



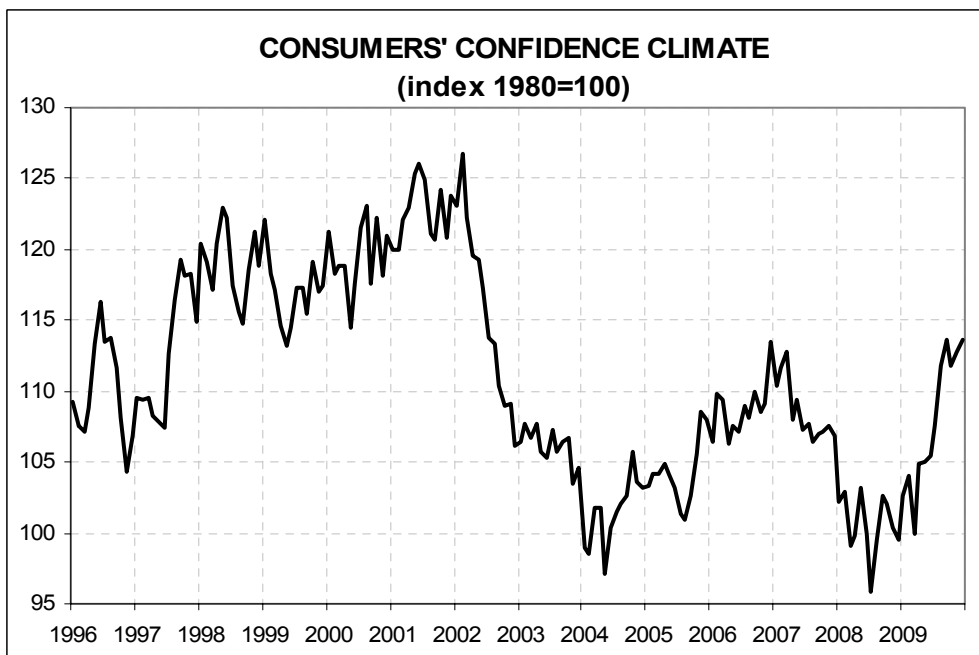
ISTITUTO DI STUDI E ANALISI ECONOMICA

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CONSUMER CONFIDENCE CONTINUES TO RECOVER IN DECEMBER

- The index climbed to 113.7 (from 112.8), hitting the highest value since July 2002
- The strongest increase concerned the expectations for the following months which, in terms of aggregate index, climbed from 104.7 to 106.2 against the highest levels of November 2003; the consumers' opinion on their personal situation (from 121.6 to 123.7) and the evaluation of the current situation (from 118.3 to 118.7) also bettered. To buck the trend, pessimism arose among consumers about the country's current and expected economic conditions (from 93.7 to 92.6 according to the relevant indicator)
- Marked signs of optimism were almost exclusively related to future saving intentions and to the convenience of purchasing durable goods; all the other variables moderately worsened or held steady
- As to prices, the ongoing and expected inflationary trend continued to slacken, though to a lesser extent
- At regional level, confidence increased two points in the North East and the Centre; a more moderate increase was recorded in the North West and a slight reduction was observed in the *Mezzogiorno*



Data on January 2020 shall be released on 26 January 2010

The next ISAE surveys are scheduled as follows:

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

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

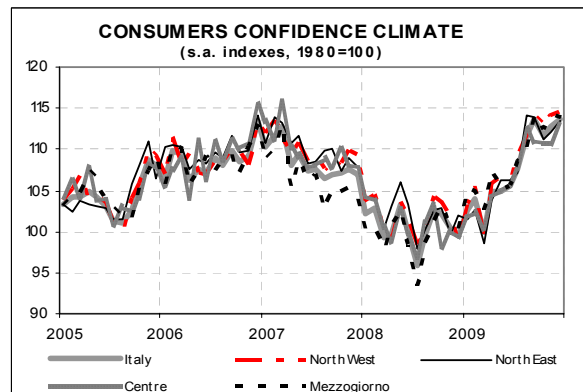
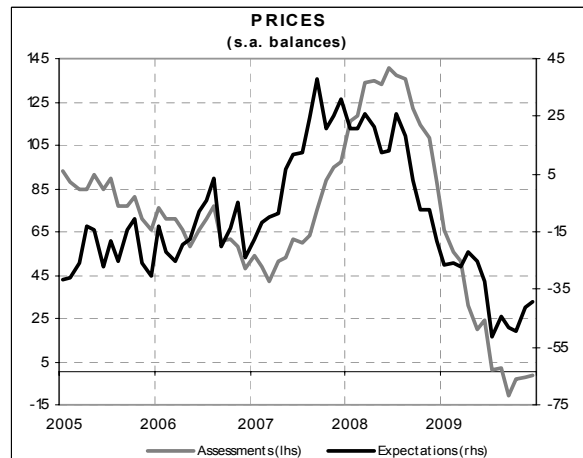
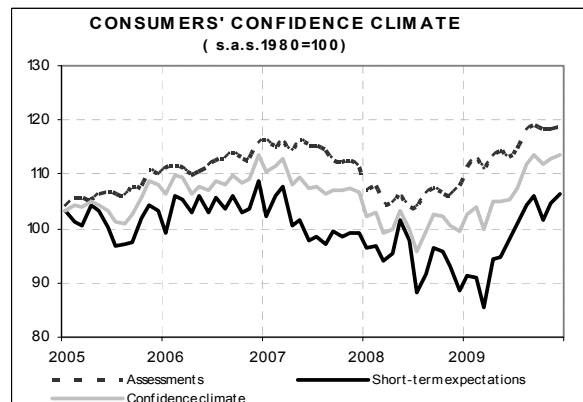
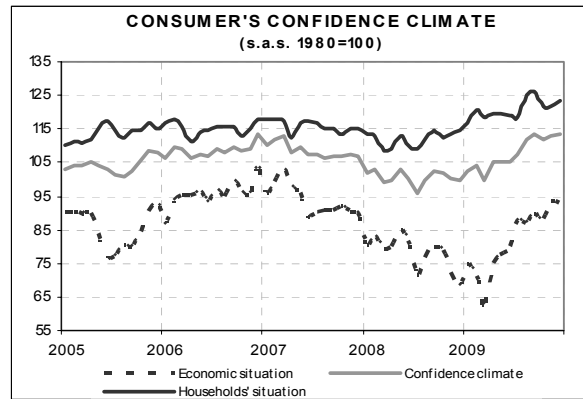
Italian consumers' confidence

According to the ISAE survey carried out from Dec 1st to 16, the Italian consumers' confidence in November climbed to 113.7 (from 112.8), fully recovering the downward trend started in January 2007, and almost hitting the values of July 2002.

Expectations for the following months markedly increased, especially in terms of aggregate index, from 104.7 to 106.2 against the highest levels of November 2003; the consumers' opinion on their personal situation also bettered (from 121.6 to 123.7) as well as the evaluation of the ongoing situation (From 118.3 to 118.7). To buck the trend, pessimism arose among consumers as to the country's current and expected economic conditions (from 93.7 to 92.6 according to the relevant indicator). Hints of optimism were almost exclusively sent on future saving intentions and on the convenience to buy consumer durables; on the other hand, the other variables, moderately worsened or held steady.

As to prices, the ongoing and expected inflationary trend continued to slacken, though to a lesser extent.

At regional level, confidence increased two points in the North East and the Centre; a more moderate increase was reported in the North West and a slight reduction was observed in the *Mezzogiorno*.



Overall economic situation

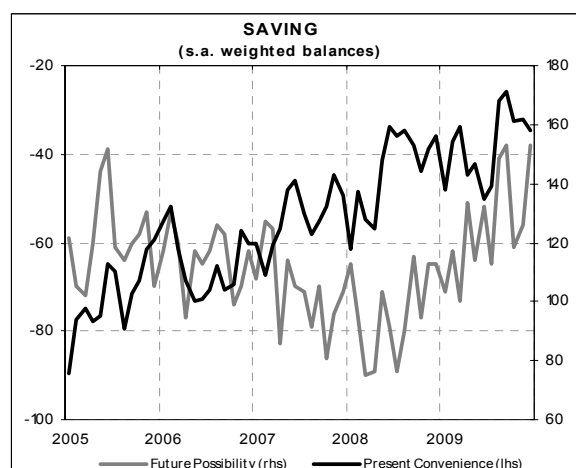
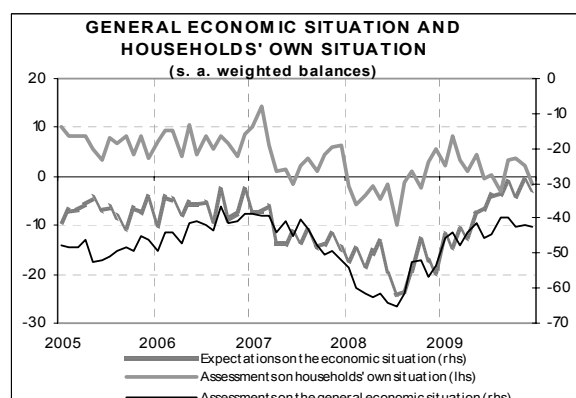
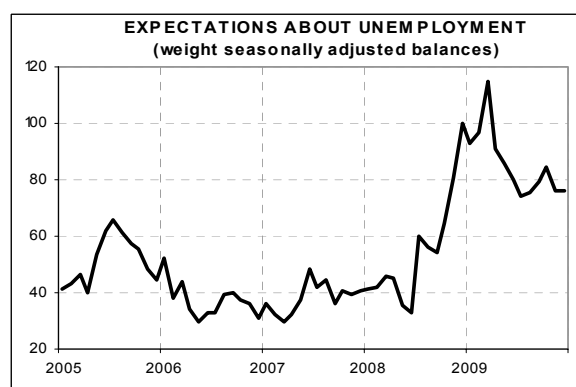
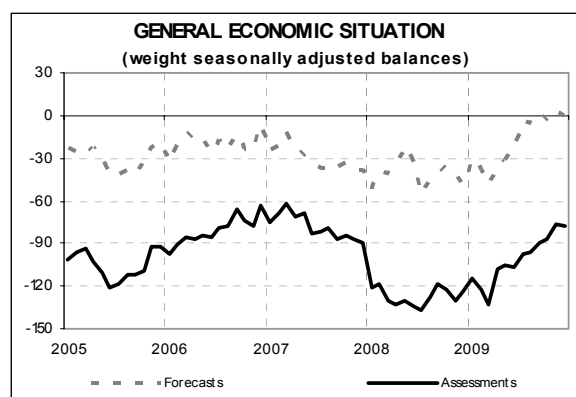
The opinions, considered individually, on the country's economic conditions deteriorated. In detail, judgments on the ongoing trend moved from -77 to -78, against the minimum levels of May 2007; short-term expectations fell from 5 to -2 nearing the October levels; assessments on the labour market held steady with expectations for an increase in unemployment rising to 76 (same as November), once again nearing the highest cyclical levels.

As to prices, the prevailing trend, which considered prices "stable" or "diminished", was confirmed as compared to the one which considered prices "very much" or "sufficiently" increased; as a matter of fact, the balance was negative equalling -1 (from -2 in November) for the fourth time in the survey history. A strong negative trend affected short-term expectations; however, a slight recovery was observed, with the balance moving from -41 to -39 (highest value in the semester).

Personal situation

Judgments and forecasts on consumers' personal situations recovered on the whole, mainly due, however, to prospects for savings and to the purchase of durable goods. The saving intentions for the following twelve months moved from -56 to -38; the cost-effectiveness of buying consumer durables climbed from -83 to -74. Conversely, cautiousness prevailed over current saving opportunities and short-term willingness of purchasing goods (balances declined from 162 to 158 and from -35 to -44 respectively).

As to the other variables, opinions on family conditions slightly deteriorated (judgments held steady to -42 but expectations dropped from -1 to -3); a deterioration was also observed in the evaluation of family budgets, which, in terms of balance, were negative for the first time since August (from 2 to -1).



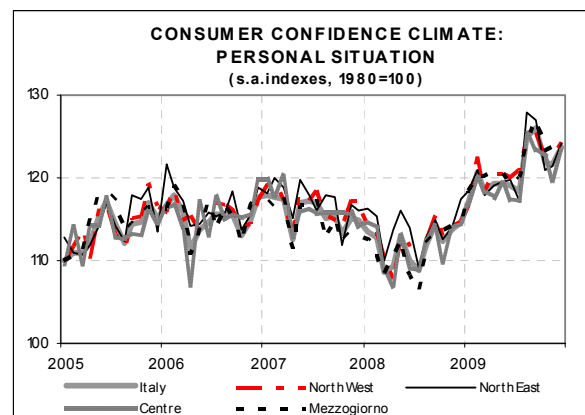
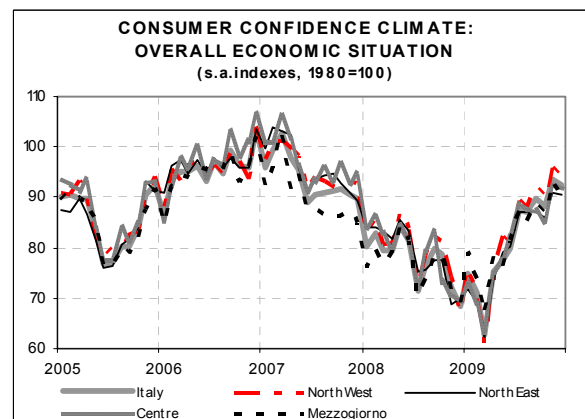
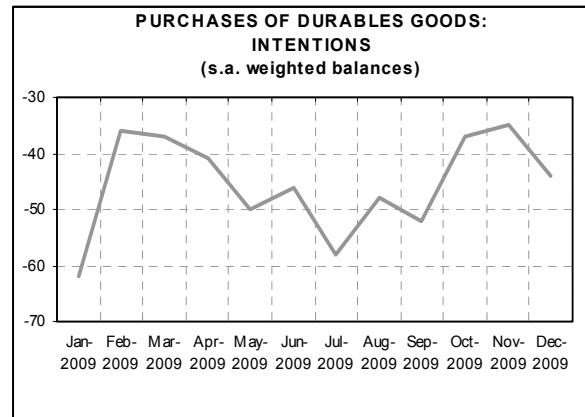
Regional breakdown of consumer confidence

The improvement in consumer confidence posted at the national level was not evenly spread across the country. Evaluations on the country's general economic situation slightly deteriorated in all areas, and above all in the South and the North West. As to the personal situation, a general improvement was observed in the consumers' opinions. The rise was particularly strong in the Centre and weaker in the *Mezzogiorno*. As to the difference between current and prospective situation, judgments showed contrasting signals across areas: opinions bettered in the North East and the Centre but worsened in all other areas; the future index, instead, evenly increased in all areas and to a greater extent in the North West and the Centre.

North West: the index recovered from 114.2 to 114.7, hitting the highest value since August 2002. The strongest increase stemmed from the opinions on the labour market, the prospects for future savings and the convenience to buy consumer durables. Less favourable opinions were expressed on the country's economic situation.

North East: the index recovered from 112.1 to 113.6. The improvement mainly stemmed from strong optimism about the evaluation of the country's conditions, the prospects for savings and the assessments on the current convenience to buy consumer durables. The opinions on the family financial statement and on current and prospective family conditions were less favourable.

Centre: confidence increased two points from 110.9 to 112.9, hitting the highest level since March 2007. The improvement stemmed from the saving intentions and the convenience to buy consumer durables, in contrast with the substantial pessimism about the personal situation and the evolution of the country's conditions.



The Mezzogiorno: the moderate decrease in confidence (from 114.2 to 114) was essentially due to pessimistic judgments on all index-building series. The decrease was in contrast with the favourable prospects on saving intentions.