

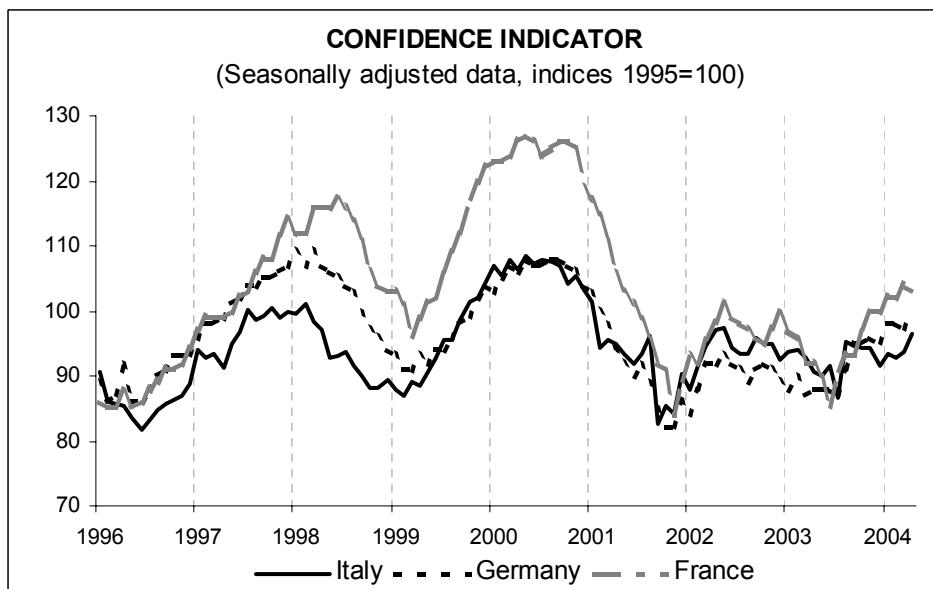


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## THE APRIL CONFIDENCE CLIMATE OF MANUFACTURING FIRMS CLEARLY IMPROVES IN ITALY AND IN GERMANY AND SLIGHTLY FALLS IN FRANCE

- In Germany the IFO indicator – seasonally adjusted by ISAE – rises from 97 to 100, which is close to the maximum figures ever registered since February 2001, while in Italy, as already outlined in the data distributed by ISAE on April 29, confidence grows from 93.6 to 96.5. Quite the reverse, in France, the INSEE index – seasonally adjusted by ISAE – falls from 104 to 103
- The confidence improvement in Germany is due to the marked order-book recovery, particularly with reference to foreign order books; conversely, expectations on production deteriorate again, while inventories remain unchanged and above what are considered as “Normal” levels
- In France, assessments on the current demand level slightly improve, while expectations on production moderately decrease and inventories grow, though remaining above what are considered as “Normal” levels
- In Italy, assessments on the current order-book level considerably recover, expectations on the production activity strengthen and the fall in inventories goes on
- With regard to prices, expectations for price rises in the next few months stabilise in France and in Italy, while new inflationary tensions are expected in Germany



Data on May shall be diffused on **June 1, 2004**.

Next ISAE Surveys are scheduled as follows:

**May 11, 2004:** Bi-Annual ISAE Investment Survey on Manufacturing and Extractive Firms (Reference period: Spring 2004)

**May 20, 2004:** ISAE Monthly Consumer Survey (Reference month: May)

**May 26, 2004:** ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: May)

**May 28, 2004:** ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference month: April) and ISAE Monthly Business Service Survey (Reference month: May)

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

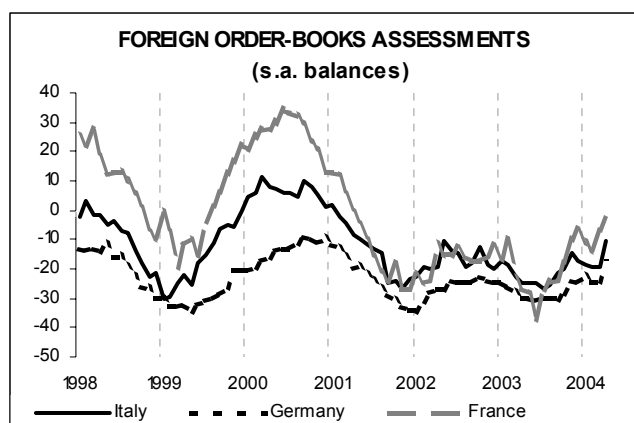
In April, the confidence climate of manufacturing and extractive firms clearly improves in Germany and in Italy, while it slightly falls in France, though it remains on the high levels characterising the first half of the year. The French confidence indicator - seasonally adjusted by ISAE basing on INSEE data – falls from 104 to 103, while the German index – always seasonally adjusted by ISAE on IFO figures – rises from 97 to 100, which is close to the maximum figures ever registered since February 2001. In Italy, as already outlined in the data distributed by ISAE on April 29, confidence grows from 93.6 to 96.5, which is near the highest values since May 2002.

The confidence improvement in Germany is due to the marked order-book recovery, particularly with reference to foreign order books. Conversely, expectations on production deteriorate again, while inventories remain unchanged.

In France, assessments on the current demand level slightly improve, while expectations on production moderately decrease and inventories grow, though remaining above what are considered as “Normal” levels.

In Italy, assessments on the current order-book level considerably recover, expectations on the production activity strengthen and the fall in inventories goes on.

With regard to prices, expectations for price rises in the next few months stabilise in France and in Italy, while new inflationary tensions are expected in Germany.



## IFO and INSEE Surveys for Germany and France

German entrepreneurs’ assessments on their current order-book levels considerably recover: indeed their seasonally adjusted balance rises from –30 in March to –21 in April, which is close to the highest levels ever observed since May 2001. The improvement is also marked in the foreign component (the balance going from –25 to –17, which marks a peak since March 2001), probably thanks to the dollar appreciation against the euro and to the strengthening of the international recovery. Unfavourable indications come from German expectations on production, as their seasonally adjusted balance decreases from 8 to 5. Inventories remain unchanged and above what are considered as “Normal” levels. With regard to prices, new inflationary tensions are emerging (from 1 to 3 in terms of balance).

In France, assessments on the current order-book level slightly grow from –16 to –15 (seasonally adjusted balance), with a marked improvement in the foreign component (from –7 to –3), which gets close to the maximum levels since May 2001. Conversely, expectations on production worsen and new rises emerge in inventories. With regard to prices, no further inflationary tensions are looming ahead and the balance stabilises at –5 (as in March).

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

	Italy	France	Germany
January 2004	93.5	102	98
February 2004	92.7	102	98
March 2004	93.6	104	97
April 2004	96.5	103	100

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