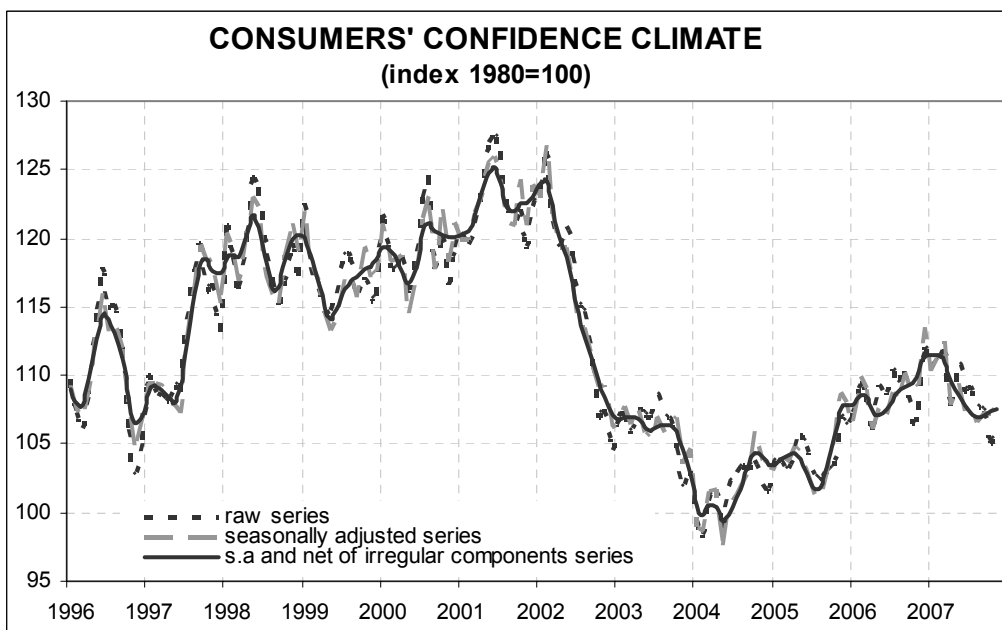




Date: November 21, 2007  
TEL.: 06/444821

## CONSUMER CONFIDENCE RECOVERS IN NOVEMBER

- The seasonally adjusted confidence index increased to 107.6 from 107.3 posted in the last two months. The indicator also adjusted for irregular components reached 107.5 (from 107.4) and the raw index rebounded to 105.9 from 105.1
- The improvement stemmed on the one hand from better assessments on the respondents' personal situation, which on the whole rose from 113.2 to 115.2, and on the other hand from the upturn in the index for the future trend, which recovered from 98.7 to 99.3
- The general economic conditions indicator declined instead from 92.2 to 91.1, and the gauge measuring the current situation remained practically stable (moving from 113.8 to 113.9)
- However, inflationary pressures started to build up again. Both the opinions on last months' inflation and short-term prospects worsened once more
- The improvement in confidence posted at the national level was the result of diverging trends across the country: the indicator bettered in the North (from 108.4 to 109.9 in the North West and from 107.6 to 109 in the North East) and in the *Mezzogiorno* (from 105 to 105.5), but declined in the Centre (from 110.1 to 108.4)



**Data on December shall be released on December 20, 2007**

*The next ISAE surveys are scheduled as follows:*

**November 27:** ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: November)

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

**December 6:** ISAE International Comparison of Consumer and Business Surveys (reference period: November)

**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](http://www.isae.it))**

## Italian consumers' confidence

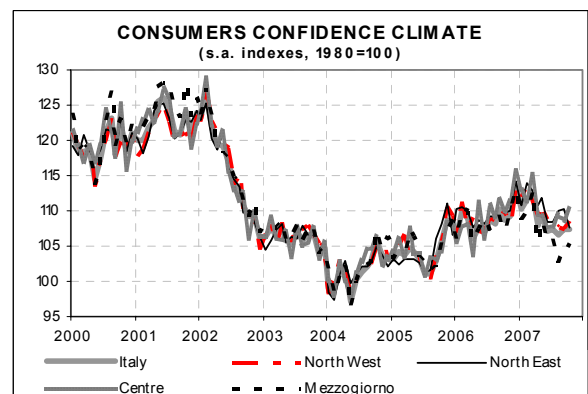
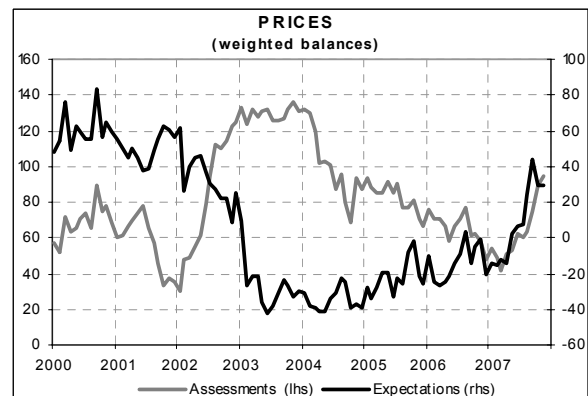
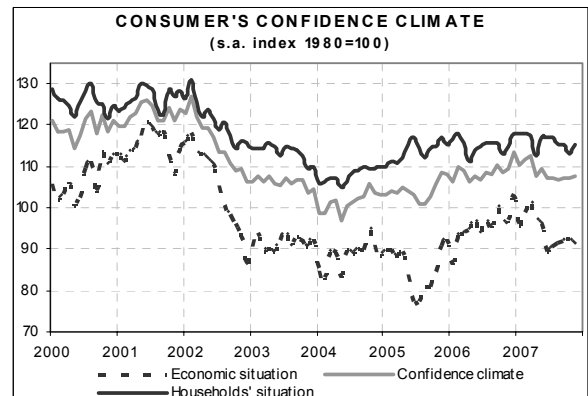
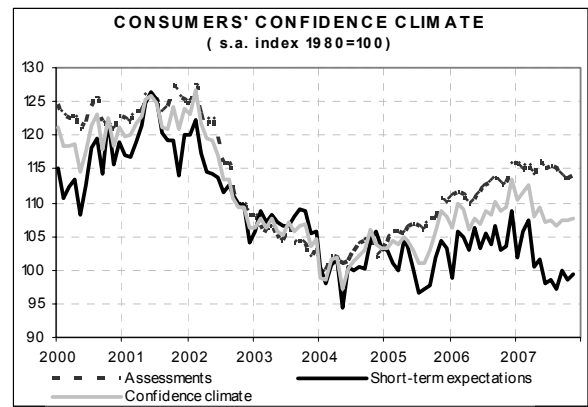
According to the ISAE Survey, carried out between November 2 and November 15, Italian consumers' confidence recovered in November. The seasonally adjusted index rose from 107.3 to 107.6, reaching the high level posted last May. The index also adjusted for irregular components increased from 107.4 to 107.5 and the raw indicator rebounded from 105.1 to 105.9.

The improvement stemmed on the one hand from better assessments on the respondents' personal situation, which on the whole rose from 113.2 to 115.2, and on the other hand from the upturn in the index for the future trend, which recovered from 98.7 to 99.3. The general economic conditions indicator declined instead from 92.2 to 91.1, and the gauge measuring the current situation remained practically stable (moving from 113.8 to 113.9).

In more detail, assessments and mainly forecasts on the country's economic situation deteriorated, but expectations for the employment trend improved slightly. As for the personal situation, opportunities and convenience to save mainly bettered, in a situation however characterized by widespread caution about opportunities to buy consumer durables.

Furthermore, inflationary pressures started to build up again. Both the opinions on last months' inflation and short-term prospects worsened once more.

The improvement in confidence posted at the national level was the result of diverging trends across the country: the indicator bettered in the North (from 108.4 to 109.9 in the North West and from 107.6 to 109 in the North East) and in the *Mezzogiorno* (from 105 to 105.5), but declined in the Centre (from 110.1 to 108.4).



## Overall economic situation

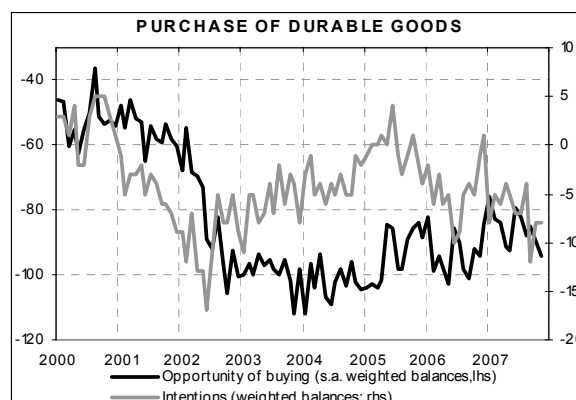
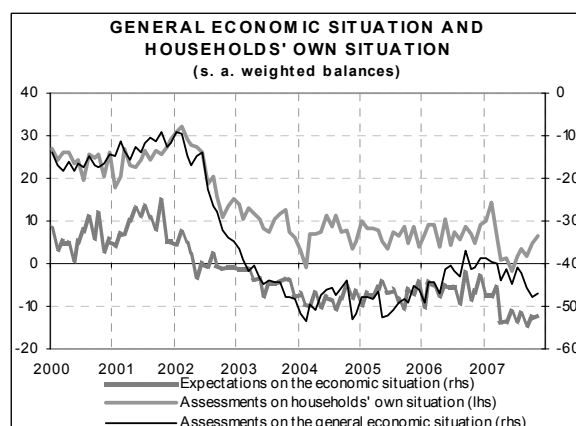
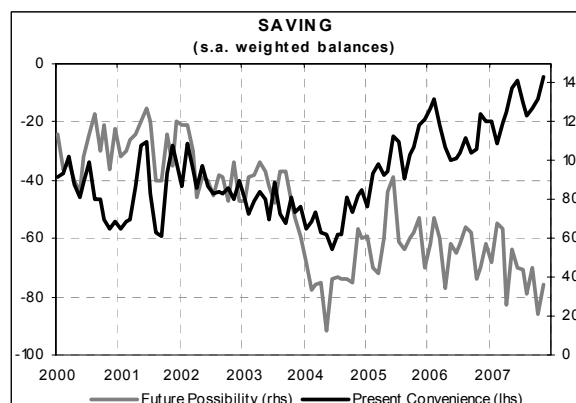
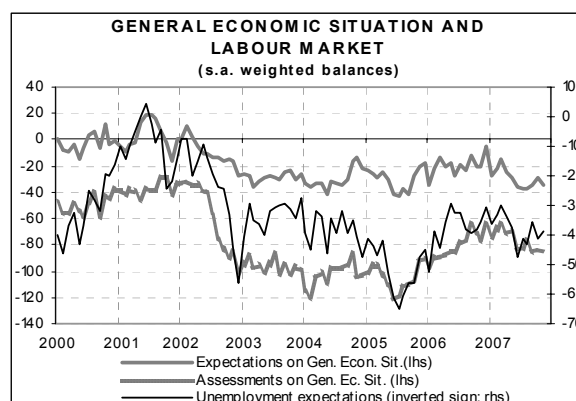
In November, evaluations of Italy's economic conditions worsened overall: the opinions on the current economic situation remained virtually stable (the balance moved from -84 to -85), whereas short-term forecasts for the same variable clearly deteriorated (from -29 to -35). Expectations for employment developments slightly improved instead (from 41 to 39).

With regard to the price trend, both current and expected inflationary pressures worsened further: the related balances increased from 89 to 95 and from 20 to 25, respectively. As for the (raw) balances related to the various replies, the share of respondents judging prices to be "markedly" higher rose from 26% to 27%, while the proportion of those considering prices to be "rather" higher increased from 45% to 47%. The percentage of respondents who thought that prices remained "equal" declined from 8% to 6%. Lastly, with regard to prospects for the following twelve months, the share of respondents expecting prices to rise "noticeably" increased from 8% to 9%.

## Personal situation

The improvement in consumers' assessments on their own economic situation stemmed mainly from the recovery in saving opportunities (following the plunge posted in October, the related balance recuperated moving from -86 to -76). Also the present convenience to save recovered (from 132 to 143).

On the whole, opinions and forecasts on the economic situation of consumers' own families remained virtually stable (the balances stood at -47 and -12 respectively, compared to -48 and -13 in the previous month). In contrast, an improvement distinguished assessments on the state of the family budget (the balance rose from 5 to 7, the highest level since February). Respondents recorded a decline in the current convenience to buy consumer durables (from -90 to -94) and remained cautious about future buying intentions (the raw balance held steady at -8).



### Regional breakdown of consumer confidence

The recovery in confidence posted at the national level was the result of diverging trends across geographic areas. The index clearly improved in the North and the *Mezzogiorno*, but worsened in the Centre. The North and the *Mezzogiorno* recorded a general improvement in the opinions on the personal situation and on current conditions, whereas the Centre posted marked deterioration in general economic and personal conditions, which came along with a worsening in current and future opinions.

North West: the indicator improved from 108.4 to 109.9. The recovery was mainly due to the clear improvement in the opinions on the personal economic situation and to the recovery in the evaluation of current and future conditions. The opinions on the general economic situation deteriorated instead: the related index declined to the level posted last September.

North East: also in this area consumer confidence recovered: the indicator increased from 107.6 to 109. The progress was mainly driven by widespread improvement in the opinions on the consumers' personal economic situation and on current and future conditions. The evaluation of the general economic situation continued to worsen for the second straight month.

Centre: this is the only area where consumer confidence recorded a decline: the index moved from 110.1 to 108.4, going back to the value posted last September. The worsening in confidence mainly stemmed from the widespread pessimism which characterized the opinions on the general economic situation and on current and future conditions. Also the opinions on the personal situation were pessimistic.

Mezzogiorno: following the fall recorded in October, the consumer confidence index resumed its upward trend: the indicator increased from 105 to 105.5, returning to its September average value. The recovery was mainly due to the improvement in the opinions on the personal situation and on current conditions. Also the evaluation of the country's

economic situation continued to improve for the third month running. The opinions on future conditions worsened instead for the second consecutive month.

