

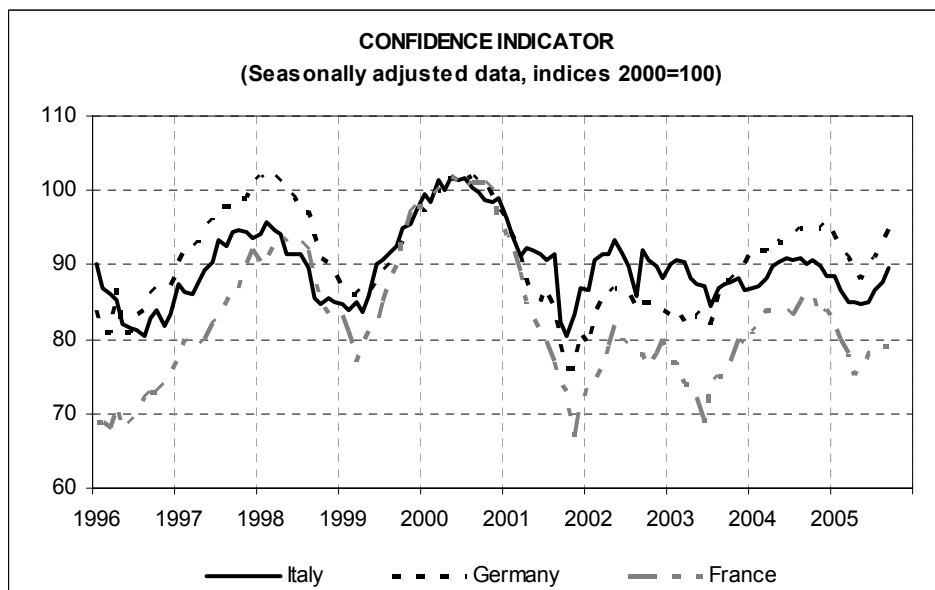


ISTITUTO DI STUDI E ANALISI ECONOMICA
Piazza dell'Indipendenza, 4 00185 Roma Tel.: + 39-0644482.1 fax: + 39-0644482229

Date: **October 3, 2005**
TEL.: 06/444821

THE MANUFACTURING FIRMS' CONFIDENCE GROWS IN SEPTEMBER IN GERMANY AND IN ITALY AND STABILISES IN FRANCE

- In Germany, the IFO indicator – seasonally adjusted by ISAE and computed on the basis 2000 = 100 – grows from 93 in August to 95 in September, which is one of the peaks since December 2004. In France, the INSEE indicator – also seasonally adjusted by ISAE and computed on the basis 2000= 100 – remains unchanged at 79, as in the previous month. In Italy, as already underlined by the data distributed by ISAE on September 28, the confidence climate increases from 87.8 to 89.5, which is close to the highest figures observed since November 2004
- Assessments on order books improve in Germany and in Italy, while inventories are diminishing. Production expectations stabilise in Italy and in France and slightly grow in Germany
- Selling prices are confirmed to grow in France and in Germany, while Italian entrepreneurs expect a substantial stability in next quarter's inflationary dynamics



Data on October shall be diffused on **November 2, 2005**.

Next ISAE Surveys are scheduled as follows:

October 20, 2005: ISAE Monthly Consumer Survey (Reference month: October)

October 26, 2005: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: October)

October 31, 2005: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (Reference month: September) and ISAE Monthly Business Service Survey (Reference month: October)

The full text of ISAE Surveys (either hardcopy or electronic) is available on sale (for further information see web site www.isae.it)

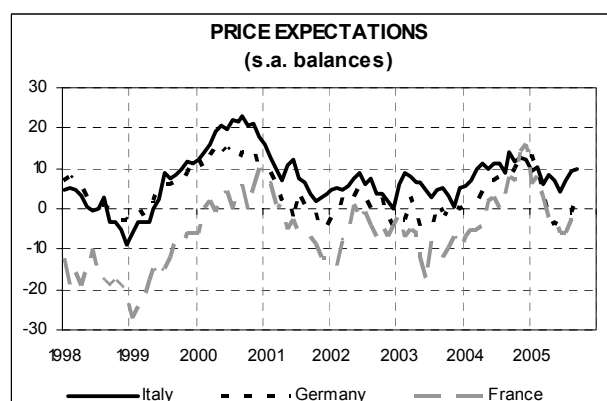
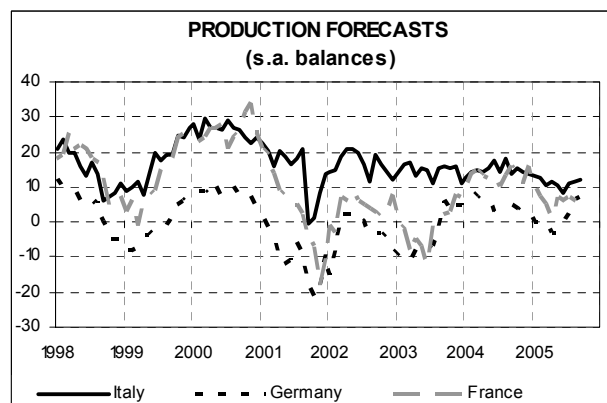
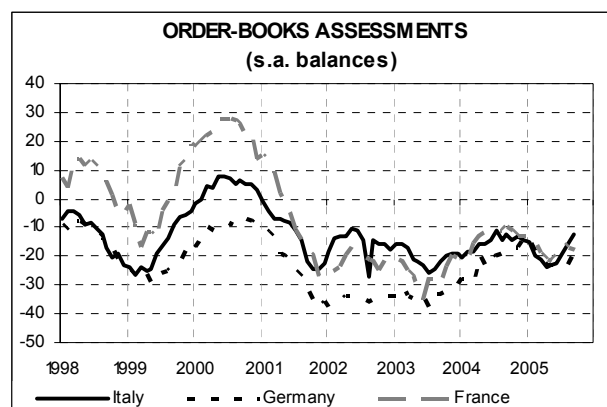
General results

The September confidence of manufacturing firms grows in Italy and in Germany and stabilises in France. In particular, the German IFO indicator – seasonally adjusted by ISAE and computed on the basis 2000 = 100 – rises from 93 in August to 95 in September, which is one of the peaks since December 2004. In France, the INSEE indicator – also seasonally adjusted by ISAE and computed on the basis 2000 = 100 – remains unchanged at 79, as in the previous month. In Italy, as already underlined by the data distributed by ISAE on September 28, the confidence climate increases from 87.8 to 89.5, which is close to the highest figure ever reached since November 2004. Assessments on order books improve in Germany and in Italy (particularly with reference to the domestic market), while inventories are diminishing. Production expectations stabilise in Italy and in France and slightly grow in Germany.

The IFO and INSEE Surveys for Germany and France

German entrepreneurs' assessments on their order-book volume considerably improve in September, passing from -23 to -18 and thus getting close to the early-2005 figures (the foreign component growing from -18 to -13). Inventories decrease and expectations on the short-term production activity slightly increase. With reference to prices, the share of those expecting a price rise exceeds the number of those expecting a price contraction, and the balance is positive again for the first time since March 2005 (the balance passing from -1 to 4).

The French balance of assessments on the order-book level shows a small deterioration (from -17 to -18; from -14 to -13 with regard to the foreign component). Assessments on inventories stabilise, as do production expectations. Finally, selling prices are expected to rise and the balance grows from -3 in August to 1 in September, which means it is positive again for the first time since March 2005.



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

	Italy	France	Germany
June 2005	85.1	78	90
July 2005	86.5	79	91
August 2005	87.8	79	93
September 2005	89.5	79	95

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