

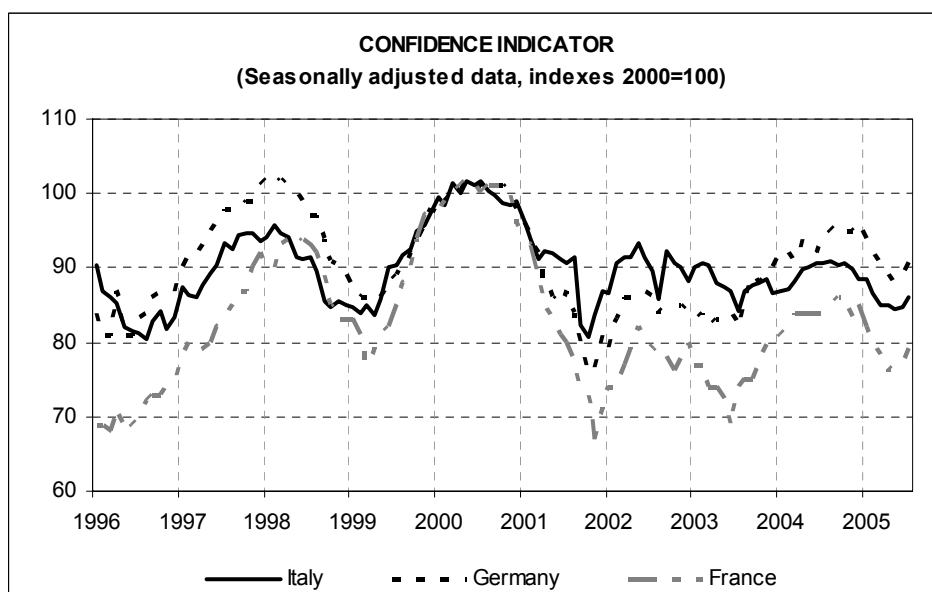


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THE MANUFACTURING FIRMS' CONFIDENCE RECOVERS IN JULY IN THE THREE MAJOR EURO-AREA COUNTRIES

- In Germany, the IFO indicator – seasonally adjusted by ISAE and computed on the basis 2000 = 100 – grows from 89 to 91, thus getting close to the March level; in France, the INSEE indicator – also seasonally adjusted by ISAE and computed on the basis 2000 = 100 – rises to 79 from 77 in June. In Italy, as already underlined by the data distributed by ISAE on July 26, the confidence climate increases from 84.9 to 86, thus recovering the downturn observed between March and May
- Firms in the three countries signal an order-book recovery; the prospects of the production trend slightly recover in Italy and in Germany, while inventories diminish in France and Germany
- Selling prices are confirmed to decrease in France, while the deceleration process is slowing in Germany and prices are expected to grow in Italy



Data on August-September shall be diffused on **October 3, 2005**.

Next ISAE Surveys are scheduled as follows:

September 7, 2005: ISAE Monthly Consumer Survey (Reference month: August)

September 8, 2005: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: August)

September 22, 2005: ISAE Monthly Consumer Survey (Reference month: September)

September 28, 2005: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: September)

September 29, 2005: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (Reference month: July-August) and ISAE Monthly Business Service Survey (Reference month: August-September)

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

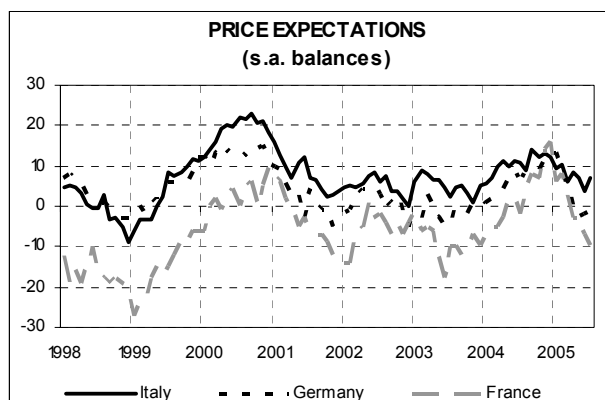
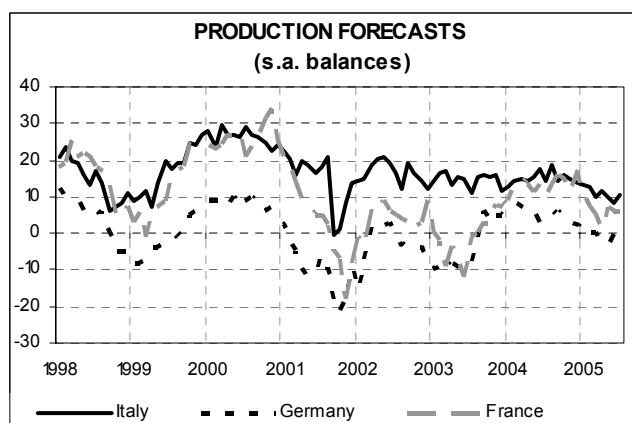
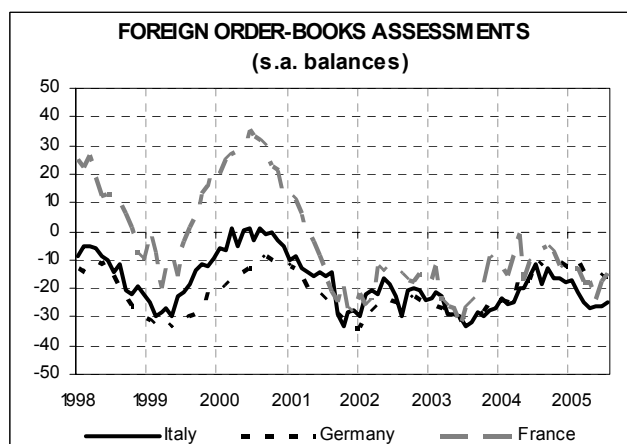
The July confidence of manufacturing and extractive firms grows in the three main euro-area countries. In Germany, the IFO indicator – seasonally adjusted by ISAE and computed on the basis 2000 = 100 – grows from 89 to 91, thus getting close to the March level; in France, the INSEE indicator – also seasonally adjusted by ISAE and computed on the basis 2000 = 100 – rises to 79 from 77 in June. In Italy, as already underlined by the data distributed by ISAE on July 26, the confidence climate increases from 84.9 to 86, thus recovering the downturn observed between March and May.

Firms in the three countries signal an order-book recovery; the prospects of the production trend slightly recover in Italy and in Germany, while inventories diminish in France and Germany.

The IFO and INSEE Surveys for Germany and France

German entrepreneurs' assessments on their order-book volume improve in July (from -24 to -23, even though the foreign balance is stable at -16), as do opinions on inventories and expectations on the productive activity. With reference to prices, selling prices are expected to diminish, even though the balance shows a small signal of recovery, passing from -2 to -1.

The French balance of assessments on the order-book level considerably rises from -20 to -15 in July (close to the February 2005 figure): indeed, the foreign component passes from -18 to -15 and inventories slightly decrease, while the short-term prospects of the productive activity stabilise. Selling prices are expected to diminish and the balance goes down from -7 to -10, which is one of the lowest figures ever registered since November 2003.



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

	Italy	France	Germany
April 2005	84.9	76	89
May 2005	84.6	77	88
June 2005	84.9	77	89
July 2005	86.0	79	91

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