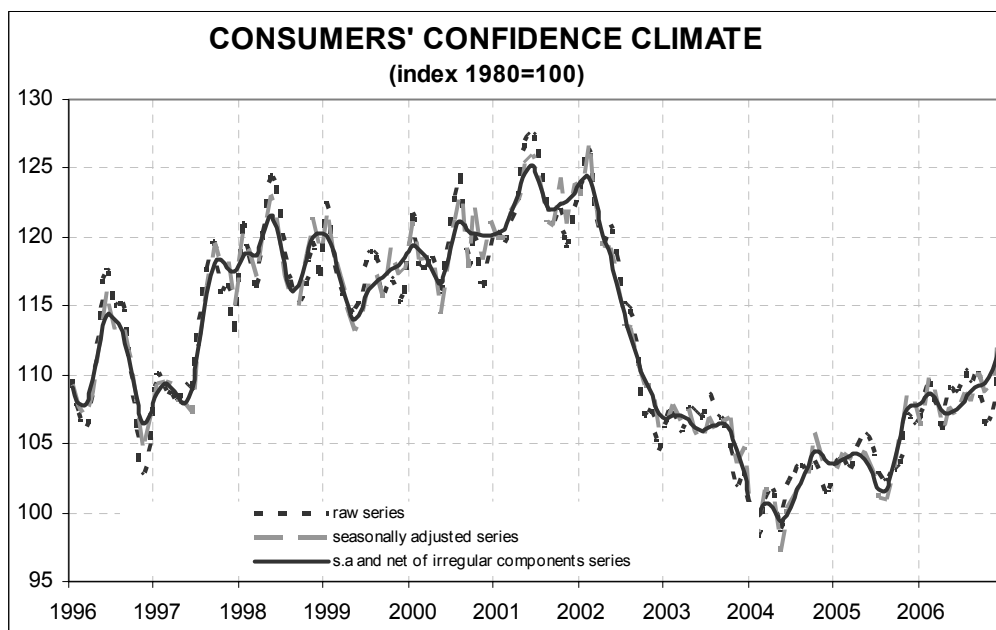




Date: December 21, 2006
TEL.: 06/444821

CONSUMER CONFIDENCE RECOVERS STRONGLY IN DECEMBER

- The seasonally adjusted index surged to 113.6 (from 109.3), reaching the highest level since June 2002. The raw index rose from 107.5 to 111.9, while the indicator also adjusted for irregular components climbed to 112.1 (from 110.4)
- The opinions on the country's overall economic situation greatly improved, and the related index moved up from 96.6 to 103.9. The indicator referring to the respondents' personal situation also rose nearly three points, from 115 to 117.8
- With regard to the opinions for the last twelve months and the forecasts for the following twelve months, the largest improvement was recorded by future prospects for which the related indicator hit 108.9 (compared to 103.8 in November). The index for the past situation rose instead from 112.9 to 115.6
- As for prices, the balance for the assessment on the increase recorded in the last twelve months declined ten points, returning to the value posted in February 2002, at the time of the euro changeover. Also concerns about new inflationary pressures in the following twelve months clearly diminished
- Confidence improved in all areas, though the rise was particularly strong in the North West and the Centre and weaker in the *Mezzogiorno*



Data on January shall be released on January 24, 2007

The next ISAE surveys are scheduled as follows:

December 22, 2006: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: December) and ISAE Investment Survey on Manufacturing and Extractive Firms (reference period July-December 2006)

December 27, 2006: ISAE Monthly Business Services Survey (reference period: December), ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: December) and ISAE Monthly Survey on Construction (reference period: November)

January 10, 2007: ISAE International Comparison of Consumer and Business Surveys (reference period: December)

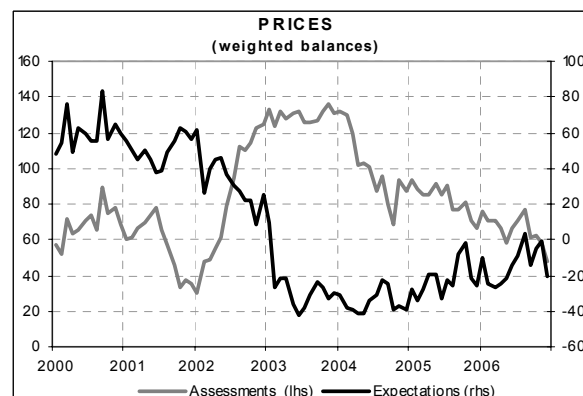
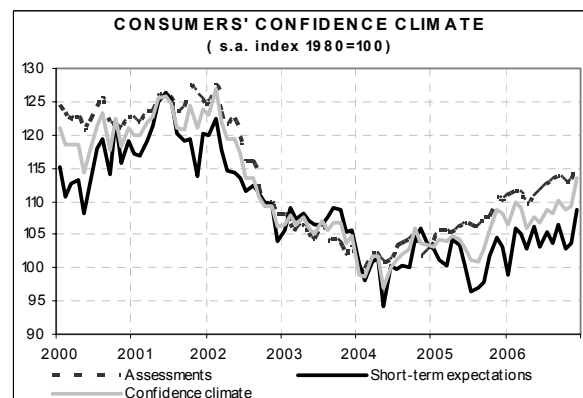
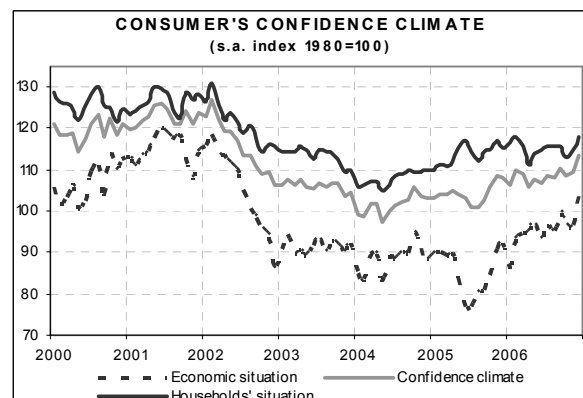
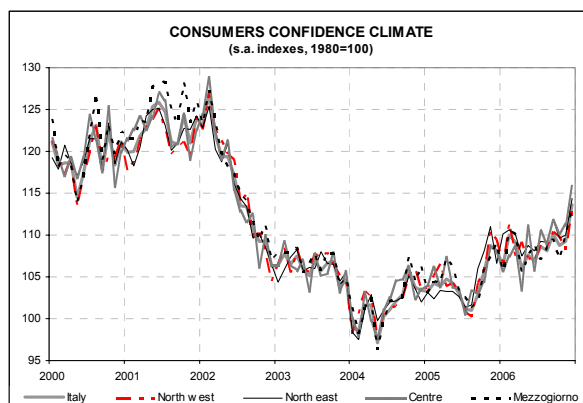
The full text of ISAE Surveys (either hardcopy or electronic format) is available for sale (for further information see the web site www.isae.it)

Italian consumers' confidence

According to the ISAE Survey, carried out on a sample of 2,000 respondents between December 1 and December 16, Italian consumers' confidence surged in December to 113.6 (from 109.3 in November), hitting the best result since June 2002. The raw index increased by a similar amount, moving from 107.5 to 111.9, while the one also adjusted for irregular components grew more moderately, going up from 110.4 to 112.1. Both indicators reached their highest level since August 2002.

The evaluation of the overall economic situation bettered markedly. Following a two-month decline, the related index moved from 96.6 to 103.9, close to the value recorded in July 2002. A noticeable improvement also characterized short-term expectations: the related indicator rose from 103.8 to 108.9, a level unseen since September 2003. Though to a lesser extent, also the assessment on the respondents' current and personal situations improved. The related indexes increased from 112.9 to 115.6 and from 115 to 117.8, respectively. Furthermore, both the opinions on price increases in the last twelve months and the fears of an acceleration in inflation in the following twelve months posted a sharp decline.

The rise in confidence was widely spread across the country: the improvement was particularly strong in the North West and the Centre and somewhat weaker, instead, in the *Mezzogiorno*. The evaluation of the economic situation markedly recovered everywhere, whereas expectations for the following months strongly improved in the Northern regions.



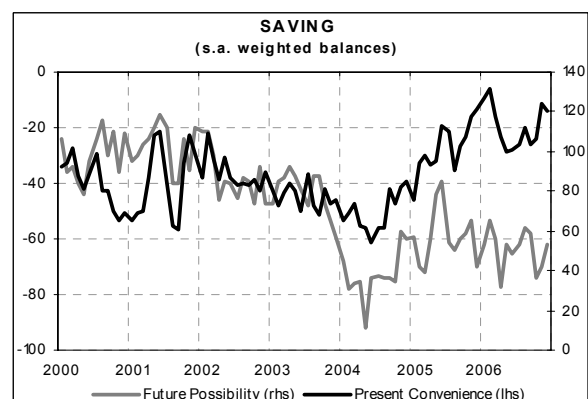
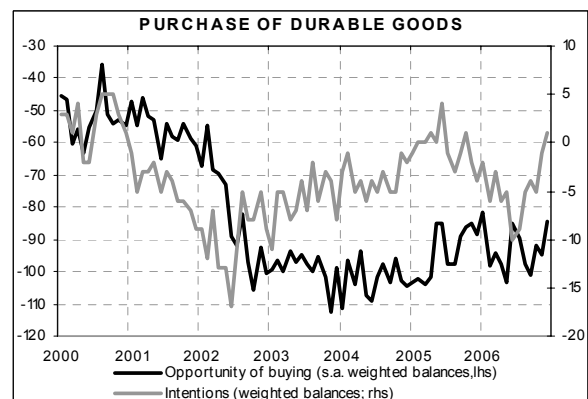
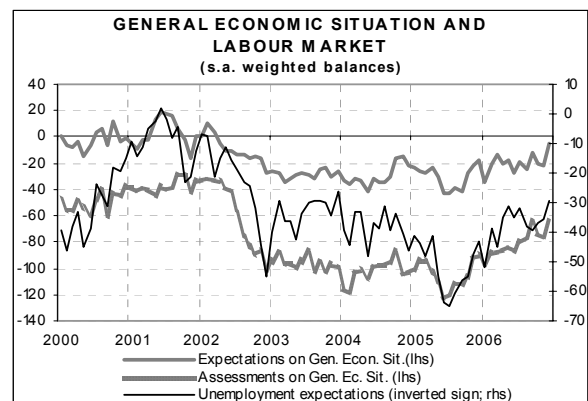
Overall situation

The trend was uniformly positive for the improvement in the assessment and in the forecasts on Italy's economic situation. In more detail, following the fall recorded in the last two months, the balance for the opinions on the country's economic situation improved a good thirteen points, moving from -76 to -63. Likewise, short-term expectations for the same variable rose from -21 to -5, and those referring to the rise in unemployment declined from 35 to 29. All three variables reached their best results since the second half of 2002. As for prices, the balance for the assessment on the increase recorded in the last twelve months declined from 58 to 48: the variable thus returned to the value recorded in February 2002, when Italian consumers started to perceive decidedly higher inflationary pressures, probably due to the euro changeover. In detail, the number of respondents who thought that prices were "fairly" and "markedly" higher declined from 43% to 38% and from 18% to 17%, respectively, whereas the share of those believing that prices increased "little" or remained "equal" with respect to the previous twelve months rose both from 19% to 22%. Inflation fears for the following twelve months also eased, and the related balance declined from -1 to -20, with a predominance of people expecting a lower rise in prices than in the recent past. The percentage of consumers anticipating a sharp increase in prices in the short term actually declined from 9% to 6%, and the share of those forecasting an "equal" rise lowered from 24% to 18%. On the other hand, the proportion of respondents forecasting stability in prices in the following months increased from 39% to 46%.

Personal situation

The improvement in the respondents' evaluation of their personal situation, which emerged in November, strongly picked up. More in detail, with regard to their families' economic situation, consumers' assessments recovered from -40 to -38 and expectations rose from -7 to -3 (its highest level since October 2003).

Furthermore, respondents stated more easiness in "balancing" their family budget, and the related balance increased from 5 to 9. Respondents were also more optimistic about consumer durables buying convenience: the balance recovered from -95 to -85. Consumers also scaled up their expectations on future buying intentions: the related weighted raw balance, which rose from -1 to 1, regained positive territory for the first time in thirteen months. Finally, the balance for future saving opportunities further recovered (from -70 to -62), whereas that for the current convenience to save stabilized at 120 (following the sharp rebound to 124 posted the previous month).



Regional breakdown of consumer confidence

The improvement in confidence was widely spread across the country, though the rise was particularly strong in the North West and the Centre and more moderate in the *Mezzogiorno*. The underlying components of the indicator pointed to widespread and strong optimism about the assessment on the overall economic situation and on future conditions, whereas the opinions on the personal and current situation sent less strong but nevertheless positive signals.

North West: this was the area that witnessed the sharpest improvement in confidence: the indicator rose from 108.3 to 113.4, returning to the level posted in July 2002. The improvement in the index was mainly backed by strongly positive opinions for both the general economic situation and future conditions.

North East: also in this area consumers' opinions were overall positive. The index increased from 109.9 to 114.3, regaining, also in this case, its July 2002 level. This optimistic picture was the result of strongly improving assessments mainly on the overall economic situation and on future conditions.

Centre: the confidence indicator rose from 111.1 to 115.9, going back to the level posted in June 2002. In this area, consumers gave a particularly optimistic appraisal of both future conditions and the overall economic situation.

Mezzogiorno: the indicator rose in this area less than the national average, moving from 110.4 to 113.2. The improvement was mainly due to clear optimism regarding the opinions on the general economic situation and on current conditions. The personal situation and, above all, future conditions traced instead a slightly less optimistic picture.

