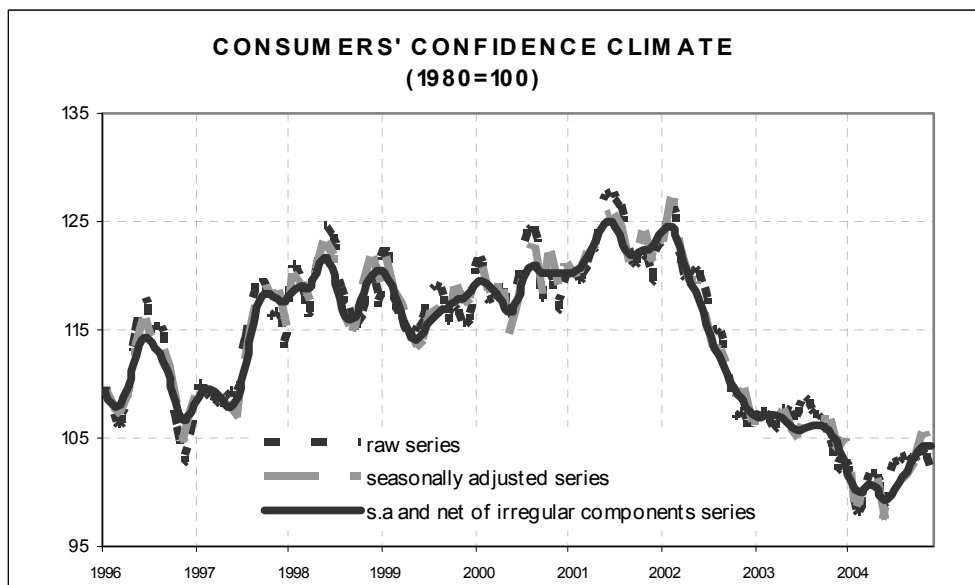




Date: November 24, 2004
TEL.: 06/444821

AFTER A FIVE-MONTH GROWTH, THE CONSUMERS' CONFIDENCE FALLS IN NOVEMBER

- The seasonally adjusted indicator falls in November from 105.6 to 103.9, thus remaining above the average figures of Q3 2004. The indicator adjusted for the seasonal and irregular component – which is more sensible to the past trend of the historical series – remains almost unchanged compared to October (from 104.4 to 104.3). Finally, the raw index decreases from 103.7 to 102
- Looking at seasonally adjusted data, the contraction is mainly due to worsening evaluations on the country's general economic framework, which deteriorate from 94.8 to 91.5. The disaggregated index of the respondents' own situations also contracts, though to a lesser extent, passing from 109.6 to 109.4
- Turning to judgements on the current and future situations, less favourable assessments emerge with reference to the current situation (from 104.3 to 101.4), while the optimistic approach to short-term prospects is strengthening and the sub-index passes from 104.4 to 106
- Consumers express cautious evaluations on their present convenience and future opportunities to purchase durables, while they show a favourable approach to the present convenience and future opportunities to save
- With regard to prices, the recent oil price rises had a slight impact on the consumers' perception of the past twelve months' peaks, but have no significant consequence on their short-term forecasts
- In the USA, according to the early November data of the Michigan University, the American consumers' confidence index should grow from 87.5 to 95.5 thanks to a renewed optimism for the country's general economic situation



Data referring to December shall be diffused on **December 21, 2004**.

Next ISAE surveys are scheduled as follows:

November 25, 2004: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: November)

November 30, 2004: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (Reference month: October) and ISAE Monthly Business Service Survey (Reference month: November)

December 1, 2004: 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)

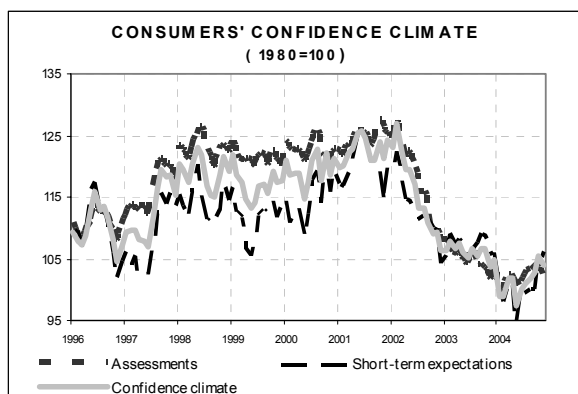
I – ISAE CONSUMER SURVEY FOR ITALY

November 2004

According to the Consumer Survey carried out by ISAE between November 2 and 15, the Italian consumers' seasonally adjusted indicator – after a five-month growth - falls in November from 105.6 to 103.9. The consumers' confidence however remains above the average figures of Q3 2004. A similar variation also emerges from the raw indicator, passing from 103.7 to 102. Finally, the indicator adjusted for the seasonal and irregular component – which is more sensible to the past trend of the historical series – remains almost unchanged compared to October (from 104.4 to 104.3).

However, the result is the synthesis of different perceptions: a marked deterioration is emerging from both opinions on the country's general economic framework and from evaluations on the current situation (the sub-index passing from 104.3 to 101.4). Conversely, assessments on the respondents' own situations remain substantially stable, while rosier signals come from future prospects, improving from 104.4 to 106.

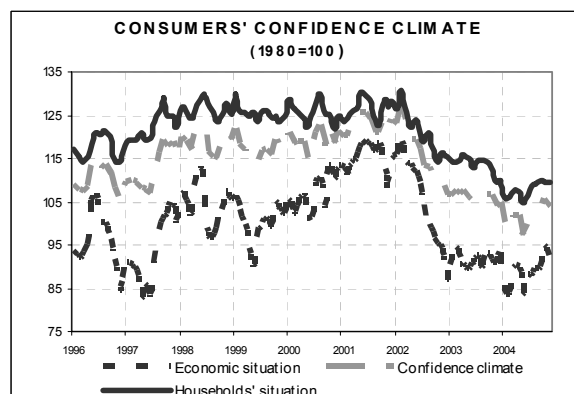
Among non confidence-building variables, further concerns emerge on the current inflationary dynamics, though they are not confirmed by expected perceptions, which remain stable. Finally, forecasts on purchases of durables remain cautious.



General economic situation

In November, the seasonally adjusted confidence index of the general economic situation alone falls from 94.8 to 91.5. In particular, consumers express clearly darker evaluations on the present Italian general economic situation (the seasonally adjusted balance decreasing from -89 to -104) and also express concerns for the expected unemployment, rising from 34 to 40 in terms of balance. Short-term forecasts on the evolution of the country's economic situation seem favourable, as the balance recovers from -17 to -13.

Probably the recent oil price rises have a negative impact on the present evaluations on the inflationary dynamics: the weighted raw balance of price evaluations of the past 12 months interrupts its decreasing trend and jumps to 94 (from 68 in October), thus getting close to the August figures. In particular, the share of those deeming prices rose "very much" in 2004 rises from 21 to 35%, while the number of those feeling prices rose "enough" decreases from 48 to 46%. Conversely, the share of respondents feeling prices remained "stable" diminishes from 19 to 12% and expectations on inflation for the next twelve months remain substantially stable (their weighted raw balance passing from -39 to -37).



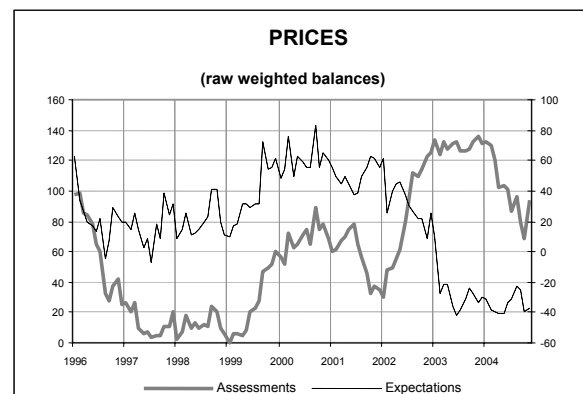
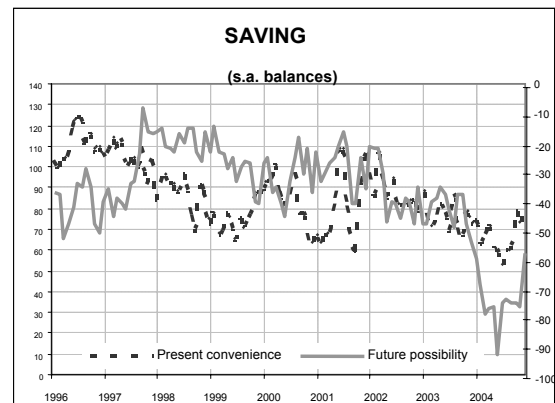
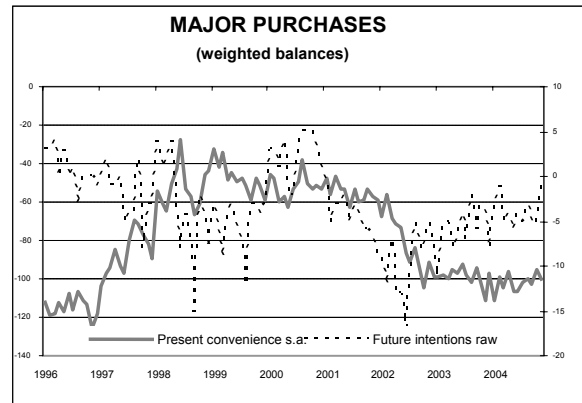
Households' situations

In November, the seasonally adjusted confidence index referring to the respondents' own situations alone slightly decreases from 109.6 to 109.4, which is still close to the highest peaks of 2004.

That result comes from the synthesis of all the sub-index-building variables. All evaluations on households and on durables are unfavourable, while assessments on saving are rosier. In particular, opinions on the households' economic situations are worsening and the balance falls from 8 to 4, due to the pessimistic approach on both the present (the balance passing from -45 to -53) and – to a lesser extent - the future – from -5 to -8) households' situations.

Besides, consumers are again pessimistic on their present convenience to purchase durables: after the October recovery, the weighted and seasonally adjusted balance passes from -95 to -101, on the average levels of 2004. Consistently, the share of consumers excluding they will make major purchases in the short term grows from 67 to 76%, even though the share of those wishing to purchase more than in the past slightly increases from 2 to 4% and the balance recovers from -5 to -1. Besides, the percentage of consumers “definitely” excluding they will buy a new car rises from 79 to 86% and the share of respondents convinced they will buy no home grows from 89 to 94%, while the number of those reporting they will have no extraordinary expenditure for home maintenance passes from 83 to 86%.

In the face of generally negative indications on durables, consumers express rosier opinions on the present convenience and future opportunities to save (the balances rising from 74 and -75 to 82 and -57 respectively).



II - THE EUROPEAN COMMISSION CONSUMER SURVEY AND AMERICAN CONSUMER SURVEYS

October and early-November data

The average consumers' confidence in the euro area slightly contracts in October, thus getting close to the average figures of 2004¹. According to the early Michigan University data on November, the American consumers' confidence should recover compared to October.

Turning to details, the average euro area indicator slightly falls, passing from -13 to -14, which stems from a generalised worsening of all confidence-building components. In particular, with reference to the labour market, the share of respondents' expecting an unemployment rise in the next few months slightly rises (from 28 to 29 in terms of balance). Among non confidence-building indicators (according to the Commission), opinions on the present convenience to purchase durables remain unchanged compared to the previous month, as do spending prospects for the next few months, within a framework where an inflationary tension easing is expected (the balance passing from 8 to 7).

Among the major countries, the German confidence climate worsens in October, passing from -16 to -18, which is also due to a general worsening of all confidence-building components. In particular, expectations on the country's general economic situation are worsening, together with the labour market prospects. With reference to prices, German consumers expect a slight inflationary tension weakening.

Quite the reverse, the confidence climate remains unchanged at -11 in France, which is however close to the maximum figures of 2004. Indeed, French consumers' expectations on the country's general economic situation worsen, though future saving

opportunities slightly recover. Besides, the share of those expecting an unemployment rise in the next quarter is diminishing. With regard to prices, expectations for an inflationary tension easing grow in France (as indeed in Germany and in the average euro area countries).

The Spanish confidence indicator slightly recovers in October, passing from -13 to -12 thanks to an improvement of almost all confidence-building components, with the exception of the labour market prospects (the balance remaining unchanged at 15, as in the previous month). In particular, Spanish consumers seem less pessimistic on their future saving opportunities: indeed, the balance passes from -29 to -25. With regard to prices, unlike what happens in France and Germany and in the average euro-area countries, further inflationary tensions are registered and the balance jumps from 17 to 22.

In the United States of America, according to the Conference Board indicator, the consumer confidence index falls from 96.7 in September to 92.8 in October: indeed, the sub-index concerning the current situation is worsening (from 95.3 to 94.2), while the one referring to expectations alone deteriorates even more (from 97.7 to 92). According to the early Conference Board indications on November, the American consumers' confidence indicator should increase up to 95.5, thanks to a renewed optimism on the country's general economic situation.

¹ In January 2004, France reviewed its questionnaire for a better harmonisation of its Survey, which caused a structural break in the series. Thus, French data are neither seasonally adjusted, nor fully comparable with those of other countries, all of which has an impact on the average figure of the euro area.