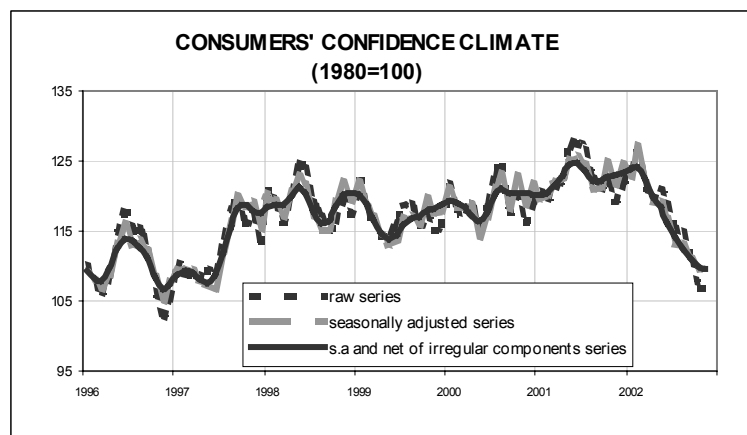




ISAE CONSUMER SURVEY

Reference month: November 2002

- In November, the Italian consumers' confidence climate shows signals of a modest recovery. The raw index rises, for the first time since May 2002, from 107 to 107.5; the seasonally adjusted index is also rising for the first time since February 2002 and reaches 109.8 (109.4 in October). The indicator adjusted for the seasonal and irregular component - which is particularly influenced by the past trend of the historical series - registers no improvement and equals 109.6 (110 in October)
- The confidence improvement is linked to the growing index concerning the respondents own situations and particularly to their rosier assessments on the convenience to make major purchases. Consumers expect also an inflation easing for the next few months, while short-term expectations on the labour market trend continue to worsen
- October data on the consumers' confidence in the euro area are consistent with the Italian figures gathered and diffused by ISAE on October 18, 2002. A confidence deterioration is registered in almost all countries and it is particularly strong in Germany and Portugal. Italy is in keeping with the European average figures
- According to an *ad hoc* survey carried out by ISAE in November, most consumers are quite satisfied with the service provided by their car insurance companies, though respondents report that insurance fees have considerably increased over the past 12 months



Data referring to December shall be diffused on December 19, 2002.

Next ISAE surveys are scheduled as follows:

November 26, 2002: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: November)

November 29, 2002: ISAE Monthly Survey on Trade (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

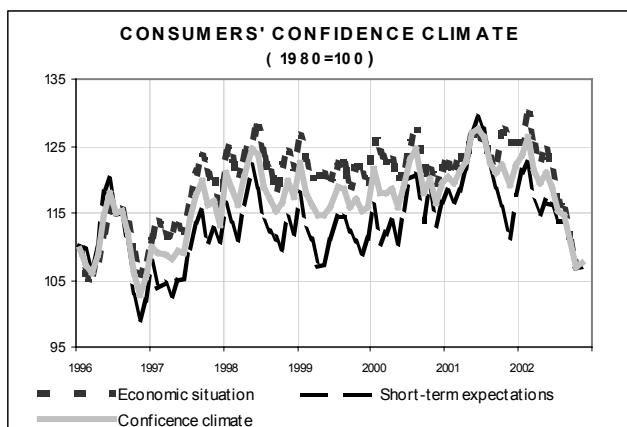
November 2002

General results

According to the survey carried out by ISAE between November 1 and 15 on a sample of 2,000 respondents, the Italian consumers' confidence climate recovered in November: the raw index, which had fallen since June, rises to 107.5 from 107. The seasonally adjusted index (which had been uninterruptedly decreasing since March 2002) reaches 109.8 (from 109.4 in October). The indicator adjusted for the seasonal and irregular component - which, by nature, is more influenced by the past trend of the historical series - registers no improvement and falls from 110 in October to 109.6 in November.

The confidence improvement is due to the rise in the index concerning the respondents' own situations, particularly thanks to rosier evaluations on the convenience to make major purchases. Conversely, the index referring to the country's general economic situation continues to worsen, particularly owing to the increasingly pessimistic short-term prospects of the labour market.

Finally, the share of consumers perceiving a strong price acceleration over the past twelve months is growing; however, inflationary tensions are expected to ease in the next twelve months.



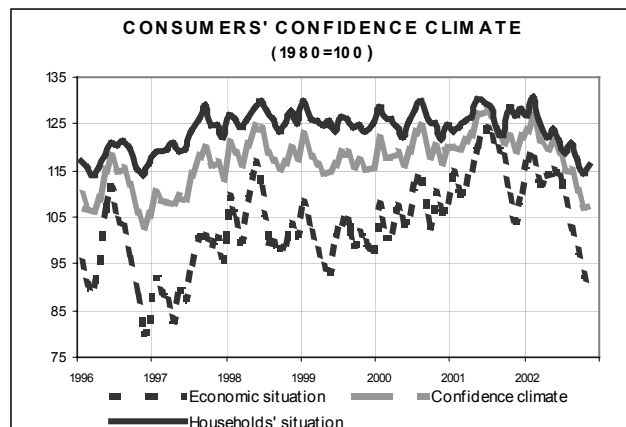
Overall situation

The confidence climate raw index on the general economic situation decreases again by almost three percentage points, passing from 92.4 in October to 89.7 in November, thus reaching the low levels of Summer 1997. The fall is particularly observed in expectations for unemployment, decreasing from -27 in October to -40 in November, which is the lowest level since June 1999. With regard to the country's general economic situation, consumers consider it slightly worsened as against October (the balance passes from -68 to -69), but they expect an improvement in the next twelve months (the balance passing from -26 to -24).

In November, the share of consumers perceiving a marked price dynamics rise continues to grow: the percentage of respondents deeming prices rose "very much" or "quite much" rises from 86% to 88%. However, short-term expectations are less pessimistic compared to the recent past: the number of those expecting prices to rise more or in the same amount as in the next year falls from 47 to 39%. Conversely, 39% of respondents (36% in October) expect a substantial price stability in the next twelve months.

Households' situation

The raw confidence index referring to respondents' own situations increases in November from 114.2 to



116.3, mainly because of the larger convenience to make major purchases: the balance rises from -53 to -47. Favourable signals also emerge with reference to saving opportunities (the balance passing from -23 to -15). Assessments on the households' own situations - probably influenced by the negative perception of the general economic trend - continue to worsen (the November balance diminishing from -29 to -32), while expectations for the next twelve months stabilise on the previous month's levels (the balance stopping at -3, as in October).

Short-term prospects on spending remain uncertain: the percentage of consumers forecasting to purchase durables for the next twelve months decreases again and reaches 36% (from 39% in October). The number of respondents declaring their wish to purchase a home in the next two years remains stable at 6%, while the share of those intending to spend for home maintenance and improvement in the next twelve months rises from 8% to 12%. Also consumers deeming it probable or certain to buy a car grows from 15% to 17% of the sample.

II - THE EUROPEAN COMMISSION CONSUMER SURVEY AND AMERICAN CONSUMER SURVEYS

October and early-November 2002

In October, the consumers' confidence climate considerably worsens both in the euro area average and in the United States.

In keeping with the data on Italy gathered by ISAE in October and diffused on October 18, according to the European Commission Consumer Survey, the consumers' confidence climate in the euro countries decreases on average from -9 to -12. Short-term expectations both on the households' own situations and on the general economic situation, seem rather pessimistic. The balance falls from -1 to -2 and from -10 to -12 respectively. European consumers express

their growing perplexities on the possibility to allocate part of their incomes for saving in the next twelve months (from -2 in September to -7 in October, which is close to the minimum levels registered in the early-1997). Indeed, also the share of those expecting an unemployment rise is growing (the balance passes from 24 in September to 27 in October). Among non confidence-building indicators, assessments on the households' own situations become harsher (the balance falling from -15 to -16), particularly those on the general economic trend (the balance passing from -37 to -39). Finally, with regard to prices, in spite of a slight increase in the balance, passing from 6 to 7 in October, the percentage of respondents expecting a further price rise in the next few months remains limited, much below the high levels reached in the early-2002.

In October, the confidence contraction was diffused in almost all countries considered: the only exceptions being Belgium and Denmark (where confidence rises) and the Netherlands and Greece (where it remains stable). A particularly marked deterioration is registered in Germany and Portugal: in Italy the worsening is in keeping with the European average.

Among the major countries, the German confidence climate considerably deteriorates, falling from -5 to -11, which means going back to the low levels reached in the II quarter 2002. The result mirrors the worsening of all components, which is particularly sensitive for the prospects on the general economic situation (the balance passing from -8 to -13). German consumers also express their strong concerns on their own prospects, the balance of which decreases from -3 to -6. Also the possibility to save in the next future is diminishing: the balance contracts from 8 to 2, thus reaching the minimum early-1997 levels. This goes alongside with an inflationary tensions rekindling (from 10 to 12).

The French confidence climate decreases from -16 in September to -17 in October, particularly because of the contraction of respondents deeming it probably to save in the next twelve months (from -16 to -19): also expectations on the general economic situation are worsening (the balance going from -13 to -14).

The Spanish confidence climate slightly deteriorates (from -11 to -12). In this case too, what really deteriorates are expectations on the general economic situation and, particularly, on the opportunity to save (the balance falling from -17 to -21). Also intentions to purchase durables in the next twelve months diminish and their balance falls from -12 in September to -21 in October).

In the United States, the Conference Board index brusquely diminishes in October, going from 93.7 in September to 79.4, which means getting close to the minimum levels of the past decade. American consumers' pessimism is mainly due to the worsening of international tensions, apart from labour market weakness and the still-prevailing uncertainty on financial markets. The confidence worsening observed in October is also confirmed by the University of Michigan surveys, indicating an index fall from 86.1 to 80.6, which is also close to the minimum figures of the past decade.

However, according to the data recently diffused by the Department of Commerce, retail trade - which in September had fallen by 1.2% - stabilised in October, which is a better result than that expected by the main analysts. According to the early University of Michigan data, American consumers' confidence climate rises to 85 in November, thus recovering - at least partially - the strong fall of the previous month. The confidence recovery is probably also favoured by the further contraction of the cost of money, which - after the latest decision by the FED to bring reference rates to 1.25% - is at its lowest levels since the War.

AN *AD HOC* SURVEY: THE CONSUMERS' PERCEPTION OF CAR INSURANCE FEES

In November, ISAE carried out an *ad hoc* survey concerning the perception consumers have of the service provided by car insurance companies. Most respondents are generally satisfied with the service provided; however, there are many who feel insurance fees have risen "very much" or "quite much" over the past twelve months.

According to the survey, 84% of households own at least one car: almost half of them (almost 47% of respondents) possess just one car, while 31% owns two cars and 7% three or more. The relative majority (44%) possess a small or medium-sized car (from 1,00 to 1,400 HP): that percentage rises to 54% for those having just one car and falls to 31% for those having more than one.

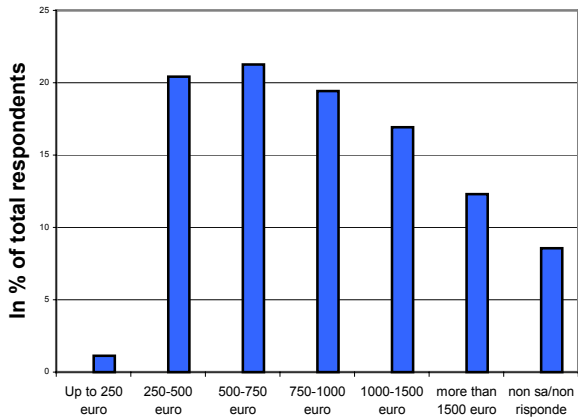
93% of the sample subscribed a compulsory insurance contract covering civil liability: 40% add to that also a fire and theft car insurance and only 6% have a "kasko" insurance. The overall households' expenditure for car insurance equals about 1,000 euro per year: indeed it ranges between 250 and 750 euro for 42% of the sample and between 750 and 1,500 euro for 36% of households.

Only 14% of respondents have just changed their insurance company in the past three years, particularly in an attempt to reduce costs. According to 78% of respondents insurance fees have increased "very much" or "quite much" over the past few months.

Those who denounced a car accident over the past three years were asked to assess the quality of the service provided by their insurance companies, under the assumption that the perception of the service quality be better for those who really had a direct contact with insurance companies in the recent past. 77% of this group of respondents (equalling 15% of the sample, that is almost 250 people) report to be "very" or "quite"

satisfied, and only 6% is considerably "unsatisfied" with the service provided.

Yearly overall expenditure for car insurance



Quality of the service provided by insurance companies

