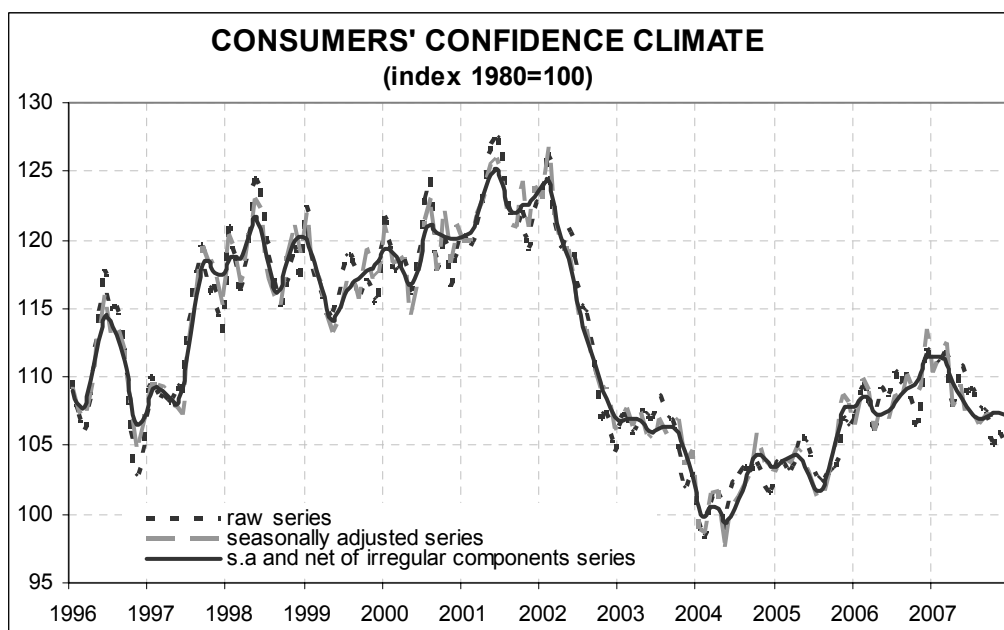


Date: December 20, 2007
 TEL.: 06/444821

IN DECEMBER CONSUMER CONFIDENCE GOES BACK INTO A DECLINE

- The seasonally adjusted confidence index decreased to 107 from 107.6 posted in November. The indicator also adjusted for irregular components reached 107.2 (from 107.3), and the raw index lowered from 105.9 to 105.3
- In December, consumers were more pessimistic mainly about the country's general economic conditions (the related index declined from 91 to 89.6) and about future prospects (from 113.7 to 112.5). However, also the indicators for the personal situation and future conditions inched down (from 115.2 to 114.9 and from 99.2 to 98.8, respectively)
- Furthermore, consumers continued to worry about present and future inflation: the balance related to the last twelve months hit a three-year high
- The worsening in confidence was widespread across the country. However, the indicator declined mainly in the North East and the *Mezzogiorno*
- The deterioration chiefly characterized the opinions and the forecasts on the general economic situation. In the Centre, instead, respondents were overall optimistic about the general economic situation and future conditions, but they scaled down their opinions on the personal situation and current conditions



Data on January shall be released on January 24, 2008

The next ISAE surveys are scheduled as follows:

December 21, 2007: 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 2007)

December 27, 2007: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: December), ISAE Monthly Business Services Survey (reference period: December), and ISAE Monthly Survey on Construction (reference period: November)

January 10, 2008: 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

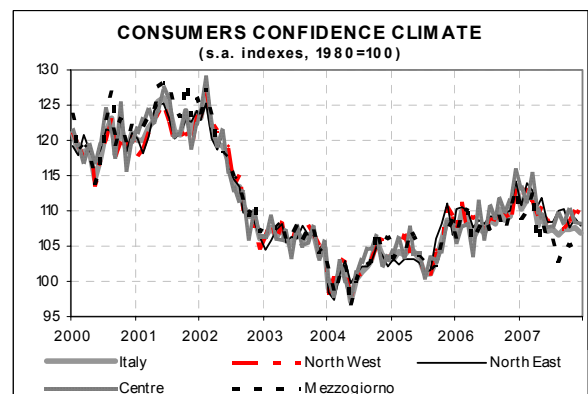
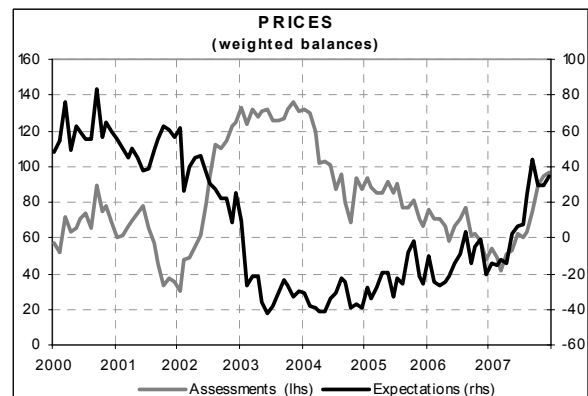
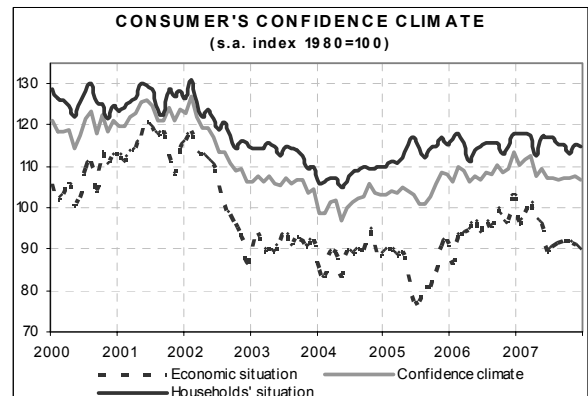
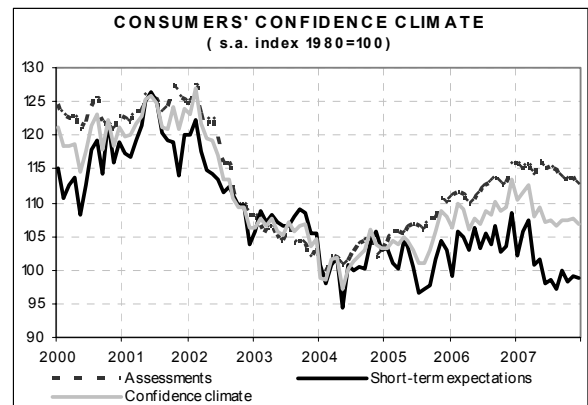
According to the ISAE Survey, carried out between December 2 and December 14, Italian consumers' confidence reverted in December to a downward trend. The seasonally adjusted index declined to 107 from 107.6 in November. The index also adjusted for irregular components edged down slightly from 107.3 to 107.2, and the raw indicator lowered from 105.9 to 105.3.

In December, consumers were more pessimistic mainly about the country's general economic conditions (the related index declined from 91 to 89.6) and about future prospects (from 113.7 to 112.5). However, also the indicators for the personal situation and future conditions inched down (from 115.2 to 114.9 and from 99.2 to 98.8, respectively).

In more detail, the opinions on future saving opportunities and on the current economic situation sent markedly negative signals. Also the balances related to the forecasts for the family budget and to unemployment developments worsened.

Lastly, inflationary pressures continued to build up. The balance related to the opinions on the last twelve months reached the highest level since June 2004, and short-term prospects remained at a historical high level.

The worsening in confidence was widespread across the country. However, the indicator declined mainly in the North East and the *Mezzogiorno*. The deterioration largely characterized the opinions and the forecasts on the general economic situation. In the Centre, instead, respondents were overall optimistic about the general economic situation and future conditions, but they scaled down their opinions on the personal situation and current conditions.



Overall economic situation

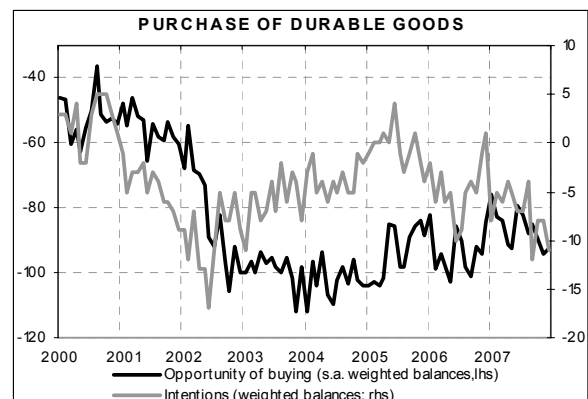
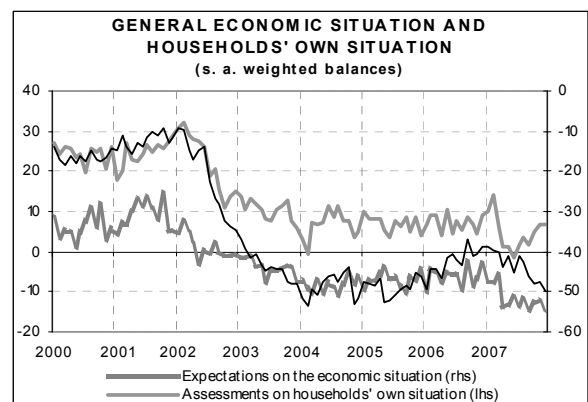
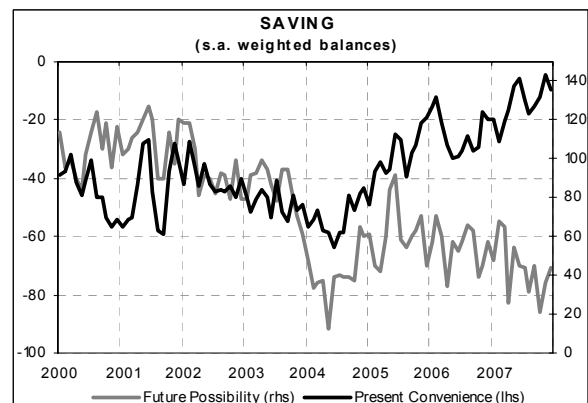
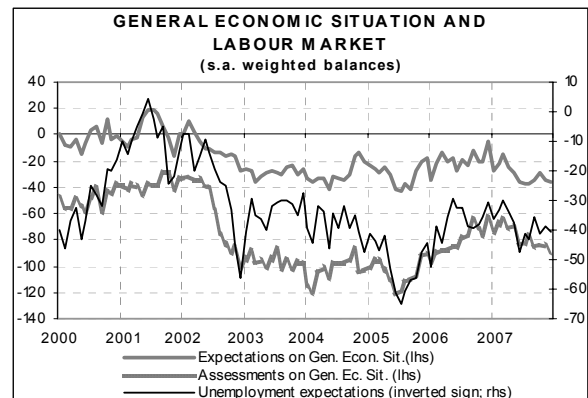
In December, the evaluation of Italy's economic conditions worsened overall: the opinions on the last twelve months declined from -86 to -89, hitting the lowest level since March 2006. Also short-term prospects for the economic situation got worse (from -35 to -36), and the number of respondents expecting deterioration in the labour market increased. The balance for unemployment expectations rose from 39 to 41.

With regard to the price trend, the balance for inflation over the last twelve months climbed from 95 to 97, the highest value since June 2004: in particular, the share of respondents judging prices to be "markedly" higher with respect to the year earlier went up from 27% to 29%, while, on the contrary, the proportion of those considering prices to be "rather" higher decreased from 47% to 45%. As for short-term prospects, the balance rose from 25 to 31, nearing the high level reached last September after the summer break: in this case the increase distinguished the percentage of respondents who thought that inflation would remain the same in the next twelve months (from 35% to 38%), while the share of those expecting prices to remain "equal" or even decline diminished.

Personal situation

In December, both savings and purchases of consumer durables sent contrasting indications. The balance for the present convenience to save declined from 143 to 136, while the one for future saving opportunities improved (from -76 to -71). As for consumer durables, the share of respondents judging positively the present conditions to buy increased (from 6% to 7%) and the related balance rose from -94 to -92. Assessments on future buying intentions worsened instead, and the balance lowered from -8 to -11. Moreover, consumers' assessments and forecasts on the economic situation of their family worsened slightly (the balances reached -50 and -15, respectively, compared to -47 and -12 in the previous month), while

the evaluation of the state of the family budget held steady (the balance remained at 7).



Regional breakdown of consumer confidence

The worsening in confidence was widespread across the country. However, the indicator declined mainly in the North East and the *Mezzogiorno*. The deterioration chiefly characterized the opinions and the forecasts on the general economic situation. In the Centre, instead, respondents were overall optimistic about the general economic situation and future conditions, but they scaled down their opinions on the personal situation and current conditions.

North West: confidence lowered from 109.9 to 109.5, remaining however among the highest levels recorded since May. The deterioration was mainly due to the worsening in the opinions and the forecasts on the general economic situation and, to a lesser extent, also to the assessments on the current situation. On the contrary, the evaluation of the personal economic situation remained virtually unchanged, while expectations instead improved slightly.

North East: the indicator decreased from 109 to 107.9, returning to the level posted last October. The deterioration was prompted by more widespread pessimism which distinguished the opinions on the general economic situation and by a fall in confidence about the personal situation and present and future conditions.

Centre: this is the area where consumer confidence recorded the sharpest decline, lowering from 108.3 to 108, the lowest value since July 2007. The worsening mainly stemmed from the deterioration in the evaluation of the personal situation and of current conditions. Respondents were instead slightly more optimistic about the general economic situation and future conditions.

Mezzogiorno: following the rise posted in November, the consumer confidence index resumed its downward path: the indicator declined from 105.4 to 104.5. In this case, the worsening was mainly due to the sharp deterioration in the opinions on the general economic situation and also to a considerable decline in assessments on the current situation. The fall was

more moderate for opinions and expectations for the general economic situation and future conditions.

