

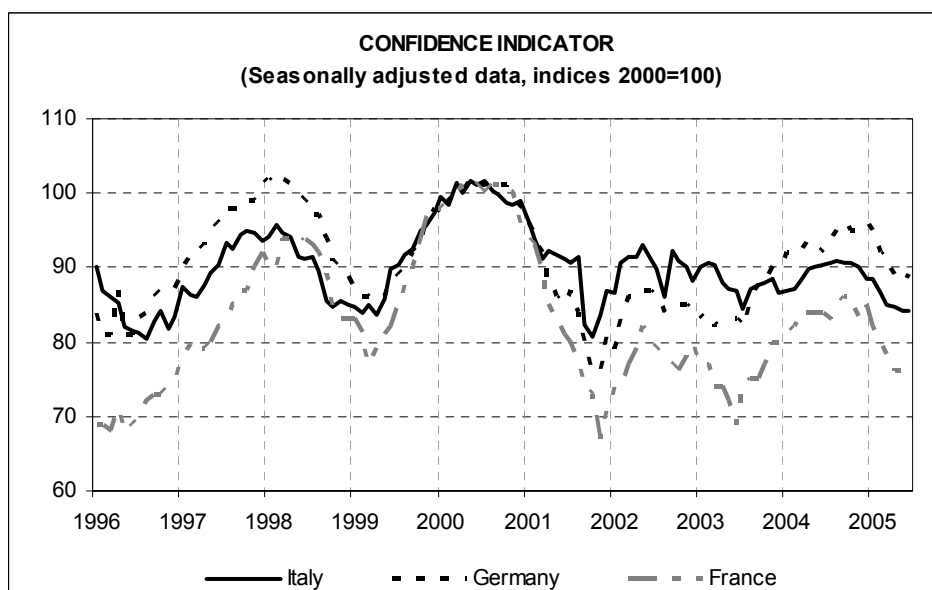


ISTITUTO DI STUDI E ANALISI ECONOMICA
Piazza dell'Indipendenza, 4 00185 Roma Tel.: + 39-0644482.1 fax: + 39-0644482229

Date: July 4, 2005
TEL.: 06/444821

THE JUNE CONFIDENCE CLIMATE OF MANUFACTURING FIRMS' SLIGHTLY RECOVERS IN GERMANY AND IN FRANCE AND STABILISES IN ITALY

- In Germany and in France, the IFO and INSEE indicators – seasonally adjusted by ISAE and computed on the basis 2000 = 100 – show few signals of recovery: indeed, the IFO index grows from 88 to 89 and the INSEE indicator goes from 76 to 77, which is close to the October 2003 levels. In Italy, as already underlined by the data distributed by ISAE on June 28, confidence is stable a passes from 84.3 to 84.2
- In all three countries, entrepreneurs signal an order-book stability. In France and Germany, expectations on production slightly improve, while inventories decrease in Italy and France
- With regard to prices, selling prices are confirmed to decrease in the main countries of the euro area



Data on July shall be diffused on **August 1, 2005**.

Next ISAE Surveys are scheduled as follows:

July 21, 2005: ISAE Monthly Consumer Survey (Reference month: July)

July 26, 2005: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: July) and ISAE Quarterly Business and Consumers Surveys: Territorial Aspects (Reference period: Q2 2005)

July 27, 2005: 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)

General results

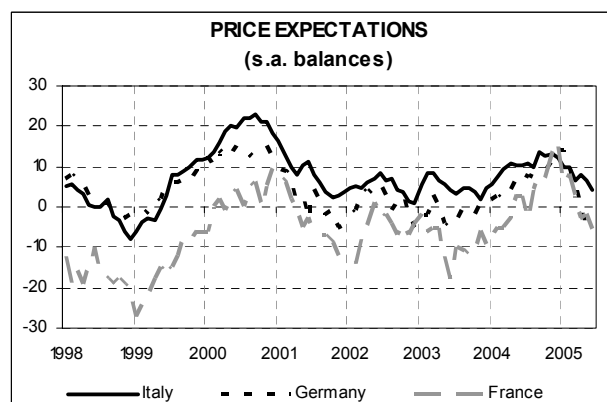
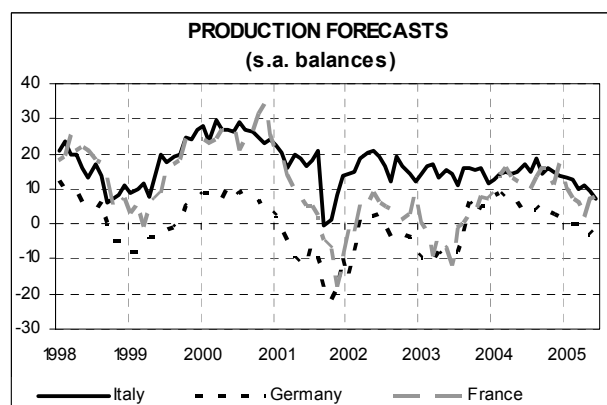
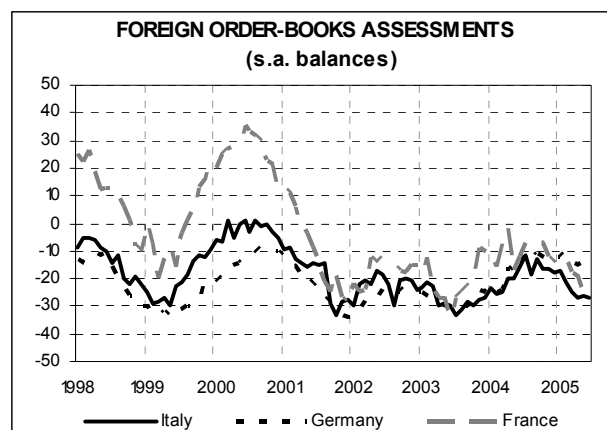
The June confidence of manufacturing and extractive firms slightly grows in Germany and in France, remaining substantially stable in Italy. In Germany, the IFO indicator – seasonally adjusted by ISAE and computed on the basis 2000 = 100 – increases from 88 to 89, thus recovering for the first time since the beginning of the year. In France, the INSEE index – seasonally adjusted by ISAE and computed on the basis 2000 = 100 – goes up from 76 to 77, which is close to the October 2003 figures. In Italy, as already outlined in the data distributed by ISAE on June 28, confidence goes from 84.3 to 84.2, thus remaining on the troughs since November 2001.

Entrepreneurs in the three countries signal a substantial order-book stability, while expectations on production slightly improve (except for Italy) and inventories decrease in Italy and France and remain unchanged in Germany.

The IFO and INSEE Surveys for Germany and France

German entrepreneurs' assessments on their order-book volume stabilise in June (at -24, as in May, though the foreign balance passes from -14 to -15), as do those on inventories. Quite the reverse forecasts on the productive activity trend improve from -3 to -1. With reference to prices, German respondents continue to expect a selling price fall, even though the balance shows a small signal of recovery in June, passing from -4 to -3.

The French balance of assessments on the present order-book level rises from -22 to -21 in June (the foreign component growing from -25 to -22). Inventories slightly decrease and short-term perspectives on the productive activity trend improve. Finally, with regard to prices, selling prices are still expected to diminish and the balance goes down from -2 to -6.



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

	Italy	France	Germany
March 2005	85.0	78	91
April 2005	84.8	76	89
May 2005	84.3	76	88
June 2005	84.2	77	89

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