

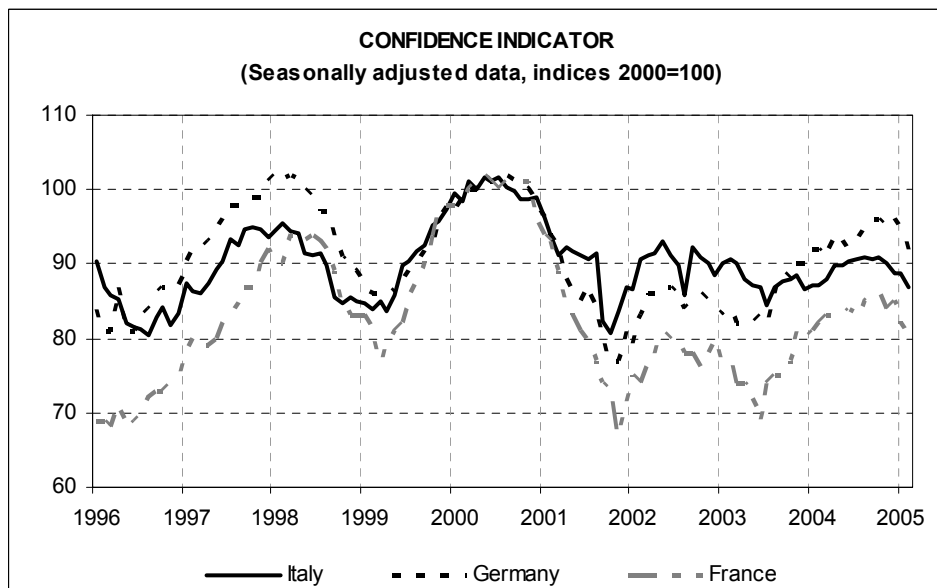


ISTITUTO DI STUDI E ANALISI ECONOMICA  
Piazza dell'Indipendenza, 4 00185 Roma Tel.: + 39-0644482.1 fax: + 39-0644482229

Date: March 1, 2005  
TEL.: 06/444821

## THE FEBRUARY CONFIDENCE OF MANUFACTURING FIRMS FALLS IN FRANCE, GERMANY AND ITALY

- In Germany, the IFO indicator – seasonally adjusted by ISAE and computed on the basis 2000 = 100 – decreases from 95 to 92, which is close to the June 2004 figure. In France, the INSEE index – seasonally adjusted by ISAE and computed on the basis 2000 = 100 – falls from 82 to 80, which is one of the lowest figures ever registered since December 2003. In Italy, as already outlined in the data distributed by ISAE on February 23, confidence goes from 88.7 to 86.8, which is also one of the troughs since December 2003
- In all three countries, opinions on the order-book volume diminish (more in Germany and in Italy than in France) and new stock growth are registered within a framework characterised by an overall worsening in short-term expectations on production
- With regard to prices, the dynamics are different in the three countries: French entrepreneurs expect new industrial price growths, German operators foresee an inflationary tension easing while Italian firms expect more stability



Data on March shall be diffused on April 1, 2005.

Next ISAE Surveys are scheduled as follows:

**March 23, 2005:** ISAE Monthly Consumer Survey (Reference month: March)

**March 24, 2005:** ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: March)

**March 30, 2005:** ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (Reference month: February) and ISAE Monthly Business Service Survey (Reference month: March)

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))

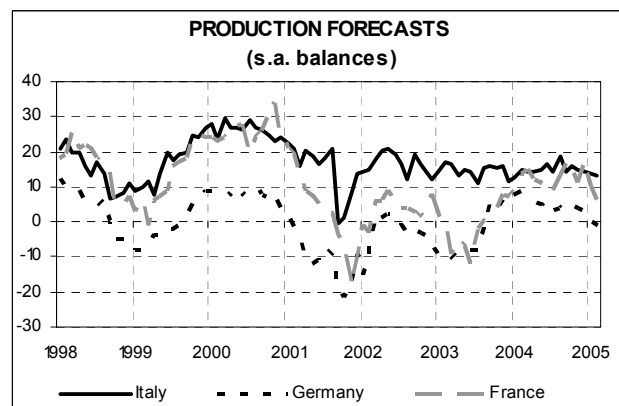
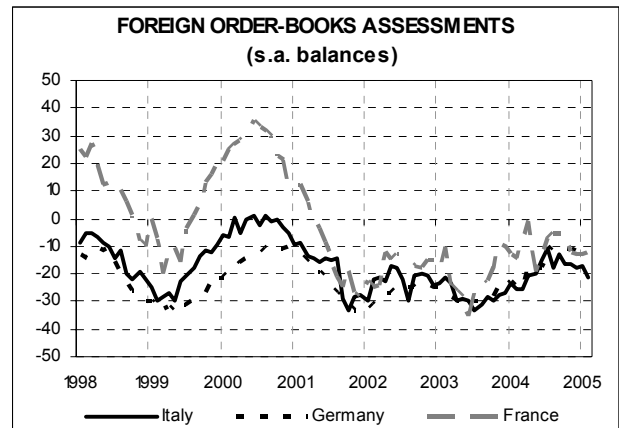
## General results

In February the confidence climate of manufacturing and extractive firms falls in all the three countries considered.

In particular, the French index – seasonally adjusted by ISAE and computed on the INSEE data – falls from 82 to 80, which is close to the December 2003 figure), while the German indicator – seasonally adjusted by ISAE and computed on the IFO data – decreases from 95 to 92, which is close to the June 2004 figure. In Italy, as already outlined in the data distributed by ISAE on February 23, confidence goes from 88.7 to 86.8, which is also one of the troughs since December 2003.

In all three countries, opinions on the order-book volume diminish (more in Germany and in Italy than in France) and new stock growth are registered within a framework characterised by an overall worsening in short-term expectations on production.

With regard to prices, the dynamics are different in the three countries: French entrepreneurs expect new industrial price growths, German operators foresee an inflationary tension easing while Italian firms expect more stability.



## IFO and INSEE Surveys for Germany and France

In February, the German entrepreneurs' assessments on their order-book levels considerably worsen (the balance falling from -14 to -18) in spite of a small recovery in foreign order books (the seasonally adjusted balance rising from -11 to -10). Also the prospective short-term production trend becomes darker (passing from 0 to -1) and a further slight rise is observed in inventories. With reference to prices, entrepreneurs expect an inflationary tension easing: the balance should stop at 10 in February (from 14 in January), which is close to the October 2004 level.

In France, February assessments on the present order-book level slightly fall (from -13 to -14 in terms of balance), alongside with a slight recovery in the foreign component (the balance passing from -13 to -12). Besides, further stock rises are registered, within a framework characterised by a considerable reduction in the production trend prospects (the seasonal adjusted balance passing from 10 to 6, which is one of the lowest figures since October 2003). Finally, with reference to selling prices, French entrepreneurs expect strong industrial price rises in February: indeed, the balance should grow from 5 to 12, thus getting near the November 2004 figure.

**Manufacturing firms' confidence climate**  
(seasonally adjusted data, indices 2000 = 100)

	Italy	France	Germany
November 2004	90.1	84	95
December 2004	88.7	85	96
January 2005	88.7	82	95
February 2005	86.8	80	92

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

