



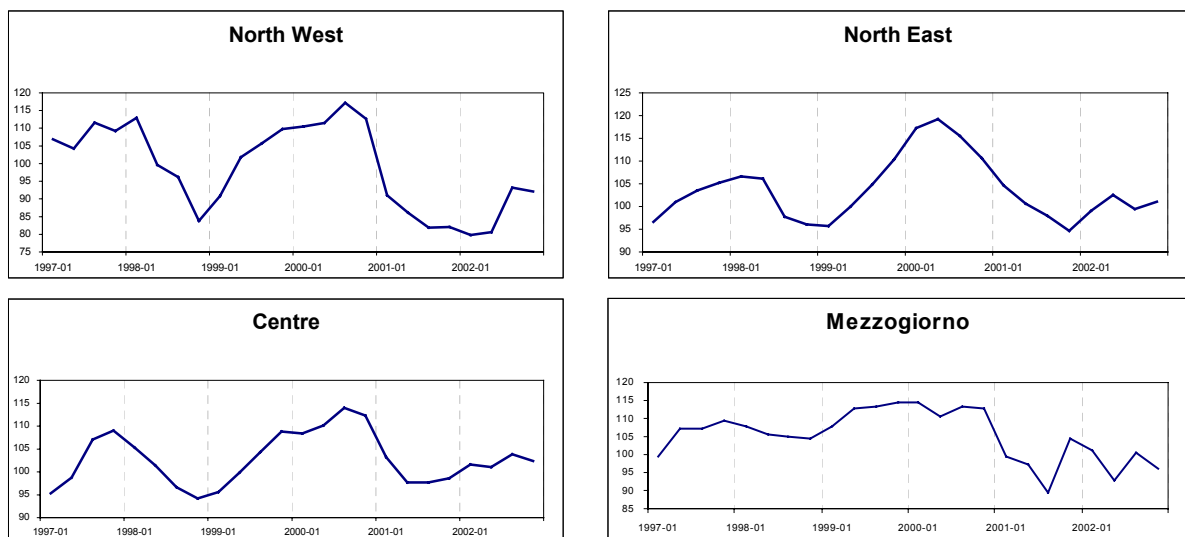
Date: January 22, 2003

## ISAE QUARTERLY ELABORATION BY GEOGRAPHICAL PARTITION OF CONSUMER AND BUSINESS SURVEYS ON MANUFACTURING AND EXTRACTIVE FIRMS

(Reference period: IV quarter 2002)

- The seasonally adjusted confidence climate of manufacturing and extractive firms slightly fell in October and then stabilised in November and markedly decreased in December. At national level, the average values of the IV quarter 2002 are slightly smaller than those of the previous quarter
- ISAE elaborates those data by geographical partitions on a quarterly basis. According to those elaborations, in the IV quarter 2002, confidence improved in the North-east (where the seasonally adjusted index rose from 99.4 to 101) and worsened in the North-west (the index passing from 93.2 to 92.1), in the Centre (from 103.9 to 102.4) and in Southern regions (from 100.5 to 96.3)
- Among the index-building series, short-term expectations on production have worsened in all geographical partitions (with the only exception of the North-east), while assessments on the current order-book level have recovered
- The ISAE Consumers' confidence climate (seasonally adjusted data) decreased in October and then slightly rose in November and markedly fell again in December. At national level, the average values of the IV quarter 2002 are definitely smaller than those of the previous quarter
- Also for consumer data, ISAE elaborates those data by geographical partitions on a quarterly basis. The consumers' confidence deterioration hit all partitions and was particularly marked in the North-west, where the seasonally adjusted index decreased from 102.1 to 97.6, and in the North-east, where the index passed from 102.1 to 98.5. Less marked, though significant, reductions occurred in the Central regions (from 99.8 to 96) and in the *Mezzogiorno* (from 96.1 to 93)
- The largest deterioration was observed in assessments and forecasts on the general economic situation of Italy and in expectations on unemployment. The deterioration was inferior with regard to the respondents' own situations, with the exceptions of the immediate convenience to make major purchases

BUSINESS CONFIDENCE CLIMATE  
(seasonally adjusted data, indices 1995 = 100)



Source: ISAE  
SEASONALLY ADJUSTED DATA

Next ISAE surveys are scheduled as follows:

**January 23, 2003:** ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: January)

**January 28, 2003:** ISAE Monthly Business Service Survey (Reference period: IV quarter 2002 and January 2003)

**January 29, 2003:** ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (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](http://www.isae.it))

## General results

On a quarterly basis, ISAE breaks down by geographical partitions the data coming from its own monthly Business and Consumer Surveys for Italy carried out on samples of about 2,000 consumers and 4,000 manufacturing and extractive firms respectively. In the IV quarter 2002, behaviour of the confidence climate of manufacturing and extractive firms is not homogeneous all over the national territory. The index improves in North-eastern regions and slightly deteriorates in the North-west; entrepreneurs are more pessimistic in the Centre and in the *Mezzogiorno* of Italy. Among the index-building series, assessments on the current order-book level recover in all partitions. Short-term expectations on production deteriorate everywhere, with the only exception of the North-east, where the balance remains stable. With regard to inventories, a slight reduction is observed in Northern and Central regions.

In the IV quarter 2002, the ISAE Consumer Surveys show an evident confidence climate worsening in all four partitions. The fall is particularly marked in the Northern area. The worst contraction is observed in assessments and short-term forecasts both on the respondents' own situations and on the country's general economic situation, as well as in forecasts on unemployment. Consumers seem to be more optimistic on their present and future saving convenience and opportunities. ISAE respondents' opinions on their convenience to make major purchases are worsening everywhere.

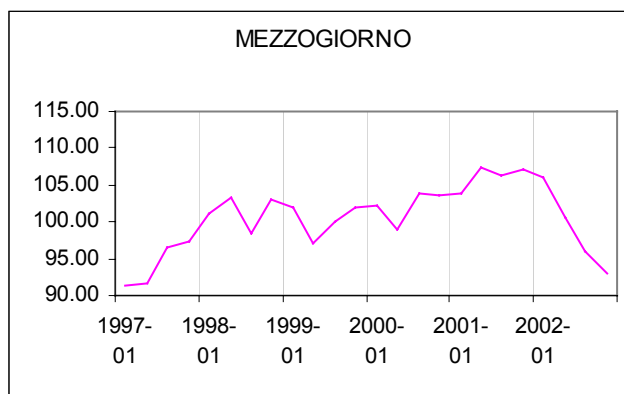
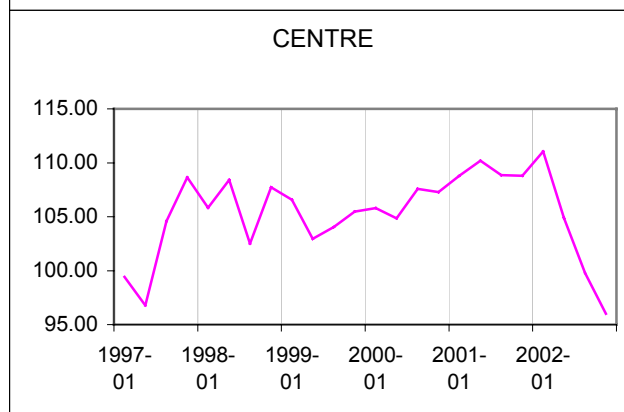
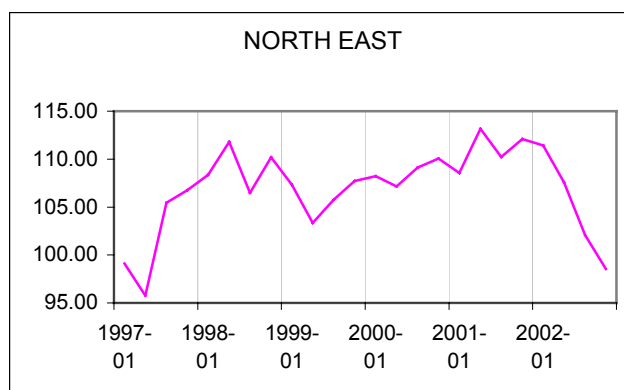
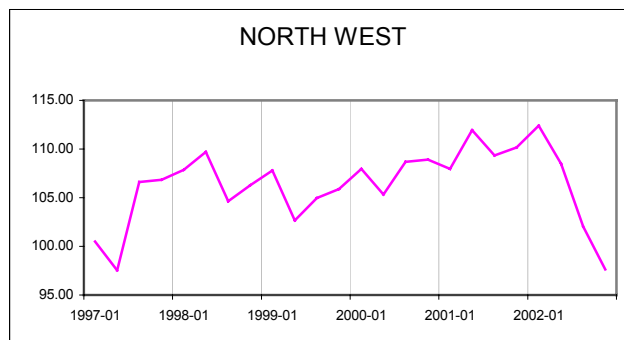
## ISAE Business Survey on Manufacturing and Extractive Firms

### North-west

The results of the ISAE Surveys point out that a slight worsening in entrepreneurs' confidence is observed in North-western regions, where in the IV quarter 2002 the indicator equals 92.1 (93.2 in the previous quarter). Improved assessments on the overall order-book level (the seasonally adjusted balance passing from -32 to -25) go alongside with a slight reduction in inventories. Short-term expectations on production clearly worsen (their seasonally adjusted balance passing from 14 to -1).

At regional level (raw data only), order-book assessments improve everywhere: in particular, optimistic assessments come from entrepreneurs in *Lombardia* and *Liguria*. Short-term expectations on production worsen everywhere and particularly in *Piemonte* and *Val D'Aosta* (their balances passing from 12 to -18). Assessments on the production level slightly improve, with the exception of *Liguria*, where - unlike what happens in the other administrative regions of the partition - the balance of short-term expectations on order books passes from 7 to 14.

## CONSUMER CONFIDENCE CLIMATE



(seasonally adjusted data, indices 1995=100 – Source ISAE)

### North-east

After the fall registered in the III quarter 2002, North-eastern entrepreneurs' confidence is improving: their seasonally adjusted indicator goes from 99.4 to 101. Assessments on order books are growing too: their seasonally adjusted balance recovers, passing from -13 in the III quarter to -10 in the IV. With reference to expectations, the order-book balance falls from 18 to 15, while the one concerning production remains stable at 13. The observed trends stem from different regional dynamics. In particular (raw data only), the Italian administrative regions which registered improved assessments on their order-book levels and on production are *Trentino Alto-Adige*, *Veneto* and *Friuli Venezia Giulia*. Expectations on production worsen everywhere. *Trentino* is the only region where entrepreneurs are optimistic on their short-term order-book trend.

### Centre

In Central regions, the confidence climate is worsening owing to a deterioration in their expectations on production. Their seasonally adjusted index falls down to 102.4 (from 103.9 in the III quarter 2002). The balance of order books recovers, passing from -18 to -15, while the one concerning expectations on production goes down to 18 (from 23). Among Central regions (raw data), entrepreneurs from *Lazio*, *Marche* and *Umbria* are particularly pessimistic and signal a worsening in their expectations on order books and production. Encouraging signals come from assessments and expectations in *Toscana*. Assessments on order books are recovering everywhere, with the exception of *Lazio* (whose balance falls from -24 to -25).

### Mezzogiorno

After the positive signals of the III quarter 2002, entrepreneurs in the *Mezzogiorno* of Italy are pessimistic again: their seasonally adjusted confidence indicator falls from 100.5 to 96.3. In particular, expectations on production in the next quarter (seasonally adjusted data) are worsening and their balance passes from 21 to 2. Furthermore, entrepreneurs signal a slight inventories accumulation. The balance of assessments on the overall order books and on production is growing (the balance rising from -29 to -23 and from -13 to -3 respectively). At regional level, raw balances diminish everywhere with reference to expectations both on order books and on production. Assessments on the production level improve in all regions, with the exception of *Calabria* and *Puglia*. With regard to assessments on order books, the only favourable data come from *Molise* (the balance going from -40 to -38) and from *Sicilia* (from -30 to -16).

## **ISAE Consumer Survey**

### North-west

North-western consumers' confidence climate is clearly worsening: their seasonally adjusted balance falls from 102.1 (III quarter 2002) to 97.6 (IV quarter 2002), thus getting close to the minimum values of the II quarter 1997. The marked fall is mainly due to the households' pessimistic approach towards the country's general economic situation. In particular, consumers show negative expectations on employment (the balance passing from 13 to 49) and unfavourable assessments on the country's economic situation (the balance going from -69 to -96). Households' assessments and forecasts on their own situations are less negative; in particular, forecasts on saving opportunities show no variations compared to the previous quarter (the raw balance remains at -31). Conversely, assessments on the present convenience to purchase durables clearly worsen (the balance diminishing from -79 to -98).

### North-east

North-eastern consumers' confidence climate continues to worsen: their seasonally adjusted index passes from 96.1 to 93.0. The confidence deterioration is mainly due to the assessments on the country's general economic situation (the balance falling from -67 to -92) and to forecasts on unemployment (the balance decreasing from 12 to 44). Also the households' own situations are worsening: their balances of assessments (from -23 to -31) and forecasts (from 2 to -2) on their own situations are decreasing, as are assessments on the convenience to purchase durables (from -81 to -96). Households are less pessimistic in their forecasts on the saving convenience: indeed, the balance remains unchanged compared to the III quarter 2002 (79).

### Centre

In the Centre, the households' confidence climate continues to decrease (the seasonally adjusted balance falling from 99.8 to 96.0), thus nearing its all-time low since II quarter 1997. The contraction is mainly due to a deterioration in assessments on the country's general economic situation (the balance diminishing from -70 to -97) and in forecasts on unemployment (the balance passing from 16 to 48) as well as on the country's general economic situation (from -14 to -29). The deterioration is less harsh for questions concerning the households' own situations: in particular, a growing share of respondents expect a rise in their saving convenience for the next months (the balance going from 76 to 83). However, in the Centre too, consumers express negative assessments on the present convenience to purchase durables (from -84 in the III quarter 2002 to -101 in the IV quarter).

### Mezzogiorno

In the IV quarter 2002, also Southern regions register a fall in their consumers' confidence climate (their seasonally adjusted balance passing from 96.1 to 93.0). The index contraction is mainly caused by assessments (the balance going from -75 to -98) and forecasts (from -16 to -34) on the country's general economic situation, as well as forecasts on unemployment (from 31 to 56). The decrease is smaller in the balances of assessments (from -32 to -41) and forecasts (from -3 to -5) on the

households' own situations. In this geographical partitions, forecasts on the opportunities and convenience to save are worsening. Also in the *Mezzogiorno* of Italy, households are pessimistic on their convenience to purchase durables (the balance going from -97 to -106).