

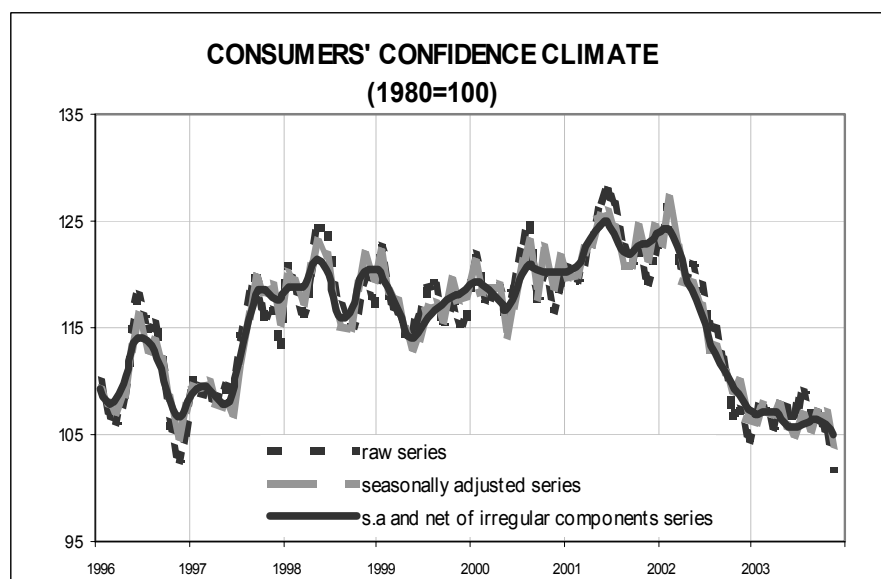


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Date: November 25, 2003
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THE CONSUMERS' CONFIDENCE INDICATOR DECREASES IN NOVEMBER

- The seasonally adjusted index falls from 106.8 in October to 104, and the contraction takes place at a moment when the latest cyclical indicators are signalling a gradual improvement of the economic situation
- Also the ISAE Survey on Manufacturing and Extractive Firms – which shall be diffused on November 26 - provides signals which are out of keeping with the households' confidence data. Indeed, the early anticipations show an evident recovery in the order books of consumer goods producers and are perfectly in keeping with the ISAE forecast of November 11 concerning a recovery in the productive activity in the last two months of the year
- Furthermore, ISAE observes that, over the past quarters, the Italian households' spending behaviours did not mirror the confidence trend, as a substantial stagnation characterised the first half of the year, alongside with a 2.1% growth of the households' consumption level compared to the corresponding period of 2002



Data referring to December shall be diffused on **December 18, 2003**.

Next ISAE surveys are scheduled as follows:

November 26, 2003: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: November)

November 27, 2003: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (Reference month: October) and ISAE Monthly Business Service Survey (Reference month: November)

December 2, 2003: Comparative Business Surveys for Italy, Germany and France (Reference Month: November)

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 2003

According to the Consumer Survey carried out by ISAE between November 3 and 14 on a sample of 2000 respondents, the Italian consumers' confidence indicator signals a worsening. Indeed, the raw index falls by almost three percentage points (from 104.7 to 101.8). A similar contraction is observed in the seasonally adjusted index, passing from 106.8 in October to 104 in November, while the indicator adjusted for the seasonal and irregular component goes from 106.0 to 105.

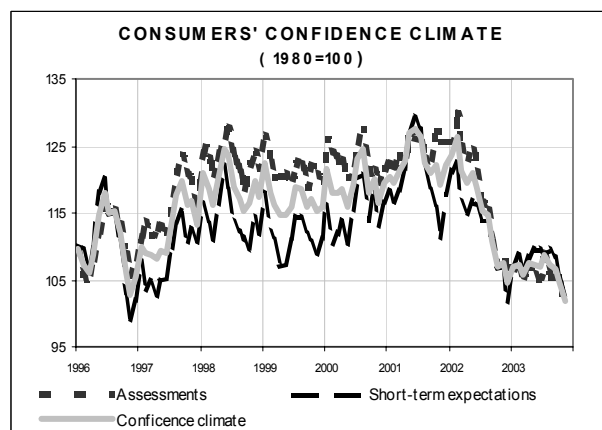
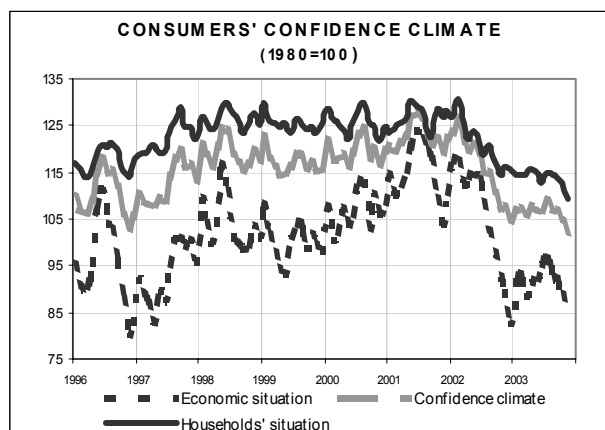
The worsening affects all the index-building components, and it is much more marked with regard to the respondents' own situations, on the one side, and, on the other side, to evaluations on the current economic situation.

With reference to prices, the perception continues to prevail that strong price rises emerged last year; however, a substantial stability is expected for the next twelve months.

Overall situation

In November, the confidence climate raw index on the general economic situation alone shows a further deterioration, passing from 88.5 to 86.6. The worsening is evident in all variables and particularly in assessments on the Italian economic situation (the balance falling from -70 to -75, while the one concerning forecasts goes from -28 to -30). Expectations on the labour market evolution are also worsening: even though the share of those fearing a "strong" unemployment rise goes from 8 to 6%, the number of those expecting a "moderate" growth increases from 31 to 39%, and the percentage of those forecasting a contraction in the share of unemployed in the next few months falls from 13 to 11%.

With regard to prices, half of respondents deem prices rose "very much" in the past twelve months (49% compared to 50% in October). The share of those considering prices rose "enough" in the past twelve months goes from 38 to 42% of the sample, while the number of those deeming prices grew "little" or even diminished goes down to 4% (from 8 and 5% in October respectively). Favourable expectations emerge also with regard to inflationary expectations for the next 12 months: alongside with a slight reduction in the share of those fearing prices will rise more than in the past (passing from 7 to 5%), a strengthening is registered in expectations for a substantial stability in the next twelve months (from 49 to 51% of respondents).



Households' situation

In November, the raw confidence index referring to the respondents' own situations alone decreases from 112.8 to 109.4. The result is the synthesis of the generally unfavourable trends of all the index-building variables.

With regard to the households' economic situation, both assessments and – to a lesser extent – forecasts on the present economic situation are worsening (the balances equalling –32 and –5 from –36 and –4 respectively).

With reference to the households' financial situation, the balance falls from 11 to 7 owing to unfavourable evaluations on saving. Indeed, the share of those declaring to incur debts or draw from their saving remains unchanged at 13%, which is also confirmed by the decreasing number of people (from 43 to 37%) declaring they “certainly” consider the present phase as favourable to saving, while the share of respondents deeming the present situation is “probably” favourable” grows from 30 to 36%.

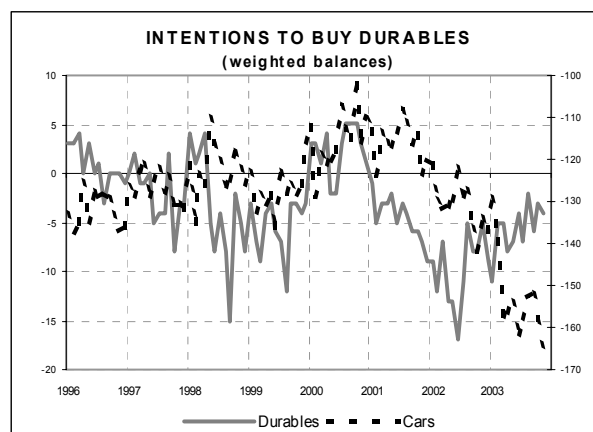
Furthermore, consumers are more pessimistic on their future saving opportunities: indeed, the share of those “certainly or probably” saving in the next twelve months decreases from 35 to 33% (the third contraction in a row), while the percentage of those “certainly or probably” excluding any saving rises from 61 to 63%.

With regard to durables, the present phase seems more favourable than October: indeed, the climate of uncertainty is spreading, as the share of those who cannot express a real assessment grows up to 8% (7% in October).

For the next twelve months, the share of those expecting to make at least as many purchases as in the recent past falls from 26 to 24%, while the share of those intending to make no purchase at all remains at 66%.

With regard to major purchases, the share of those intending to buy a home decreases from 3 to 2%. Also the number of consumers intending to spend for home

maintenance and improvement in the next twelve months decreases from 7 to 6%, and the percentage of those intending to buy a car in the next twelve months goes from 9 to 8%.



II - THE EUROPEAN COMMISSION CONSUMER SURVEY AND AMERICAN CONSUMER SURVEYS

October and early-November data

In October, the average confidence climate indicator in the euro area stabilises on figures slightly below the average levels of the first nine months of the year. Conversely, in the United States, confidence rose again in October, pushed by favourable indications on the GDP growth of the III quarter 2003. According to the early Michigan University data on November, the American consumers' confidence indicator reached its highest peak in the last eighteen months.

Turning to details, the average confidence indicator in the euro area stabilises at –17 for the third month in a row, while expectations for an economic recovery equal –18 and expectations on the respondents' own situations worsen (from –4 to –5, after five months' stabilisation), as do future saving opportunities (from –8 to –9 in terms of balances). With reference to the labour market, the number of those expecting an unemployment rise in the next twelve months is growing (the balance passing from 37 to 36).

Among non confidence-building series, assessments on the country's general economic situation and on the respondents' own situations get worse (the balances equalling -46 and -17 as against to -45 and -16 in September). With regard to durables, the prospects for the next twelve months are improving (from -19 to -18), while opinions on the present convenience to purchase durables remain unchanged (-23). With regard to prices, a further inflation slowdown is observed and the balance passes from 6 to 5.

Among the major countries, Germany shows a slight confidence recovery (from -19 to -17, thus getting close to the November 2002 figures). The result mirrors an improvement in all confidence-building components: in particular, German consumers show a rosier approach to their future saving opportunities (the balance passing from -1 to 1) and to the prospects for an unemployment rise (the balance going from 45 to 42).

Unlike what happens in Germany, the French confidence indicator slightly worsens and passes from -23 in September to -24 in October. French consumers seem more pessimistic on their own situations and on their future saving opportunities (their balance passing from -2 to -3 and from -20 to -23 respectively). Indeed, both expectations on the economic trend in the next few months (the balance passing from -26 to -25) and the future prospects for an unemployment growth (from 44 to 43) slightly improve.

The Spanish consumers' confidence climate shows a slight worsening, passing from -11 to -12. Almost all index-building components worsen, with the exception of the figure representing the share of respondents expecting an unemployment rise (passing from 9 to 7).

In the United States, according to the Conference Board indications, the American consumers' confidence indicator passes from 77 to 81.1. The result mirrors an improvement of both the sub-index concerning the current situation (from 59.7 to 66.8) and

of the one concerning future prospects alone (rising from 88.5 to 90.7).

Similar signals come from the Michigan University indications, pointing to an index rising from 87.7 in September to 89.6 in October, mainly thanks to a renewed optimism on the labour market trend. According to the early Michigan University data on November, the confidence is expected to reach 93.5, which shows a positive approach to the possibility of a future economic recovery.