



## PRESS RELEASE

### ISAE QUARTERLY CONSUMER AND BUSINESS SURVEYS BY GEOGRAPHICAL PARTITIONS

Reference Period: I quarter 2002

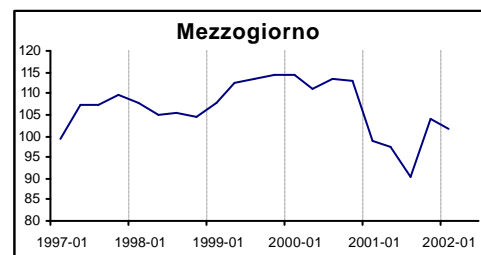
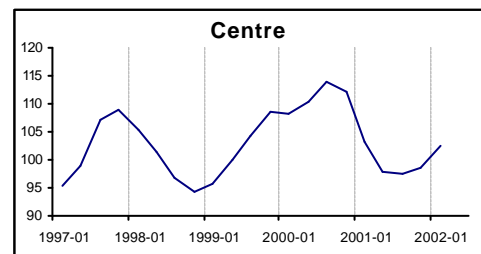
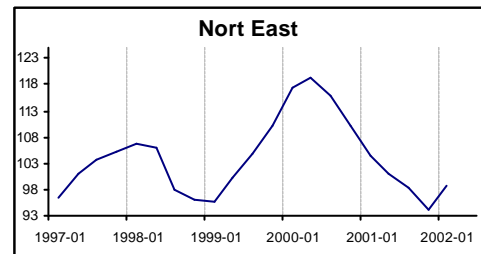
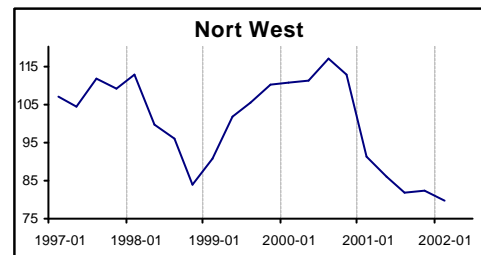
- In the I quarter 2002, the households' and business firms confidence climates – which are increasing at national level – show different trends in the different geographical partitions. The entrepreneurs' confidence climate worsens in the North-west, while households are definitely more optimistic compared to the previous survey. In the North-east the firms' confidence climate rises, while consumers' confidence falls. In the Centre of Italy, both consumers' and entrepreneurs' confidence indicators are improving, while in the *Mezzogiorno* of Italy a contraction is observed in both firms' and – though to a lesser extent - consumers indicators.

#### General results of the Business and Consumer Surveys

On a quarterly basis, ISAE breaks down and elaborates by geographical partition the data of its monthly surveys carried out on a sample of about 2,000 consumers and 4,000 manufacturing and extractive business firms respectively. After the fall of IV quarter 2001, the improvement of the business confidence climate registered in the I quarter 2002 mirrors different trends in the four geographical partitions. The confidence considerably improves in the North-east and in the Centre and deteriorates in the *Mezzogiorno* and in the North-west. The opinions on present order books improve in all four partitions: the recovery is particularly evident in foreign order books in Northern Italy, while in the Central and Southern areas of the country positive indications emerge from the domestic market. Also optimism on the short-term prospects of production is increasing, particularly in the North-East and in the Centre.

The business confidence improvement goes alongside with a more optimistic approach on the part of consumers. In this case too, in the four partitions different trends are observed: the consumers' confidence is rising in the North-west and in the Centre and is slightly deteriorating in the *Mezzogiorno* and in the North-east.

INDUSTRIAL CONFIDENCE INDICATOR  
(Indexes Italy 1995 = 100)



Source: ISAE  
Seasonally adjusted data

## North West

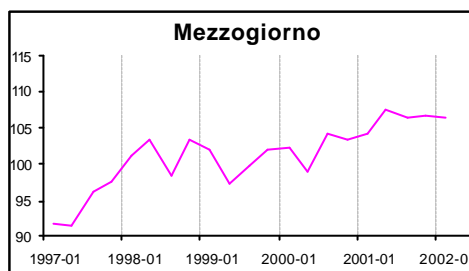
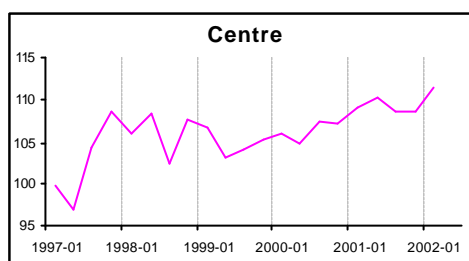
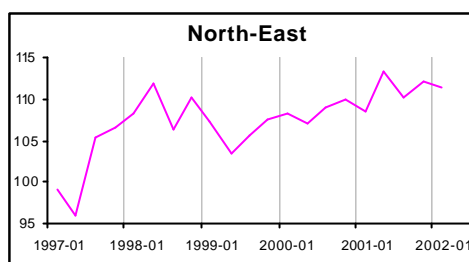
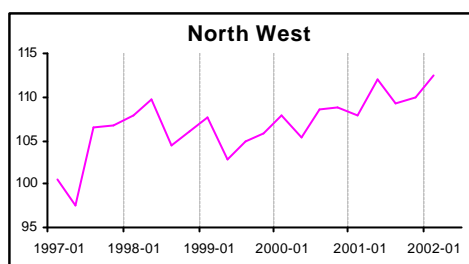
In I quarter 2002, the seasonally adjusted results of the ISAE survey signal a moderate worsening in the entrepreneurs' confidence indicator in the North-west, mainly due to accumulation of finished products inventories. Indeed, the confidence indicator falls from 82 in IV quarter 2001 to 80 in I quarter 2002. Conversely, both assessments and three-month expectations on order books are improving as do – to a lesser extent – those on production. The seasonally adjusted balance on order books passes from –28 to –25 and that on production from –25 to –23. With regard to expectations, the seasonally adjusted balance on order books and production rise from –2 and 2 to 15 and 3 respectively. With reference to administrative regions, expectations on order books and on production improve particularly among entrepreneurs of *Lombardia* and *Liguria*.

The consumers' confidence climate recovery started in IV quarter 2001 continues in the first quarter 2002: the seasonally adjusted figure passes from 110 of the previous survey to 112 in the present quarter. The main improvement is observed in opinions on the general economic situation of the country and in unemployment forecasts. Consumers are indeed more cautious on their personal situations and on the opportunity to purchase durables.

## NORTH-EAST

In the North-eastern area, the entrepreneurs' confidence climate considerably rises for the first time since II quarter 2000, passing from 94 to 99 and reaching the levels recorded in early-2001. Both assessments and forecasts on order books and production markedly grow: the seasonally adjusted balance of order books rises from –17 of last quarter to –12, while the production figure passes from –6 to –4. With regard to expectations, the balance of order books increases from 5 in the previous quarter to 19, while that of production increases from 6 to 15. With reference to administrative regions, *Emilia-Romagna* and *Friuli-Venezia Giulia* are the regions where the major improvements are observed in expectations.

CONSUMER CONFIDENCE INDICATOR  
(Indexes Italy 1995 = 100)



Source: ISAE  
Seasonally adjusted balances

The entrepreneurs' positive approach is not followed by consumers, whose confidence climate is slightly diminishing compared to the previous quarter. The index (1995=100) falls from 112 to 111. In particular, unemployment forecasts and assessments on the country's economic situation and on the households' financial situations are worsening.

## **CENTRE**

The entrepreneurs' confidence climate considerably improves in the Central regions, mainly thanks to the favourable dynamics of assessments on order books and of production expectations. The seasonally adjusted balance rises from 99 of the previous quarter to 103; the balance of order books recovers by reaching -11 from -19 of IV quarter 2001; the balance of expectations on production rises to 20 (13 in the previous quarter). With reference to administrative regions, entrepreneurs located in *Tuscany* and *Umbria* are particularly favourable.

On the top of it, also the consumers' confidence climate considerably increases compared to IV quarter 2001, the seasonally adjusted balance passing from 109 to 103. Consumers living in the Centre of Italy prove more optimistic on their situations and express rosier assessments and forecasts on the country's economic situation and on their saving opportunities. Conversely, expectations on the short-term labour market evolution are worsening.

## **MEZZOGIORNO**

After the strong improvement registered in late-2001, when the seasonally adjusted balance peaked from 90 to 104, Southern entrepreneurs are slightly less optimistic in I quarter 2002. In particular, expectations on the production trend for the next 3 months (seasonally adjusted data) worsen, their balance falling from 27 to 25. Indeed, the order-book recovery is going on, both in the assessments on the present situation (the balance passing from -12 to -4) and with regard to expectations for the next 3 months (the balance rising from 18 to 27).

Also the consumers' confidence climate undergoes a slight contraction compared to the previous quarter, equalling 107 (106 in IV quarter 2001) and remaining on the average levels of 2001. The improved assessments on the households' and on the country's economic situations are more than offset by the deteriorating opinions on the present households' budgets.