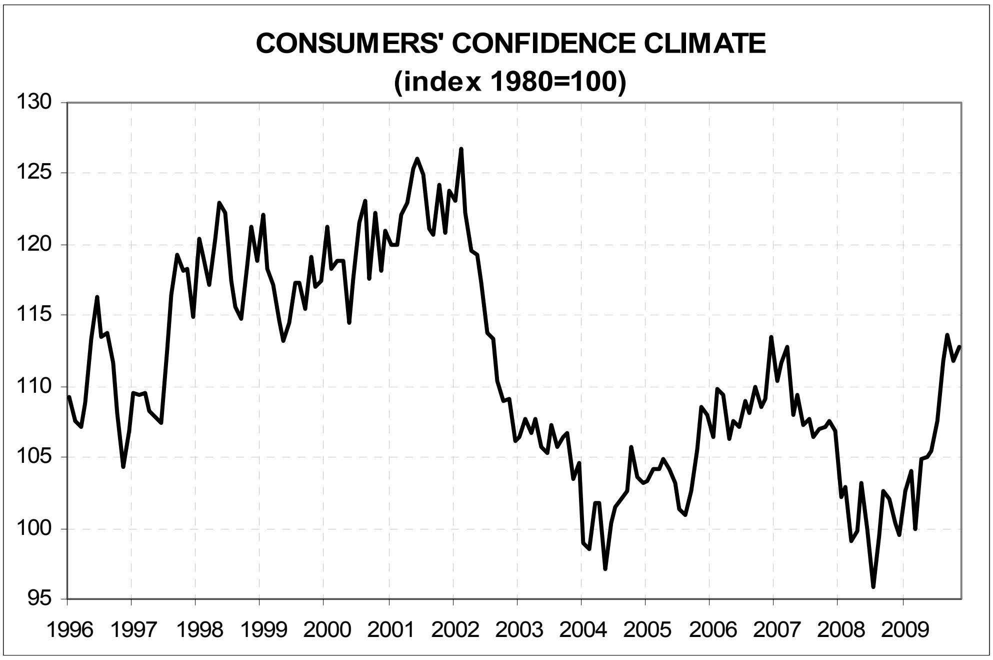
ISTITUTO DI STUDI E ANALISI ECONOMICA
Piazza dell'Indipendenza, 4 00185 Roma tel.: + 39-0644482.1 fax: + 39-0644482229

Date: **25 November 2009**

CONSUMERS' CONFIDENCE RECOVERS AGAIN IN NOVEMBER

- **The index increased to 112.8 (from 111.7), almost hitting the maximum yearly value of September**
- **Growth essentially featured opinions on the overall economic situation, where the index increased five points rising to 93.7 (from 88,5), recording the highest value since May 2007; short-term expectations climbed from 101.6 to 104.8, mostly recovering the downtrend reported in the previous month**
- **The index on the current situation remained substantially stable (from 118.2 to 118.3), but greater pessimism emerged from the consumers' personal situation (from 121.9 to 121.6)**
- **Current assessments and future expectations on the general economic situation improved; pressure on the labour market became lighter and savings prospects recovered**
- **On the other hand, unfavourable indications emerged from the assessments on family budgets and the cost-effectiveness of purchasing durable goods**
- **As to prices, the ongoing and expected inflationary trends were confirmed to slacken, though to a lesser extent, almost maintaining the all-time-low values**
- **At regional level, confidence did not recover homogeneously across areas: it markedly increased in the North West and the *Mezzogiorno,* moderately recovered in North East and was negligible in the Centre**



Data on December shall be released on 23 December 2009

Next ISAE surveys are scheduled as follows:

26 November: *ISAE Monthly Survey on Manufacturing and Extractive Firms (reference period: November); ISAE Monthly Service Survey (reference period: November); ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: November); ISAE Monthly Survey on Construction (reference period: October)*

The full text of ISAE Surveys (either hardcopy or electronic format) is available for sale (for further information see the website www.isae.it).

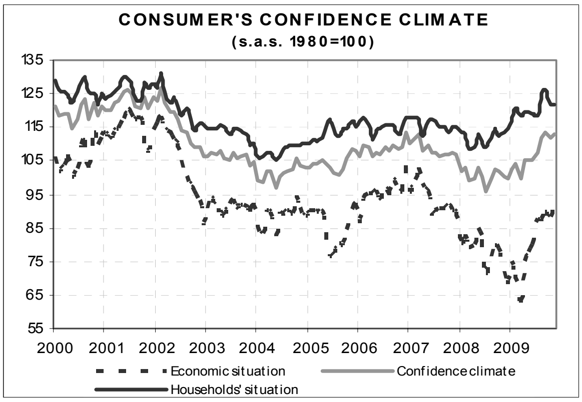
Italian consumers' confidence

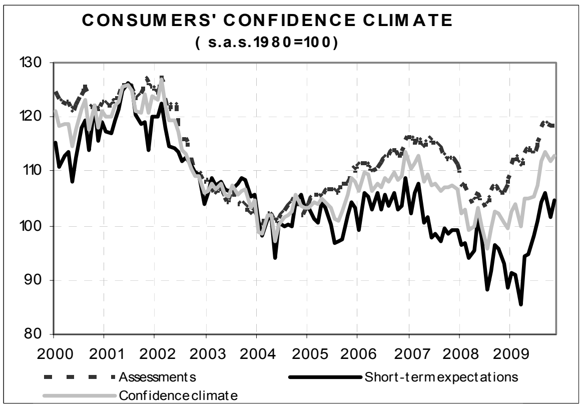
According to the ISAE survey carried out from 2 November to 17 November, Italian consumers' confidence in November climbed to 112.8 (from 111.7), nearly hitting the highest yearly value recorded in September. The increase was essentially due to the strong optimistic indications emerging from the assessments on the general economic situation; the confidence index rose five points to 93.7 (from 88.5), marking the highest value since May 2007; short-term expectations climbed from 101.6 to 104.8 mostly recovering the downtrend reported in the previous month. Assessments on the ongoing situation remained essentially stable but greater pessimism emerged from the consumers' personal situation. Trends actually moved from 118.2 to 118.3 and from 121.9 to 121.6, respectively.

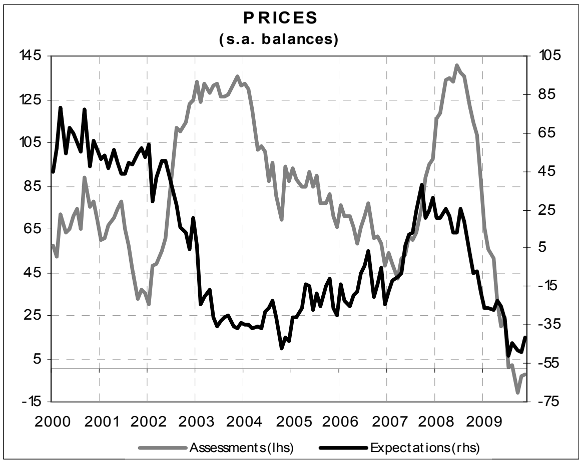
Most favourable signals emerged from the ongoing and future opinions on the country's economic situation, from the mitigation of pressures on the labour market and from the recovery of future savings capacities. On the other hand, unfavourable indications with respect to the previous survey emerged from the opinions on family budgets and on the cost-effectiveness of purchasing durable goods.

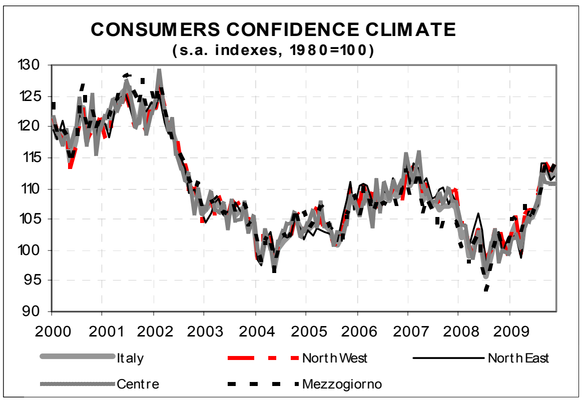
As to the ongoing price trend, consumers confirmed the static or even downsizing opinions revealed in the previous survey: the balance was negative for the third consecutive month (-2 from -3 in October). As to the expectations for the following twelve months, the consumers' downsizing forecasts were generally confirmed, though to a lesser extent compared to the surveys carried out in the last four months; the balance, in fact, recovered from -49 to -41.

Widespread confidence was reported at national level, though to a different extent according to the area: it markedly increased in the North West and the *Mezzogiorno*, moderately recovered in the North East and was negligible in the Centre.





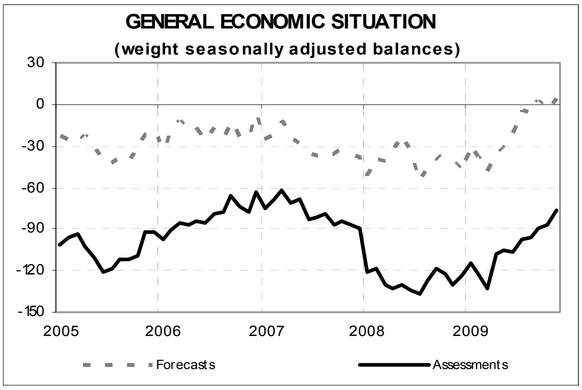


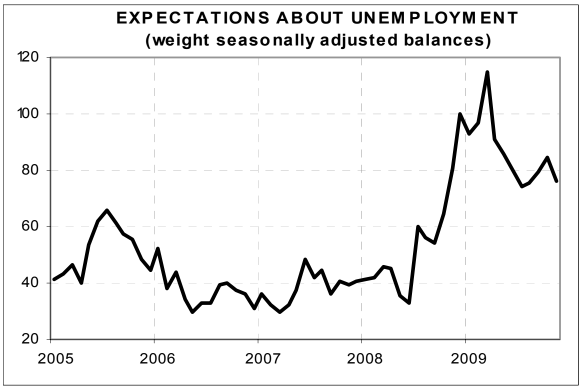


Overall economic situation

All the opinions concerning the country's economic situation markedly improved in November. In particular, the assessments on the ongoing situation moved from -87 to -76, showing the best result since May 2007; the evolution of short-term expectations, which increased from -3 to +5 – recording the highest value since May 2002 – was even more representative. Also expectations on the labour market improved; the expected increase in unemployment decreased from 84 to 76.

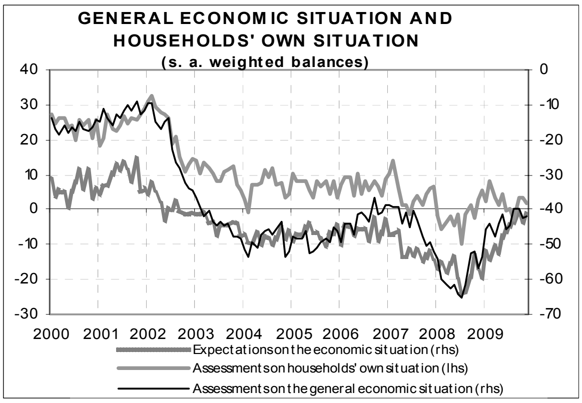
As to the price trend, the share of consumers who believed that prices were "stable" or "reduced" prevailed over those who considered prices "significantly" or "sufficiently" increased; the balance was negative for the third consecutive time in the survey history, and was equal to -2 (from -3 in October). Though strongly negative – an -time low was recorded for the fifth consecutive month – short-term expectations rised, with the balance moving from -49 to -41.

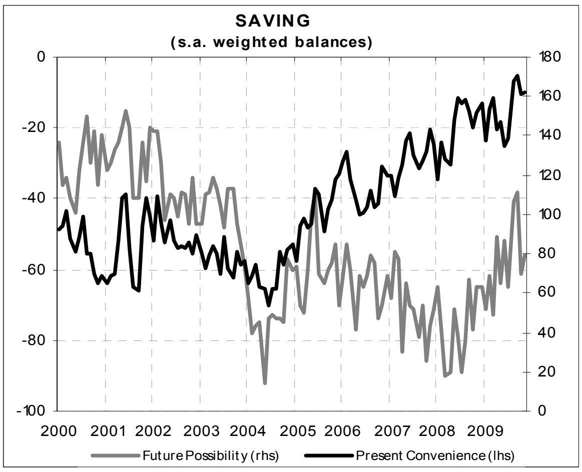




Consumers' personal situation

The consumers' condition, instead, confirmed the cautiousness revealed in the last survey. If the opinions on household's conditions slightly recovered (judgments moved from -42 to -41 and expectations from -4 to -1), the balance for the family budget decreased (from 4 to 2). Consumers consistently expressed cautious judgments on the cost-effectiveness of durable goods (balance down from –76 to -83) and essentially confirmed the downtrend reported in October on the ongoing savings capacities (balance equal to 162 compared to 161 in the previous survey). Favourable prospective signals, instead, emerged with regard to the allocation of consumers' resources: consumers thought they could save more in the following twelve months (the balance bettered from -61 to -56) and make extra expenses (balance from -37 to -35).





Consumers' confidence at regional level

Consumers' confidence recovered at national level but was not homogeneous across areas. Assessments on the general economic situation improved in all areas. As to the consumers' position, a slight reduction in confidence affected the North West and the *Mezzogiorno*; the reduction, however, was more significant in the Centre; a slightly positive trend was recorded in the North.

As to the distinction between ongoing and prospective situation, judgments worsened in all areas but the North West – the only area forecasting a worsening of conditions in the following 12 months. On the other hand, the highest increase was recorded in the South-related index.

North West: the index recovered from 112.7 to 114.2. In particular, judgments on the country's economic situation improved significantly, whereas those on forecasts recovered to a lesser extent. Cautious signs of recovery emerged from the judgments on the cost-effectiveness of purchasing durable goods and future savings prospects.

North East: the index recovered from 111.3 to 112.1. Prospects on the country's economic situation improved as well judgments on consumers' conditions. A worsening trend, instead, affected the judgments on the financial statement of families and, to a greater extent, the assessments on the durables market.

Centre: confidence remained essentially steady at 110.8 (from 110.7) as a result of bettered forecasts on the country's future economic situation; cautious signals were sent, instead, on the ongoing individual condition.

Mezzogiorno: confidence recovered (from 112.4 to 114.2), like in the national scenario, as a result of markedly favourable assessments on the country's economic situation and the labour market. Cautious signs of recovery, on the other hand, emerged on savings prospects.