

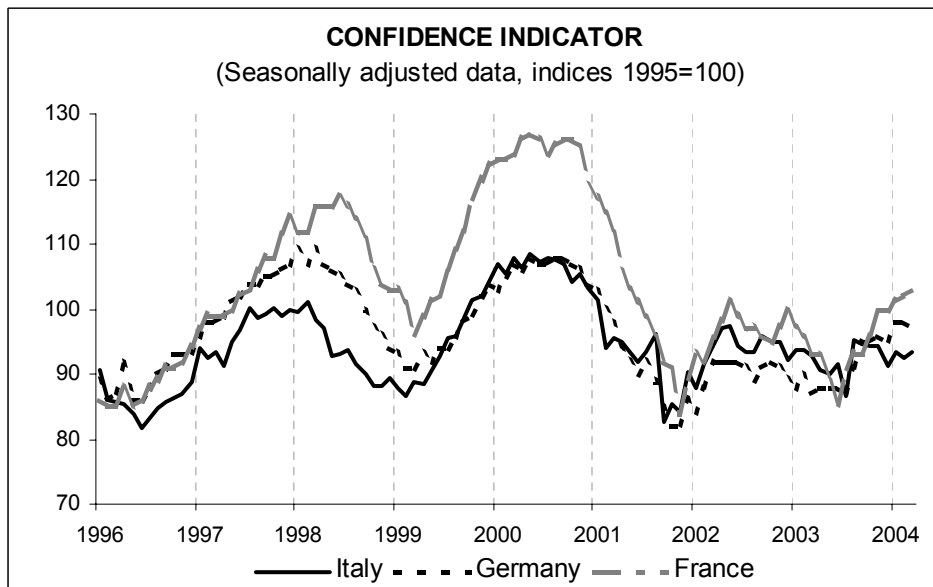


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THE MARCH CONFIDENCE CLIMATE OF MANUFACTURING FIRMS REACHES ITS PEAK SINCE MAY 2001 IN FRANCE, RECOVERS IN ITALY AND DECREASES IN GERMANY

- In France, the INSEE index – seasonally adjusted by ISAE – goes from 102 in February to 103 in March, which is the highest figure ever reached since May 2001. In Germany, the IFO indicator – seasonally adjusted by ISAE – equals 97 (from 98 in February), while in Italy, as already outlined in the data distributed by ISAE on March 24, confidence grows from 92.6 to 93.3
- In France, the entrepreneurs' assessments on the current order book level continue to show signals of recovery and expectations on production stabilise on the highest peak ever reached since March 2001, while inventories increase
- In Germany, assessments on the current order-book level decrease, as do short-term forecasts on production, while signals of an inventories' reduction emerge
- In Italy, the productive activity is expected to recover: inventories are again below what are considered as "Normal" levels and assessments on the current order-book level stabilise
- With regard to prices, price rises are expected in Germany and Italy in the next few months, while French entrepreneurs expect a selling price reduction



Data on April shall be diffused on May 4, 2004.

Next ISAE Surveys are scheduled as follows:

April 23, 2004: ISAE Monthly Consumer Survey (Reference month: April)

April 29, 2004: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: April) and Quarterly ISAE Business and Consumer Surveys: Territorial Aspects (I quarter 2004)

April 30, 2004: 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)

General results

In March, the confidence climate of manufacturing and extractive firms reaches its peak since May 2001 in France, while it recovers in Italy and deteriorates in Germany. The French confidence indicator elaborated by INSEE – seasonally adjusted by ISAE – goes from 102 in February to 103 in March, which is the highest figure ever reached since May 2001. In Germany, the IFO indicator – seasonally adjusted by ISAE – equals 97 (from 98 in February), while in Italy, as already outlined in the data distributed by ISAE on March 24, confidence grows from 92.6 to 93.3.

In France, the entrepreneurs' assessments on the current order book level continue to show signals of recovery and expectations on production stabilise on the highest peak ever reached since March 2001, while inventories increase.

In Germany, assessments on the current order-book level decrease, as do short-term forecasts on production, while signals of an inventories' reduction emerge, though the figures remain above what are considered as "Normal" levels.

In Italy, the productive activity is expected to recover: inventories are again below what are considered as "Normal" levels and assessments on the current order-book level stabilise.

With regard to prices, price rises are expected in Germany and Italy in the next few months, while French entrepreneurs expect a selling price reduction.

IFO and INSEE Surveys for Germany and France

German entrepreneurs' assessments on their current order-book levels continue to worsen in March: their seasonally adjusted balance equals -29 in March (-28 in February), with a substantial stability in the foreign component (-25, as in the previous month). Unfavourable indications also come from German expectations on production: the seasonally adjusted balance decreases from 10 to 8. Inventories are decreasing, though they remain above what are considered as "Normal" levels. With regard to prices, inflationary tensions are easing (from 2 to 1, in terms of balance).

In France, assessments on the current order-book level become rosier: the seasonally adjusted balance falls from -21 in February to -19 in March, with a (slight) improvement in the foreign component, passing from -15 to -14. Expectations on production stabilise on the maximum levels ever reached since March 2001 (the seasonally adjusted balance equalling 15, as in the previous month). New rises emerge in inventories. With regard to prices, inflationary thrusts fall again and the balance goes from -4 in February to -5 in March.

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

	Italy	France	Germany
December 2003	91.4	100	95
January 2004	93.5	101	98
February 2004	92.6	102	98
March 2004	93.3	103	97

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

