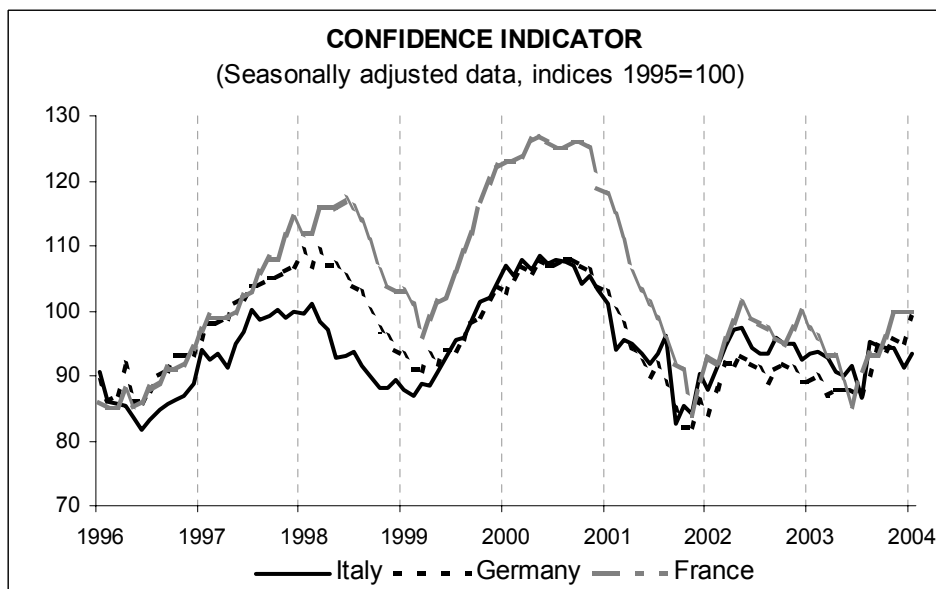




Date: February 3, 2004
Tel.: 06-444821

THE JANUARY CONFIDENCE CLIMATE OF MANUFACTURING FIRMS IN GERMANY, ITALY AND FRANCE SHOWS SIGNALS OF RECOVERY

- In Germany, the IFO index, seasonally adjusted by ISAE, grows from 95 to 99, which is close to the highest peak since the beginning of 2001; in France, the INSEE index – seasonally adjusted by ISAE – stabilises at 100, which is one of the highest figures ever reached since December 2002. In Italy - as already outlined in the data distributed by ISAE on January 28 – confidence grows from 91.3 to 93.4
- In France, the entrepreneurs' evaluations on order books remain stable on the high December values, while short-term expectations on production slightly worsen. However, there are signals whereby inventories are diminishing
- In Germany, both assessments on order books and short-term expectations on production are improving. Inventories slightly decrease, though remaining above what are considered as "Normal" levels
- In Italy, the entrepreneurs' assessments on their current order-book levels moderately worsen, while inventories fall short of what are considered as "Normal" figures. Moreover, short-term forecasts on the production trend – which generally anticipate the industrial cycle by few months - clearly improve
- With regard to prices, further inflationary tensions are foreseen in Italy and Germany, while French entrepreneurs continue to expect a price reduction



Data on February shall be diffused on March 2, 2004

Next ISAE Surveys are scheduled as follows:

February 24, 2004: ISAE Monthly Consumer Survey (Reference month: February)

February 25, 2004: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: February)

February 26, 2004: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference month: January) and ISAE Monthly Business Service Survey (Reference month: February)

The full text of ISAE Surveys (either hardcopy or electronic) is available on sale (for further information see web site www.isae.it)

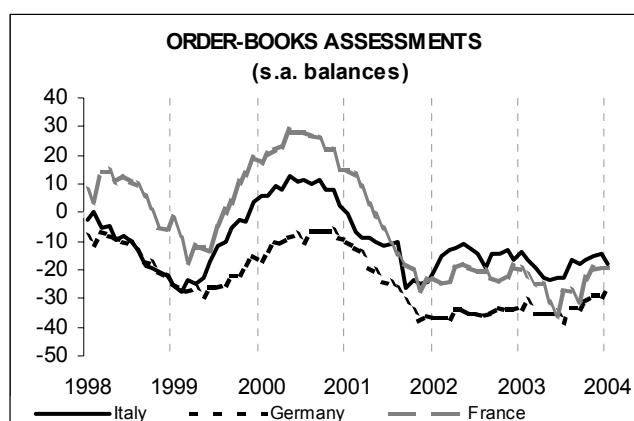
General results

In January, the confidence climate of manufacturing and extractive firms rises in Germany and in Italy, while it stabilises in France on the highest figures ever observed over the past few months. The INSEE index – seasonally adjusted by ISAE – stabilises at 100, which is one of the highest figure ever reached since December 2002. The IFO index, seasonally adjusted by ISAE, grows from 95 to 99, which is close to the highest peak since the beginning of 2001. In Italy - as already outlined in the data distributed by ISAE on January 28 – confidence grows from 91.3 to 93.4.

In France, the entrepreneurs' evaluations on order books remain stable on the high December values, while short-term expectations on production slightly worsen. However, there are signals whereby inventories are diminishing.

In Germany, both assessments on order books and short-term expectations on production are improving. Inventories slightly decrease, though remaining above what are considered as "Normal" levels.

In Italy, the entrepreneurs' assessments on their current order-book levels moderately worsen, while inventories fall short of what are considered as "Normal" figures. Moreover, short-term forecasts on the production trend – which generally anticipate the industrial cycle by few months - clearly improve. With regard to prices, further inflationary tensions are foreseen in Italy and Germany, while French entrepreneurs continue to expect a price reduction.



IFO and INSEE Surveys for Germany and France

The German entrepreneurs' assessments on their current order-book level recover in January: the seasonally adjusted balance equals –26 in January, which is close to the highest values ever registered since August 2001. Also the balance on the foreign demand component improves (passing from –25 to –23), thus nearing the October 2002 figures. Favourable indications come also from short-term expectations on production: the balance increases from 3 to 9, close to the September 2003 values; inventories slightly diminish (from 13 to 12). With regard to prices, new inflationary tensions are emerging (the seasonally adjusted balance passing from 2 to 3).

In France too, assessments on the current order-book level remain stable on the highest figures ever registered since December 2002 (the seasonally adjusted balance equalling –19), even though a slight worsening is emerging in the foreign demand component (from –7 to –10). Unfavourable signals come from short-term expectations on production (the seasonally adjusted balance passing from 8 to 6). Inventories slowly diminish, though remaining above what are considered as "Normal" levels. With reference to prices, a further selling price reduction is expected in the next few months (the balance passing from –11 to –12).

Manufacturing firms' confidence climate (seasonally adjusted data, indices 1995=100)

	Italy	France	Germany
October 2003	94.3	96	94
November 2003	94.3	100	96
December 2003	91.3	100	95
January 2004	93.4	100	99

Sources: ISAE and ISAE elaborations on IFO and INSEE data.