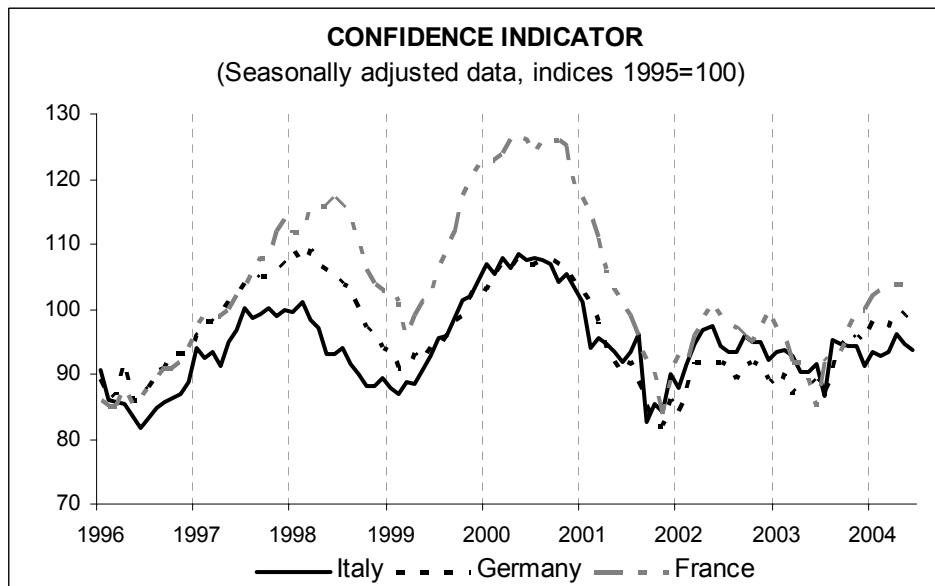




DATA/Date: June 30, 2004  
TEL.: 06/444821

## THE JUNE CONFIDENCE CLIMATE OF MANUFACTURING FIRMS FALLS IN GERMANY AND IN ITALY, WHILE IN FRANCE IT STABILISES ON THE MAXIMUM FIGURES OF THE PAST THREE YEARS

- In Germany the IFO indicator – seasonally adjusted by ISAE – falls in June from 99 to 98, while in Italy, as already outlined in the data distributed by ISAE on June 24, confidence decreases from 94.5 in May to 93.6 in June. In France, the INSEE index (seasonally adjusted by ISAE) remains unchanged at 104 – i.e. on the maximum levels over the past three years - for the fourth month in a row
- The entrepreneurs assessments on their current order books improve in Italy, while they worsen both in France and in Germany. Indeed, inventories and production expectations get better in France and deteriorate in Germany
- In Italy, given the rosier assessments on the present demand level and stable production expectations, the contraction is exclusively due to the inventories' accumulation
- With regard to prices, inflationary tensions are expected to ease in the three major countries



Data on July shall be diffused on August 2, 2004

Next ISAE Surveys are scheduled as follows:

**July 21, 2004:** ISAE Monthly Consumer Survey (Reference month: July)

**July 27, 2004:** ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: July) and ISAE Quarterly Business and Consumer Surveys: Territorial Aspects (IIQ 2004)

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

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 June, the confidence climate of manufacturing and extractive firms slightly falls in Germany and in Italy, while in France it stabilises on the maximum figures of the past three years for the fourth month in a row.

In particular, the INSEE index of French firms – seasonally adjusted by ISAE – remains unchanged at 104, while the German IFO indicator also seasonally adjusted by ISAE – falls in June from 99 to 98. In Italy, as already outlined in the data distributed by ISAE on June 24, confidence decreases from 94.5 in May to 93.6 in June.

In France, the index stability is due to a moderate worsening in assessments on current order books offset by a reduction in inventories and by rosier production expectations.

Conversely, in Germany, the index deterioration stems from slightly better assessments on order books which are however accompanied by growing inventories and expectations for a production fall.

In Italy, given the rosier assessments on order books and stable production expectations, the contraction is exclusively due to an inventories' accumulation.

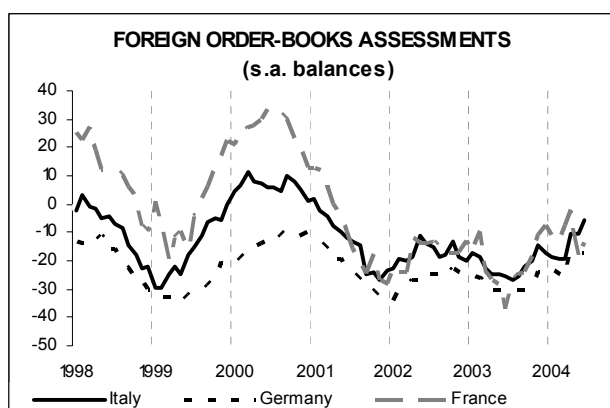
With regard to prices, inflationary tensions are expected to ease in the three major countries.

## IFO and INSEE Surveys for Germany and France

The German entrepreneurs' assessments on their current order-book levels register a slight recovery. Indeed, their seasonally adjusted balance rises from -24 to -23, which is however close to the early-2004 figures, with a (modest) recovery of foreign order books (the balance of which passes from -18 to -17, as in April). Besides, an inventories' accumulation is emerging (the seasonally adjusted balance going from 9 to 11, which is above what is considered as a normal value), alongside with decreasing production expectations (the seasonally adjusted balance passing from 5 to 2). With regard to prices, after the inflation rekindling registered in May, a slight reduction in expectation is observed (from 7 to 6 in terms of balance).

In France, assessments on the overall order-book level further deteriorate compared to May (the balance falling from -14 to -15), even though the foreign component is recovering from -19 to -14. French entrepreneurs signal a reduction in their inventories for the third month in a row (the balance decreasing from 8 to 6) accompanied by rosier production expectations (the seasonally adjusted balance passing from 11 to 13). Turning to selling prices, the inflationary tensions emerged in May seem to ease and the balance falls from 3 to 2.

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



	Italy	France	Germany
March 2004	93.4	104	97
April 2004	96.1	104	100
May 2004	94.5	104	99
June 2004	93.6	104	98

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