



ISTITUTO DI STUDI E ANALISI ECONOMICA

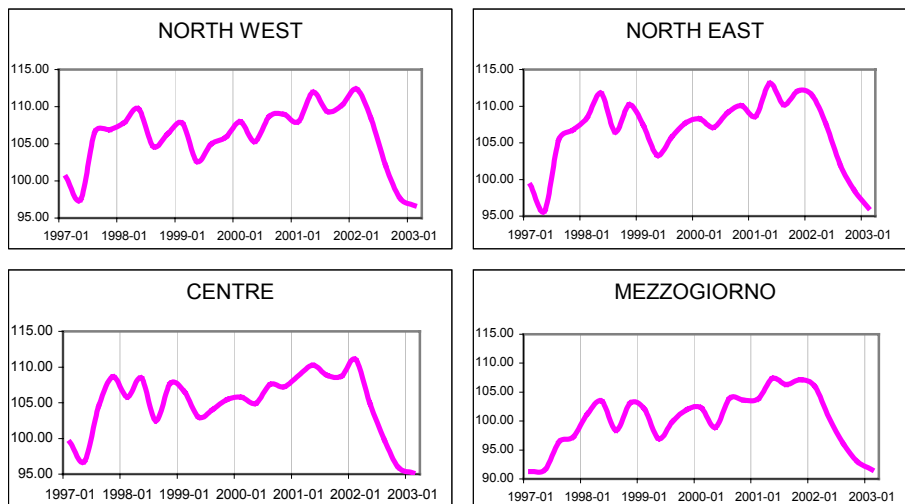
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**ISAE QUARTERLY ELABORATION BY GEOGRAPHICAL PARTITION  
OF CONSUMER AND BUSINESS SURVEYS  
ON MANUFACTURING AND EXTRACTIVE FIRMS**  
(Reference period: I quarter 2003)

- The seasonally adjusted confidence climate of Italian consumers slightly decreased in January and then rose again in February, while it drastically fell in March (the monthly Survey took place in the uncertainty period just preceding the outbreak of the Iraqi war). The average values of the I quarter 2003 were clearly lower than the figures referring to the October-December quarter
- According to ISAE quarterly elaborations by geographical partitions (North-east, North-west, Centre, *Mezzogiorno*), a confidence climate fall emerged in all four partitions and it was particularly marked in the North-east, where the seasonally adjusted index diminished from 98.5 to 96.1, and in the *Mezzogiorno* of Italy, where the index equalled 91.6 (from 93). Less marked – though equally significant - deteriorations were registered in the North-west (from 97.7 to 96.6) and in the Centre (from 96 to 95.3)
- The worst contraction was observed in assessments and forecasts on the households' own situations, particularly with reference to the households' economic situations and to the convenience to save
- The seasonally adjusted national confidence climate of manufacturing and extractive firms, which had risen in January and February compared to the low figures of December 2002, markedly fell again in March alongside with the peak of the uncertainty preceding the outbreak of the Iraqi war. Thus, the average values of the I quarter were smaller than those of the October-December period
- The elaborations of those data by geographical partitions show that, in the I quarter 2003, confidence pointed out an improvement in the North-west - where the seasonally adjusted index rose from 92.5 to 99.8 in the IV quarter 2002 - and in the *Mezzogiorno* of Italy - where the indicator rose from 96.8 to 107 in the previous quarter -. Confidence remained substantially stable in the North-east (the index passed from 100.8 to 100.9) and worsened in the Centre (the index fell down from 102.7 to 102.2)
- Among the index-building series, the overall and domestic order-book levels improved everywhere, with the exception of the Centre, where the balance remained substantially stable. Also short-term expectations on order books and production in the North-west and in the *Mezzogiorno* increased; production is diminishing in all partitions, with the exception of the North-east, where a slight recovery is emerging

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



Source: ISAE

Next ISAE surveys are scheduled as follows:

April 22, 2003: ISAE Monthly Consumer Survey (Reference month: April)

April 24, 2003: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: April)

April 30, 2003: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (Reference month: March and ISAE Monthly Business Service Survey (Reference month: April)

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. The ISAE Consumer Surveys show an evident confidence climate worsening in all four partitions. The fall is particularly marked in the *Mezzogiorno* of Italy. The worst contraction is observed in assessments on the respondents' own situations and on their convenience to save. Conversely, consumers seem to be more optimistic (apart from those living in the *Mezzogiorno*) in their expectations and in their assessments on the country's general economic situation.

In the I quarter 2003, the confidence climate of manufacturing and extractive firms is not homogeneously distributed all over the national territory. The index improves in North-western regions and in the *Mezzogiorno*, while it deteriorates in the Centre and remains substantially stable in the North-east. Among the index-building series, assessments on the current order-book level recover in all partitions, with the exception of the Centre, where the balance remains stable. Balances concerning expectations on production and order books are clearly improving in the North-west and in the *Mezzogiorno*; assessments on production are however worsening everywhere, with the exception of the North-east. With reference to inventories, firms in the Northern regions and in the *Mezzogiorno* signal an inventories' contraction.

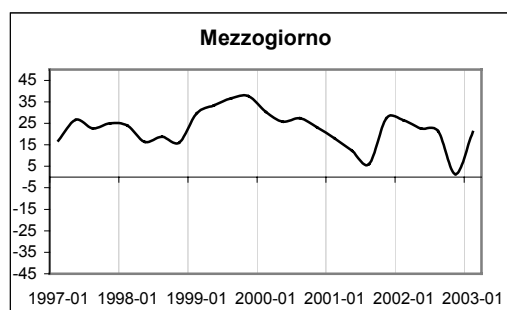
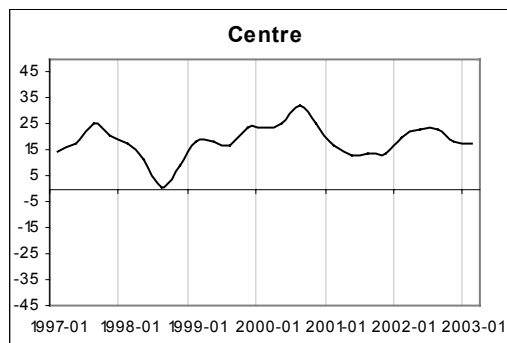
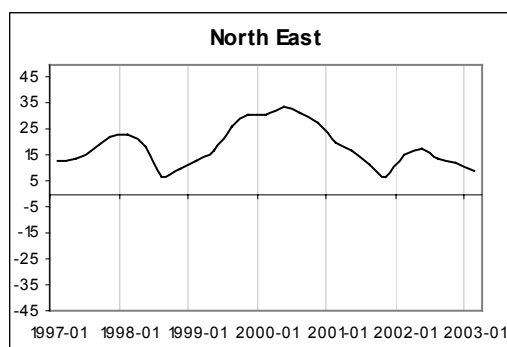
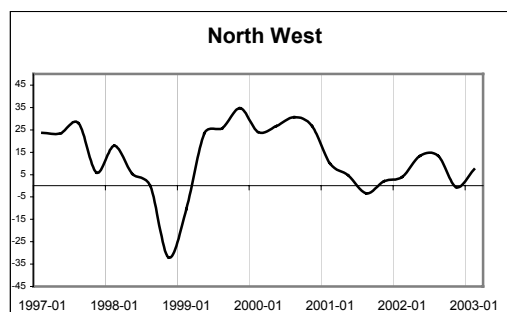
## ISAE Consumer Survey

### North-west

North-western consumers' confidence climate is clearly worsening: the seasonally adjusted balance falls from 97.7 of IV quarter 2002 to 96.6 of I quarter 2003, which means below the minimum values of II quarter 1997. The fall is mainly due to the households' pessimistic approach towards the country's general economic situation. In particular, consumers show negative assessments on the general economic situation (the balance passing from -32 to -36) as well as on the future opportunities (from -31 to -36) and present convenience to save (from 84 to 77). Also households' assessments on their own situations tend to diminish, though to a lesser extent (the balance decreasing from 18 to 17). Indeed, consumers are less pessimistic with regard to their expectations on unemployment (the balance passing from 49 to 35) and on the country's general economic situation. Assessments on the present convenience to purchase durables slightly improve (the balance rising from -98 to -96).

## BUSINESS EXPECTATIONS ON PRODUCTION

(seasonally adjusted data)



Source: ISAE

### North-east

North-eastern consumers' confidence climate continues to worsen: the seasonally adjusted index passes from 98.5 to 96.1. The confidence deterioration is mainly due to the assessments on the households' own situations. In particular, evaluations on the future opportunities to save fall from -27 in IV quarter 2002 to -30 in I quarter 2003, while assessments on the present convenience to save passes from 79 to 75. Cautious indications come also from judgements on the present convenience to purchase durables: the balance passes from -96 to -98. Indeed, households are less pessimistic with regard to the general economic situation of the country: their assessments and forecasts on the Italian general economic situation are less negative than in the IV quarter 2002, and even their forecasts on unemployment tend to be rosier (the balance passing from 44 to 32).

### Centre

Also in the Centre, the households' confidence climate continues to decrease (the seasonally adjusted index falling from 96 to 95.3), thus nearing its all-time low values reaching since II quarter 1997. The contraction is mainly due to a deterioration in assessments on the households' own situations (the balance diminishing from -30 to -40) and in evaluations on the convenience to save (the balance passing from 83 to 75). Assessments and forecasts on the country's general economic situation are less negative: in particular, a growing share of respondents expect a slight improvement in the Italian general economic situation (the balance equals -28 from -29 of the previous quarter). Also forecasts on unemployment are increasing: the balance passes from 48 to 31. Favourable signals come also from assessments on the present convenience to purchase durables (from -101 to -98).

### Mezzogiorno

In the I quarter 2003, the *Mezzogiorno* of Italy registers a fall in the consumers' confidence climate (seasonally adjusted index passing from 93 in the IV quarter 2002 to 91.6 in the I quarter 2003). The index contraction is mainly caused by assessments (the balance going from -98 to -99) and forecasts (from -34 to -36) on the country's general economic situation. The decrease is larger in the balances of assessments on the households' own situations (the balance passing from -41 to -45). In this geographical partition, evaluations on the present convenience to save (the balance going from 88 to 81) and assessments on the convenience to purchase durables (from -106 to -107) are both worsening. Indeed, in the *Mezzogiorno* of Italy, households are optimistic in their forecasts on unemployment (the balance passing from 56 to 49) as well as on their future opportunities to save (the balance going from -59 to -56).

## **ISAE Business Survey on Manufacturing and Extractive Firms**

### North-west

The results of the ISAE Surveys point to an improvement in the entrepreneurs' confidence in North-western regions, where in the I quarter 2003 the indicator equals 99.8 (92.5 in the previous quarter). Improved assessments on the overall order-book level (the seasonally adjusted balance passing from -23 to -19) go alongside with a reduction in inventories. Short-term expectations on production clearly improve (their seasonally adjusted balance passing from -1 to 9), as do those on order books (from 13 to 22). At regional level (raw data only), expectations on order books and on production improve everywhere: in particular, optimistic assessments come from entrepreneurs in *Lombardia* and *Piemonte*. Conversely, assessments on the production level worsen everywhere and particularly in *Liguria* (the balance passing from -5 to -13). Conversely, evaluations on the overall order-book level register a slight improvement, with the exception of *Lombardia*, where the balance remains at -28.

### North-east

After the fall registered in the III quarter 2002 and the subsequent recovery of the IV quarter, North-eastern entrepreneurs' confidence continues to slightly improve: the seasonally adjusted indicator rising to 100.9. Assessments on order books are growing too (their seasonally adjusted balance recovers, passing from -11 to -10), as do those on production (the balance rising from -4 to -2). With reference to expectations, the order-book balance falls from 14 to 11, while the one concerning production falls from 12 to 10. The observed trends stem from different regional dynamics. In particular (raw data only), an improvement is observed in assessments on order books in *Trentino Alto-Adige*, *Veneto* and *Emilia Romagna*. Assessments on production improve in *Trentino Alto-Adige* and in *Friuli Venezia-Giulia*.

### Centre

In Central regions, the confidence climate is worsening, particularly owing to a deterioration in their expectations on production and to a slight inventories' accumulation. The seasonally adjusted index falls down to 102.2 (from 102.7 in the IV quarter 2002). The balance of order books remains stable at -14, while the balance of expectations on production goes down to 17 (from 18). Also assessments on the production level (the balance falling from -9 to -13) and on inventories (from -5 to -4) contribute to create a dark picture in the Central regions. Among Central regions (raw data), entrepreneurs from *Marche* and *Umbria* are particularly pessimistic and signal an evident worsening in their assessments on order books and production. Encouraging signals come from assessments and expectations of *Toscana* and *Lazio*.

### Mezzogiorno

After the negative signals of the IV quarter 2002, entrepreneurs in the *Mezzogiorno* of Italy are optimistic again: their seasonally adjusted confidence indicator rises from 96.8 to 107, thus getting close to the higher levels of IV quarter 2000. In particular, expectations on production in the next quarter (seasonally adjusted data) are improving and their balance passes from 2 to 22. Furthermore, entrepreneurs signal a slight inventories' reduction. The balance of assessments on the overall order books is growing (the balance rising from -22 to -18), while assessments on the production level clearly worsen (the balance going from -4 to -18). At regional level, raw balances increase everywhere with reference to expectations both on order books and on production. Assessments on the production level worsen or remain stable in all regions. For assessments on the order books, opposing signals are emphasized: unfavourable signals come from *Puglia* (the balance passing from -10 to -11) and *Calabria* (the balance going from -11 to -16) and from the islands.