



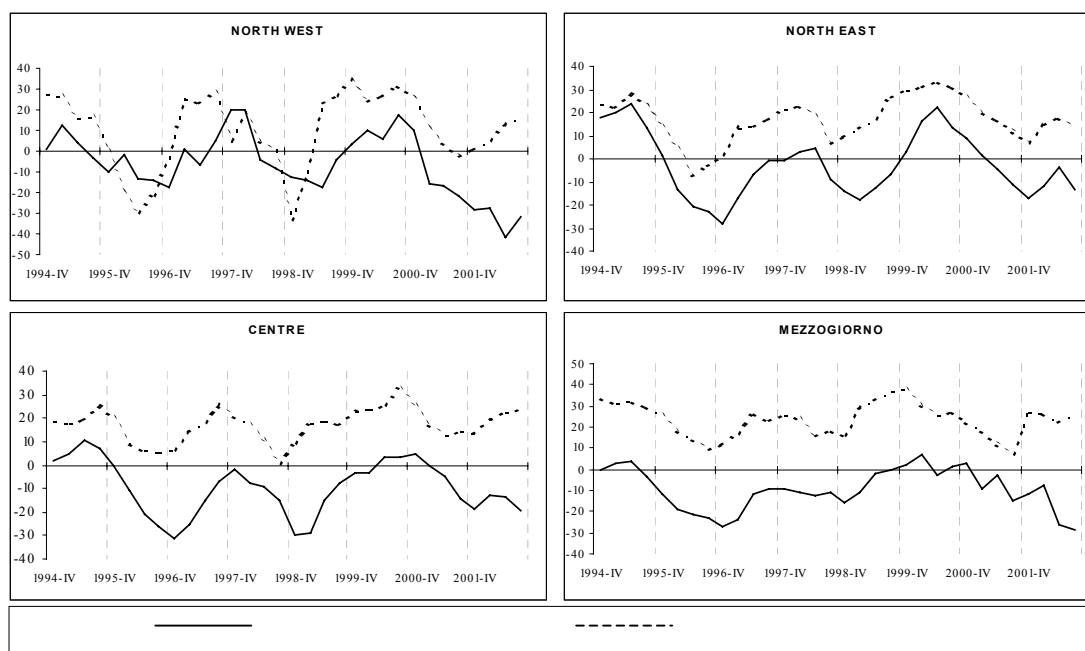
ISTITUTO DI STUDI E ANALISI ECONOMICA  
Piazza dell'Indipendenza, 4 00185 Roma tel.: + 39-0644482.1 fax: + 39-0644482325

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## ISAE QUARTERLY ELABORATION BY GEOGRAPHICAL PARTITION OF CONSUMER AND BUSINESS SURVEYS ON MANUFACTURING AND EXTRACTIVE FIRMS (REFERENCE PERIOD: III QUARTER 2002)

- In III quarter 2002, the ISAE Consumer Survey shows a clear confidence worsening in all geographical partitions: the seasonally adjusted indexes reach the early-1997 minimum levels. The fall is particularly marked in North-western and North-eastern regions.
- In all partitions, the largest deterioration is observed in assessments and forecast on the country's general economic situation and on households' own situations, alongside with short-term expectations on unemployment. ISAE respondents are more cautious on the present convenience to make major purchases. Less negative signals come from assessments on the present convenience and future opportunity to save.
- According to the ISAE Business Survey on Manufacturing and Extractive Firms, in III quarter 2002, assessments on the demand level worsen in North-eastern, Central and Southern regions, while in the North-west there are signals of recovery compared to the particularly low levels reached in the previous quarter.
- Entrepreneurs expect a production growth in the next quarter, with the only exception of North-eastern firms. Favourable signals come also from inventories, which in Central and Southern regions fall again below what are considered "Normal" levels.

ORDER-BOOK LEVEL AND EXPECTATION ON PRODUCTION  
(seasonally adjusted data)



Source: ISAE

## 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 III quarter 2002, the ISAE Consumer Survey shows an evident confidence climate worsening in all four partitions. The fall is particularly marked in the North-west and in the North-east. The worst contraction is observed in assessments and forecasts on the country's general economic situation and on the households' own situations, as well as in forecasts on unemployment. Consumers seem to be more cautious on their present convenience to make major purchases. Less negative signals come from assessments on the present convenience to save, which register a less marked deterioration.

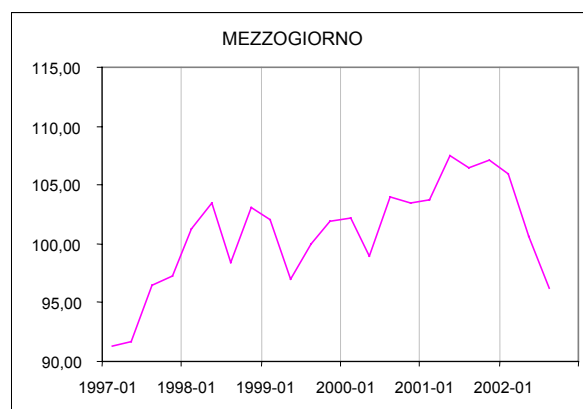
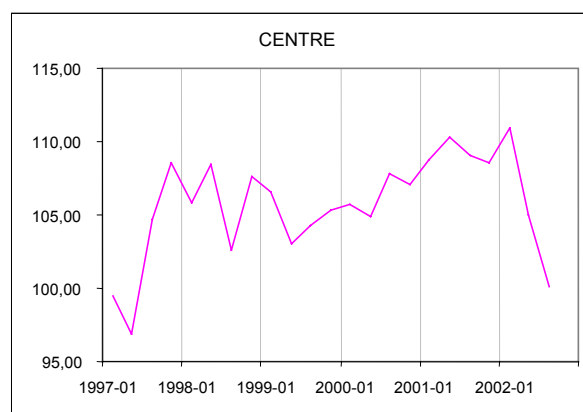
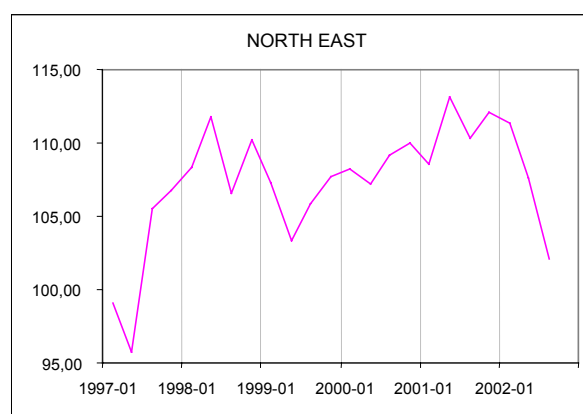
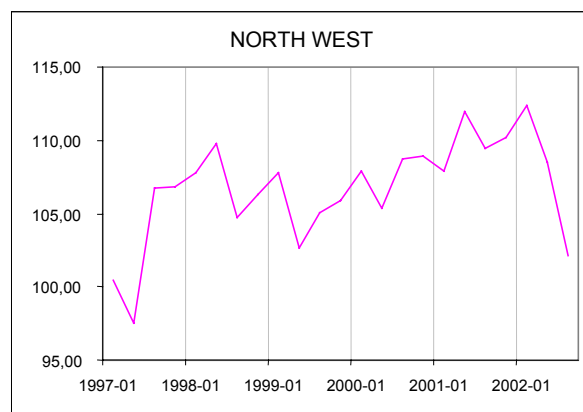
According to the ISAE Business Survey on Manufacturing and Extractive Firms, short-term expectations on production slightly improve everywhere but in North-eastern regions. Assessments on the present demand level show signs of recovery in the North-west and continue to worsen in the other partitions. Finally, a marked stock reduction is signalled in all geographical partitions.

## ISAE Consumer Survey

### North-west

North-western consumers' confidence climate - which had reached its cyclical peak in I quarter 2002 - after the April-June fall, continues to decrease also in III quarter, reaching the figure of 102.1 (108.5 in II quarter), which is close to the early-1997 minimum levels. Forecasts and assessments on both the country's economic situation and on households' own situations are worsening. Consumers are also more pessimist on the labour market: the balance of forecasts on unemployment falls again, getting close to the downs

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



Source: ISAE

of IV quarter 2001. Indeed, a strong caution emerges - stronger than the one shown in the previous quarter - on the opportunity to make major purchase for the time being. Less negative signals come from assessments on the present convenience and future opportunities to save; these last rise again compared to the previous quarter.

#### North-east

North-eastern consumers' confidence climate falls down to 102.1 (107.6 in II quarter). In this case, the cyclical peak was reached in IV quarter 2001; thus confidence is decreasing for the third quarter in a row, reaching its minimum figures of II quarter 1997. Assessments and forecasts on the country' economic situation and on the households' own situation are both worsening. Also assessments on the present convenience and future opportunities to save are decreasing, as do those on the opportunity to purchase durables. Finally, also pessimism on the short-term labour market evolution is increasing.

#### Centre

Consumers' confidence climate in Central regions considerably falls compared to the previous quarter: the seasonally adjusted index equals 100.1 from 105. In this case too the minimum levels of the past five years are reached again. In particular, consumers express more cautious forecasts on the households' own situations and on unemployment. Also evaluations on the general economic situation undergo a marked deterioration. Once again, the only positive indications come from assessments on the present convenience and future opportunity to save, which rise again compared to the downs registered in the April-June lapse of time.

#### Mezzogiorno

Also Southern regions register a fall in their consumers' confidence climate. The seasonally adjusted index - which had reached its peak in late-2001 - shows a further deterioration, equalling 96.2 (100.6 in II quarter

2002), thus reaching again the minimum figure of III quarter 1997. In particular, forecasts on the households' own situations as well as assessments on the country's economic situation worsen. Also short-term forecasts on unemployment are deteriorating. The only positive signals come from the recovery of assessments on the possibility to save.

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

#### North-west

In North-western regions, assessments on the order-book level are improving compared to the extremely negative figures of the previous quarter. Indeed, the seasonally adjusted figure passes from -42 to -31, thus exceeding the January-March values. The recovery is diffused both in the foreign component and, particularly, in domestic demand. The order-book recovery goes alongside with a considerable stock reduction. After the minimum values registered between the late-2001 and the early-2002, also short-term expectations on production continue to improve (the seasonally adjusted balance passing from 13 to 17).

At regional level (raw data only), order-book assessments (total, foreign, domestic) considerably improve in *Piemonte* and *Val d'Aosta*, while they definitely worsen in *Liguria*. The balance of short-term expectations on production increases in *Piemonte* and *Val d'Aosta* and slightly decreases in *Lombardia* and *Liguria*.

#### North-east

Negative signals come from North-eastern regions. After the slight recovery registered in II quarter 2002, both assessments and forecasts on order books fall again, as do short-term expectations on production. The seasonally adjusted balance concerning the present order-book level equals -13 (-4 in II quarter 2002);. With regard to expectations, the order-book balance falls down from 22 in the previous quarter to 18; the production balance goes

from 18 to 13. The worsening of assessments and forecasts on demand and production is homogeneously diffused between North-western regions.

#### Centre

In Central regions, order-book assessments in III quarter both on the domestic and on the foreign markets diminish. More favourable indications come from expectations on production, which slightly increase compared to II quarter, and from stock, which are again below what are considered "Normal" levels. The seasonally adjusted balance of order books falls from -14 in II quarter 2002 to -20 in III quarter, while the balance referring to production expectations rises from 23 to 24.

Among Central regions, entrepreneurs from *Lazio* are particularly optimistic and signal an improvement both in assessments and in expectations on order books and production. Encouraging signals come also from

*Marche*, where the balance of assessments on the general order-book level and, in particular, on foreign orders rises. Conversely, entrepreneurs from *Toscana* and *Umbria* are more pessimistic owing to negative assessments and expectations both on order books and on production.

#### Mezzogiorno

In III quarter, assessments on order books worsen in the *Mezzogiorno* of Italy owing in particular to the foreign demand deterioration. After the negative signals emerged in II quarter, Southern entrepreneurs are optimistic again on the short-term production evolution : their seasonally adjusted balance rising from 23 to 26. Indeed, a marked stock reduction is registered and inventories are again below what are considered "Normal" levels. At regional level, favourable signals come in particular from *Sicilia*, where order books and expectations on production show signals of recovery.

**Data referring to the IV quarter 2002 shall be diffused in January 2003.**

**Next ISAE Surveys are scheduled as follows:**

October 2, 2002: **Comparative Business Survey for Italy, Germany and France**

October 18, 2002: **Monthly ISAE Consumer Survey**

October 25, 2002: **Monthly ISAE Business Survey on Manufacturing and Extractive Firms (Reference month: October)**

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))