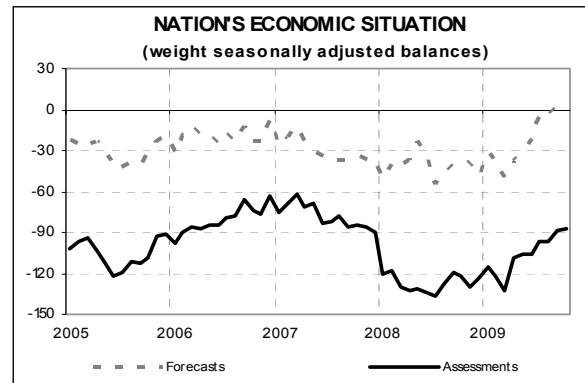
Prices were regarded as “unchanged” or “decreased” by a higher share of consumers than those believing that they had increased “very much” or “a fair amount”. Indeed, for the second time in the survey’s history, the balance was negative at -3 (from -11 in September). Short-term expectations continued to decrease (balance at -50, from -49) thus consolidating, for the fourth month in a row, an all-time low.

Personal situation

Following two months of recovery in October, views on personal situations saw a downturn. In particular, consumers’ opinions on savings were extremely negative, with a sharp reversal of the trend observed in September. Opinions on current opportunities decreased from 171 to 161 and, in particular, the balance on future capability for the forthcoming 12 months dropped from -38 to -61.

Moreover, consumers’ views of their families’ budgets dropped from -39 to -42, and even forecasts for the following 12 months dropped from -2 to -4. This notwithstanding, consumers continued to express favourable opinions on the state of their family budgets (with a continuing positive balance which grew from 3 to 4), and positive assessments of the durable goods market: the balance of opinions on the convenience of current purchases recovered from -80 to -76, and future

intentions especially grew stronger, with the relative balance increasing from -52 to -37.



The recurrent quarterly survey regarding more demanding expenses, however, revealed that interviewees' expectations were prudent: the balance on the purchase of cars dropped to the same values of a year ago, from -167 to -172. Regarding the housing market, purchasing intentions dropped from -183 to -190, as did those for extraordinary maintenance (from -159 to -171).

Regional breakdown of consumer confidence

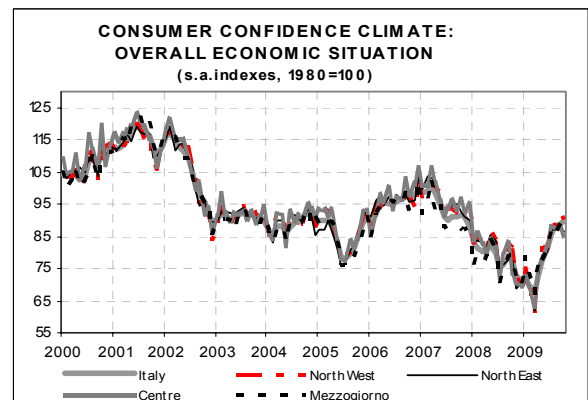
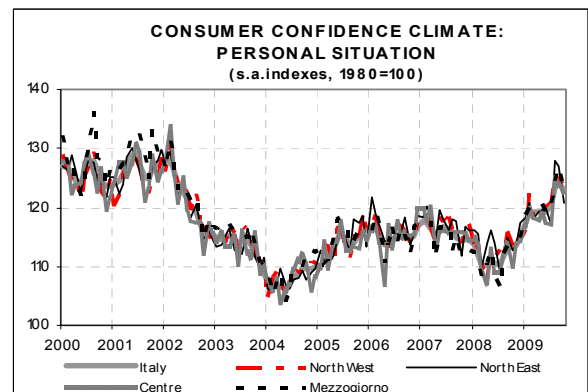
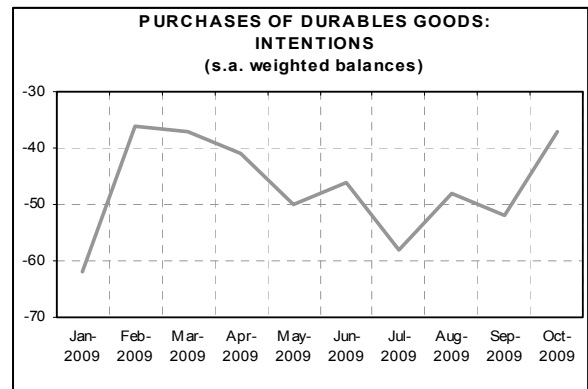
The slight drop in consumer confidence posted at a national level was not evenly spread across the country. The confidence index declined mainly in the North East and Centre, while it improved slightly in the North West and the South.

With regard to personal economic situations, interviewee's confidence diminished moderately throughout the country except for the Centre, where there was a slight improvement.

As regards the distinction between current and future situations, opinions improved everywhere, except in the North East, while forecasts for the following 12 months worsened across the country, particularly in the North West.

North West: the index declined from 114.2 to 112.7. In particular, forecasts for the country's economic situation worsened noticeably, while those for the labour market were less affected. Some favourable signs came from opinions on the country's economic situation and the durable goods market.

North East: the index declined most evidently in this region, dropping from 114 to 111.3. Confidence in the labour market especially dropped, over and above the national average, as did opinions on the durable goods market. Some positive signs came from forecasts on the general economic and personal situation and from opinions on family budgets.



Centre: the confidence index decreased slightly from 111 to 110.7. All variations were minimal: forecasts on the general economic and future atmosphere were slightly more pessimistic, while those on the current and personal situation were moderately positive.

Mezzogiorno: confidence decreased from 114.1 to 112.4 mainly as a consequence of unfavourable expectations regarding the labour market and future savings capabilities. By contrast there were positive signs from views on the country's economic situation and from the durable goods market.