

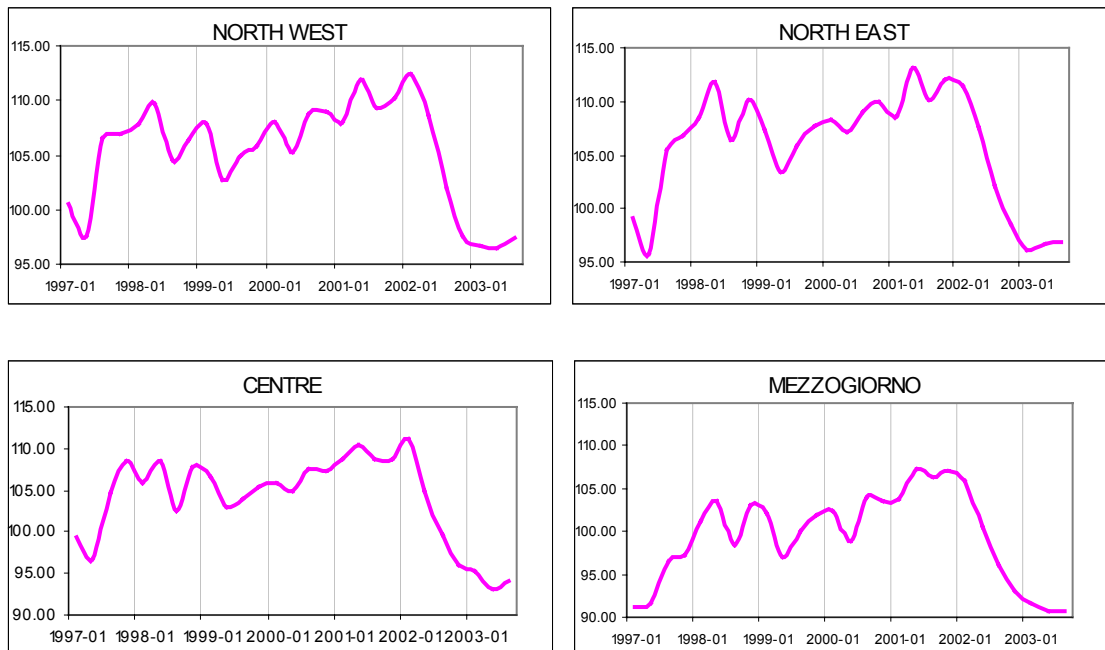


Date: October 7, 2003

## ACCORDING TO THE ISAE ELABORATIONS ON THE III QUARTER 2003, THE CONFIDENCE OF CONSUMERS AND MANUFACTURING FIRMS HOMOGENEOUSLY IMPROVED ALL OVER THE NATIONAL TERRITORY

- For consumers the highest rises were registered in the North-West (where the seasonally adjusted index grew from 96.4 to 97.3) and in the Centre (from 93.2 to 94.2). A smaller growth was registered in the North-east, where confidence rose to 97 from 96.8 and in the *Mezzogiorno* of Italy (where the index passed from 90.7 to 90.8)
- The improvement was observed in the assessments on the general economic situation of Italy and in those on the present households' financial situations and on the convenience to purchase durables; conversely, forecasts on the country's general economic situations worsened almost everywhere
- With regard to manufacturing firms, particularly positive trends were registered in the North-east (where the seasonally adjusted index rose from 94.7 in the II quarter to 96.1 in the III quarter) and in the *Mezzogiorno* (where the indicator passed from 101.4 to 102.5). Indeed, the growth was less marked in the North-west (from 89.9 to 90.2) and in the Centre (from 100.7 to 101.4)
- Among the index-building series, expectations on production improved everywhere: assessments on the order-book level grew in the North-west and in the *Mezzogiorno*, while they slightly deteriorated in the North-east and remained stable in the Centre; a slight recovery was observed in finished products inventories in the North-east and in the Centre

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



Source: ISAE

Next ISAE surveys are scheduled as follows:

**October 21, 2003:** ISAE Monthly Consumer Survey (Reference month: October)

**October 28, 2003:** ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: October)

**October 29, 2003:** ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (Reference month: September) and ISAE Monthly Business Service Survey (Reference month: October)

**October 30, 2003:** Comparative Business Surveys for Italy, Germany and France (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))

## 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. On average in the III quarter 2003, the Italian consumers' confidence climate clearly rises compared to the previous quarter. The improvement concerns all partitions and is particularly marked in the North-west and in the Centre. Looking at the way the indicator is built, an improvement emerges from assessments on the Italian economic situation and from evaluations on the present households' financial situations and on the convenience to purchase durables; conversely, forecasts on the country's general economic situation are worsening.

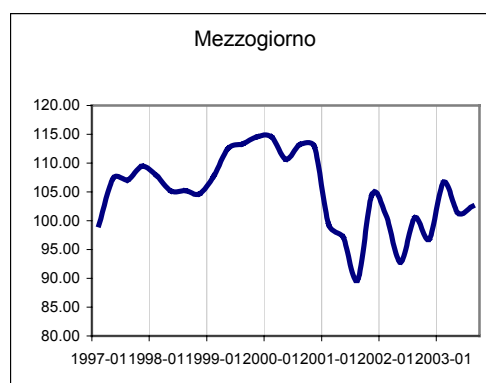
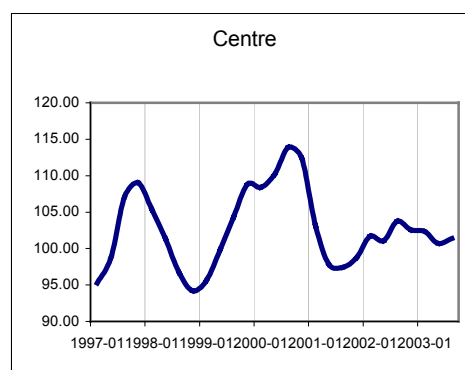
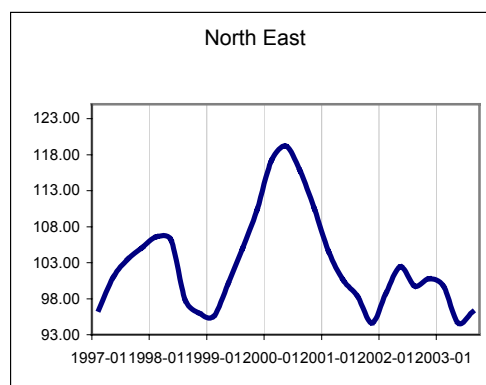
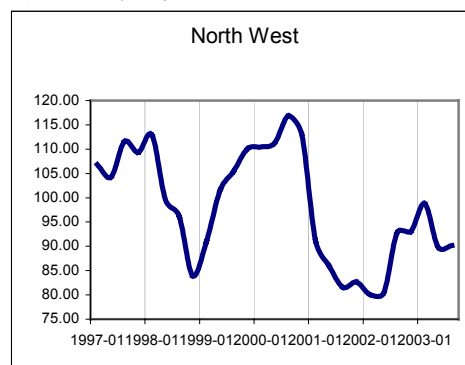
In the manufacturing and extractive sector, after the marked contraction registered in the II quarter 2003, the confidence climate rises again on average in the III quarter. Looking at data by partition, the confidence recovery is homogeneous throughout the whole country, with a marked improvement in the North-east and in the *Mezzogiorno*. Among the index-building series, expectations on production improved everywhere; assessments on the order-book level grew in the North-west and in the *Mezzogiorno*, while they slightly deteriorated in the North-east and remained stable in the Centre; a slight recovery was indeed observed in finished products inventories in the North-east and in the Centre.

## ISAE Consumer Survey

### North-west

North-western consumers' confidence climate rises from 96.4 to 97.3. The improvement is mainly due to positive opinions on the country's general economic situation; in particular, assessments (the balance passing from -95 to -88) and forecasts (from -20 to -19) on the country's general economic situation tend to improve; with reference to saving, households are optimistic on their future saving opportunities (the balance passes from -26 to -25) and on the present saving convenience (the balance rising from 74 to 77). Also assessments on the households' financial situations are improving (the balance going from 17 in the II quarter to 19 in the III). Consumers are also more optimistic in terms of expectations on unemployment (the balance passing from 27 to 21). Quite the reverse, forecasts on the households' own situations slightly deteriorate (from -2 to -3).

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



Source: ISAE

### North-east

The North-eastern consumers' confidence climate slightly improves: the seasonally adjusted index passes from 96.8 to 97.0. Forecasts on unemployment tend to get better: the balance diminishes from 26 of the II quarter to 22 in the III quarter. A recovery is registered in the future opportunities to save (from -29 to -23) and in the present convenience to purchase durables (the balance going from -92 to -91). Households also express optimistic opinions on their financial situations (the balance going from 15 to 17). Conversely, assessments and forecasts both on the country's general economic situation and on the households' own situations are worsening compared to the previous quarter, as indeed are forecasts on the convenience to save (the balance passing from 74 to 71).

### Centre

In the Centre, the households' confidence growth is stronger: the seasonally adjusted balance rises from 93.2 to 94.2, thus remaining on historically low levels. The improvement is mainly due to an increase in the number of households expressing a favourable opinion on the general economic situation (the balance passing from -96 to -94) and to slightly better forecasts on the households' own situations (from -5 to -4). Besides, a recovery is emerging in the balance of assessments on the present convenience to purchase durables (from -97 to -90). In keeping with what emerged in the North-west and in the North-east, also forecasts on unemployment tend to be optimistic (the balance passing from 28 to 27), while those on the country's general economic situation tend to worsen (the balance going from -22 to -28), as do forecasts on the future saving opportunities (the balance falls from -40 to -45). Unfavourable signals come from forecasts on the convenience to save (from 70 of the II quarter to 66).

### Mezzogiorno

In the III quarter 2003, the *Mezzogiorno* of Italy registers a growth in the consumers' confidence climate (the seasonally adjusted index passing from 90.7 to 90.8), which is still on historically low levels. In this case too, the slight recovery comes from assessments on the country's general economic situation (the balance passing from -100 to -97) and from those on the convenience to purchase durables (the balance passing from -105 to -103). In keeping with what happens in other partitions, forecasts on unemployment are improving (the balance passing from 45 to 36). Indeed, assessments (the balance remaining at -49) and forecasts (the balance equalling -5) on the households' own situations remain stable, as do evaluations on the households' financial situations (the balance of which equals 1) and forecasts on the saving convenience (86).

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

### North-west

The results of the ISAE Surveys referring to the III quarter 2003 point to a slight improvement of entrepreneurs' confidence in North-western regions, where the indicator equals 90.2 (89.9 in the previous quarter). The rosier assessments on the overall order-book level (the seasonally adjusted balance passing from -38 to -33) go alongside with a significant inventories' growth (the balance rising from -3 to -5) and with a rise in the balance of short-term expectations on production (the seasonally adjusted balance increasing from 5 to 8). The order-book growth only concerns foreign markets (the balance passing from -40 to -34), while domestic markets show a slight decrease (from -35 to -36).

At regional level (raw data only), a definite improvement is observed in assessments on the overall order books (the balance passing from -41 to -29), both on the domestic (from -42 to -29) and on the foreign markets (from -46 to -26) of *Piemonte* and *Valle d'Aosta*. Conversely, in *Lombardia* and *Liguria*, order books slightly worsen. Indeed, balances on the production level deteriorate everywhere, while expectations on order books are improving in all regions. The production trend slightly improves in *Piemonte*, *Valle d'Aosta* and *Lombardia*, while it worsens in *Liguria*.

### North-east

North-eastern entrepreneurs' confidence rises from 94.7 in April-June to 96.1 in the III quarter 2003. Expectations on production clearly increase (from 5 to 9, in terms of seasonally adjusted balance), while the level of inventories recovers (the balance remaining positive but decreasing from 8 to 5); conversely, assessments on the overall order books worsen (the seasonally adjusted balance falling from -13 to -15) both on the domestic markets (from -16 to -17) and on the foreign ones (from -16 to -17).

The observed trends stem from different regional dynamics. In particular (raw data only), a worsening is observed in assessments on overall order books and on production in *Trentino Alto-Adige*, *Friuli-Venezia Giulia* and *Emilia Romagna*; finally, a clear worsening is witnessed in expectations on order books in *Trentino Alto-Adige* (the balance diminishing from 36 to 15) and in *Veneto* (from 6 to 5).

### Centre

In Central regions too, the confidence climate is improving from 100.7 to 101.4, particularly owing to better expectations on production (the balance passing from 19 to 21) and to a slight reduction in inventories (from -4 to -5). The balance concerning assessments

on the order-book level remains unchanged at -21. Turning to single regions, (raw data), entrepreneurs from *Toscana* and *Umbria* show a diffused pessimism, while those from *Lazio* have a more positive approach, as they deem both their order books (the balance of the overall order-book level passes from -29 to -22, the one concerning domestic order books from -32 to -23 and the one on foreign order books from -39 to -23) and their expectations on the order-book level (from 13 to 17) and production (from 8 to 11) are recovering.

### Mezzogiorno

After the negative signals of the II quarter, the entrepreneurs' confidence in the *Mezzogiorno* of Italy improves again in the III quarter 2003; the seasonally adjusted index rises from 101.4 to 102.5. Alongside with an improvement in expectations on the production trend (the balance growing from 20 to 25) and with rosier assessments on order books (from -33 to -29), a growth is observed in inventories (the quarterly balance passing from -17 to -11).

At regional level, a definite improvement is registered in balances concerning the order-book levels of *Campania* (from -47 to -39), *Molise* (from -46 to -38) and *Sicilia* (from -37 to -26). With regard to other variables, diffused negative signals emerge in *Puglia* and *Sardegna*; while entrepreneurs are more optimistic in *Basilicata* and *Sicilia*.