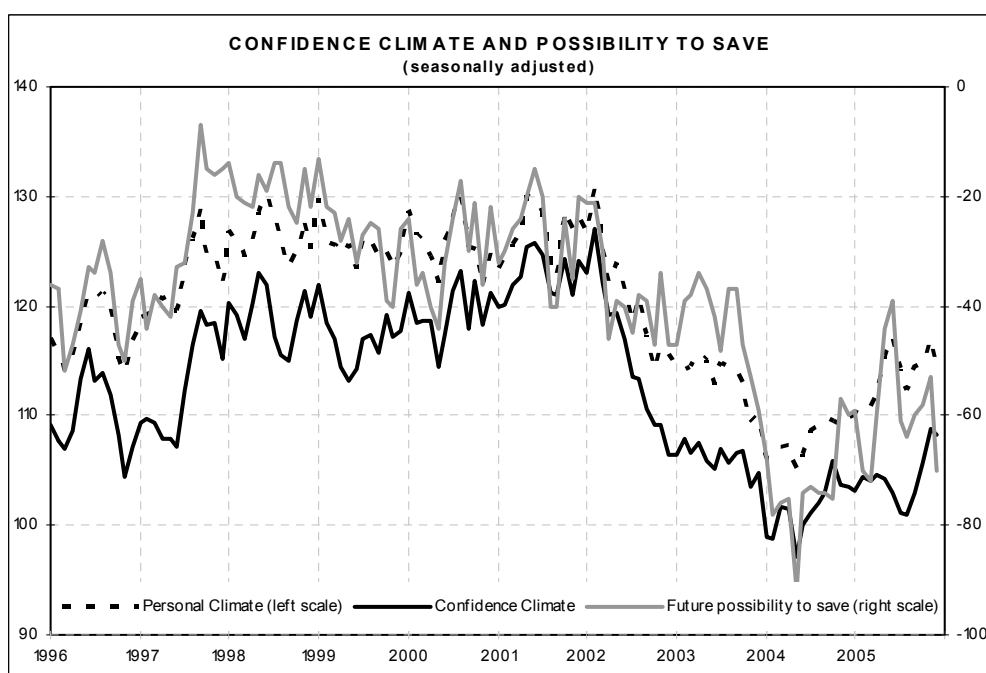




Date: December 21, 2005
TEL.: 06/444821

THE CONSUMERS' CONFIDENCE SLIGHTLY FALLS IN DECEMBER

- The seasonally adjusted indicator decreases from 108.7 in November to 108.2 in December and the raw index falls from 107 to 106.4: in both cases, the figures remained close to the peaks of the past few years. Conversely, the indicator adjusted for the seasonal and irregular components – which is affected by the past historical series trends – rises from 107.6 to 108.3
- Confidence on the overall economic framework is improving, particularly with reference to expectations on the country's economic situation and on the labour market. Conversely, evaluations on the respondents' own situations are worsening, mainly because of the marked contraction in assessments on the future saving opportunities, maybe due to the recent bank and financial scandals
- In the euro area, the November confidence climate remains stable as the synthesis of a moderate contraction in larger countries offset by a slight recovery in the remaining countries
- Confidence in the United States registers a marked growth according to both the Conference Board and the Michigan University. Indeed, the Michigan University early data show that the December index further rises, thanks in particular to better short-term perspectives



Data referring to January shall be diffused on **January 25, 2006**.

Next ISAE surveys are scheduled as follows:

December 22, 2005: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: December)

January 3, 2006: ISAE Monthly Survey on Retail Trade (Reference month: November) and ISAE Monthly Service Survey (Reference month: December)

January 4, 2006: Comparative Business Surveys for Italy, Germany and France (Reference month: December)

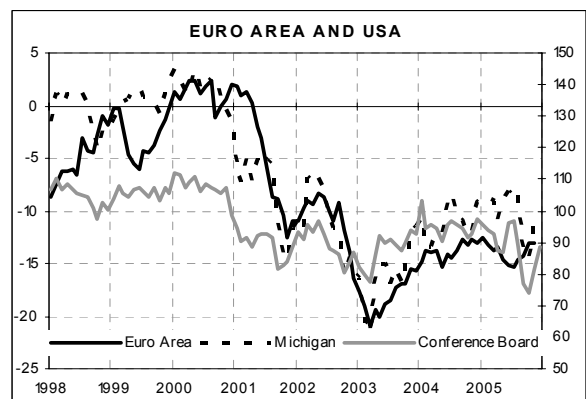
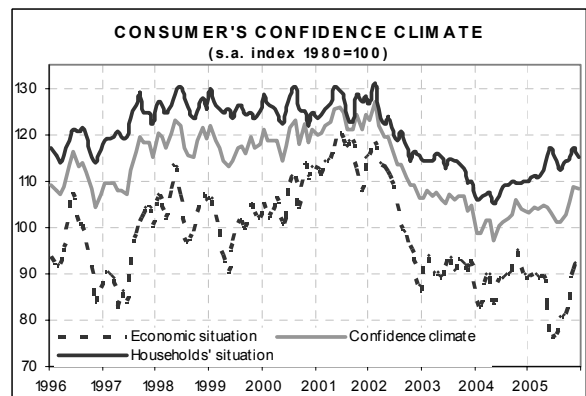
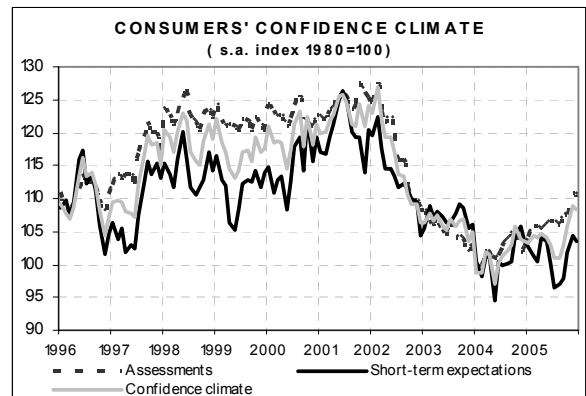
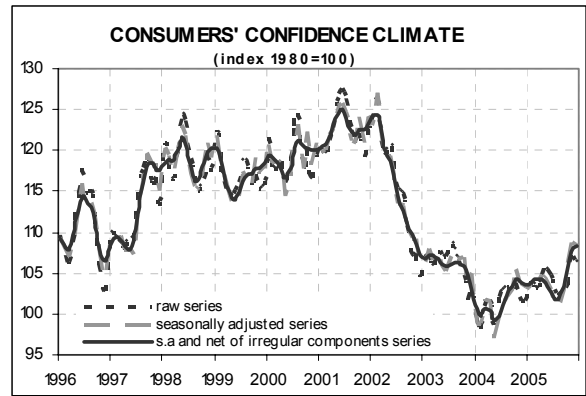
The full text of ISAE Surveys (either hardcopy or electronic) is available on sale (for further information see web site www.isae.it)

Confidence in Italy, in the euro area and in the United States

According to the ISAE Consumer Survey carried out between December 1 and 15 on a sample of 2,000 respondents, the Italian consumers' confidence climate slightly decreases in December, passing from 108.7 to 108.2 (the raw index falling from 107 to 106.4), though remaining close to the peaks of the past few years. Conversely, the indicator adjusted for the seasonal and irregular components goes on rising and passes from 107.6 to 108.3, which is the best score since November 2002.

In particular, opinions on the overall economic framework are improving, and the index grows from 90.7 to 92.9, thus marking a peak since October 2004. The climate of uncertainty caused by the recent bank and financial scandals negatively affects the consumers' confidence and the evaluations on their future situations, given, in particular, the worsening of saving. Indeed, the index of the respondents' own situations falls from 117 in November to 115.1 in December, and the one referring to future opportunities decreases from 104.4 to 103.5. Besides, also evaluations on the current climate are moderately decreasing and the index falls from 110.7 to 110.3. Conversely, favourable indications on the inflationary dynamics further strengthen: indeed, the balances of the price trend in the past twelve months and the one concerning forecasts for the next twelve are both decreasing.

In the euro area, the November confidence climate remains stable as the synthesis of a moderate contraction in larger countries offset by a slight recovery in the remaining countries. Confidence in the United States registers a marked growth according to both the Conference Board and the Michigan University. Indeed, the Michigan University early data show that the index should further rise in December, thanks in particular to better indications on the current situations and to rosier short-term perspectives.



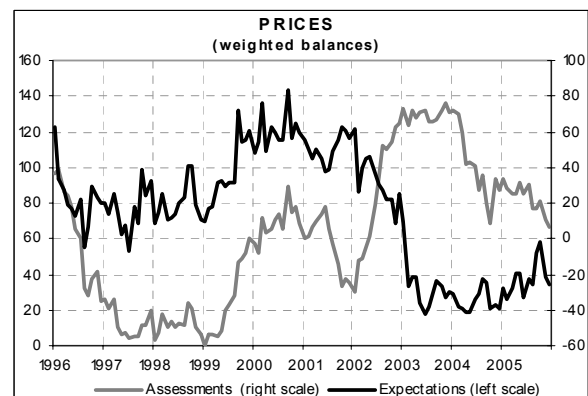
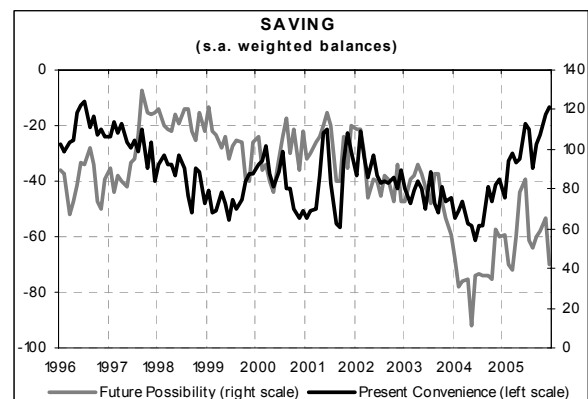
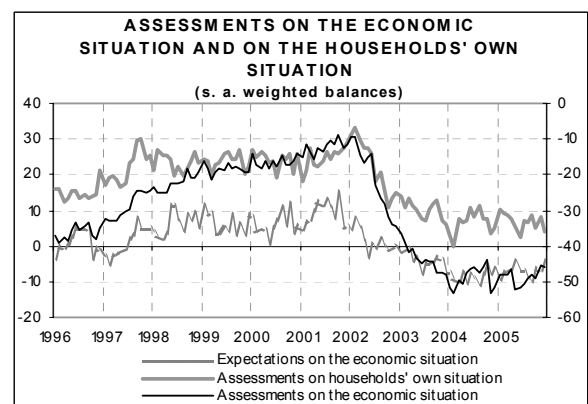
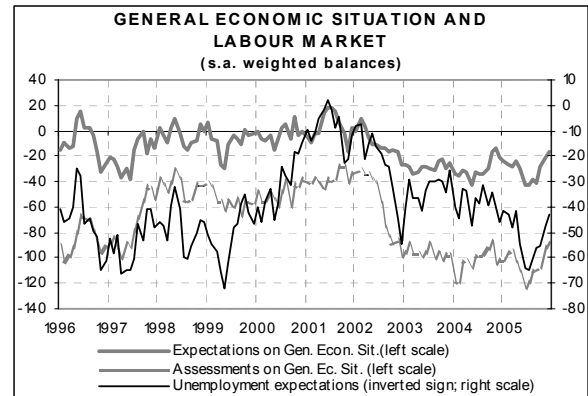
The ISAE Survey: the overall economic situation

In December, assessments on the country's general economic situation improve (the balance rising from -92 to -90, which is the highest level since July 2003), while favourable signals come from short-term expectations, passing from -21 to -17 and thus marking the best score since November 2003. Also expectations for an unemployment rise diminish and their balance decreases from 47 to 43, which is close to the April figures. The signals of an ongoing inflationary tension easing are spreading: indeed, the raw weighted balance of assessments on the past twelve months decreases from 71 to 66, which is one of the troughs experienced since May 2002. In particular, the share of those considering prices rose "very much" diminishes from 25 to 23%, while the number of respondents considering prices "slightly" increased or remained unchanged goes from 18% and 16% to 19% and 18% respectively. Expectations for the next twelve months improve: the raw weighted balance passes from -22 to -26, thus getting close to last August's figure and confirming the full recovery from the Autumn tensions. In particular, the share of those fearing a similar or larger inflation growth in the future decreases from 24 to 20%, while the percentage of respondents expecting price stability in the next twelve months increases from 47 to 50%.

The ISAE Survey: the households' situations

Less rosy indications come from evaluations on the households' own situations. Indeed, the favourable assessments on the present convenience to save strengthen (the balance grows from 118 to 121, thus getting close to the all-time high of July 1996), while expectations on the future saving opportunities show a marked contraction (by 17 points, i.e. passing from -53 to -70), probably because of the uncertainties due to the recent bank and financial scandals. Besides, assessments on the households' financial situations deteriorate (from 8 to 4 in terms of balance) while

those on the households' economic situations remain stable (at -49).



Furthermore, consumers are cautious on their present convenience to purchase durables (the balance worsens from -84 to -88). Relatively rosier signals characterise expectations both on the evolution of the households' situations – where the balance recovers from -7 to -4 - and on the overall purchasing intentions - where the share of those definitely excluding any purchase falls from 72 to 69. In particular, the share of respondents excluding they will buy any car decreases from 90 to 85%, even though the shares of consumers excluding they will buy a house or have extraordinary expenses for home maintenance remain unchanged (at 96 and 90% respectively).

The Surveys on the euro area and the United States (November and early-December data)

In November, the average consumers' confidence in the euro area remains stable at -13 (as in the previous month), given signals of moderate contraction in the main European economies (France, Germany and Spain) offset by a small average recovery in the other countries. Looking at the single confidence-building components, no change is visible in the respondents' expectations on their own situations and on the labour market trend, while expectations on the overall economic situation are worsening. Among non confidence-building variables (according to the EU definition), both assessments on the convenience to purchase durables and those on the spending intentions for the next twelve months slightly improve. As for prices, no rises are expected in the next few months and the balance remains at 17, close to the July 2005 figures.

Confidence in Germany equals -12 (from -11 in November, which was close to the January 2005 figure) owing to worsening expectations on the general economic situation and on the labour market. Conversely, future saving opportunities are improving and expectations on the respondents own situations stabilise. As for prices, new inflationary thrusts are

emerging and the balance reaches its highest levels since April 2002.

The French confidence climate falls from -15 to -16 (close to the July figure) because of a worsening in almost all confidence-building variables, except for labour market prospects. With reference to prices, French consumers expect a slight weakening in the inflation dynamics.

In Spain the indicator equals -13 (-11 in November), thus getting near the September 2004 level: in this case too, the trend is linked to unfavourable signals coming from all the confidence-building components (in particular expectations on the country's economic situation are decreasing) with the exception of future saving opportunities. Turning to prices, tensions are easing in Spain too, which is in keeping with what happens in France.

In the United States, the confidence index is definitely recovering according to both the Conference Board (from 85.2 to 98.9) and the Michigan University data (from 74.2 to 81.6). The early December data made public by the Michigan University point to a recovery: indeed, confidence is expected to grow up to 88.7 thanks to an improvement in both assessments on the current situation (from 100.2 to 106.6) and, in particular, to the short-term prospects (from 69.6 to 77.3), thanks to rosier evaluations on the respondents' own situations.