



ISTITUTO DI STUDI E ANALISI ECONOMICA

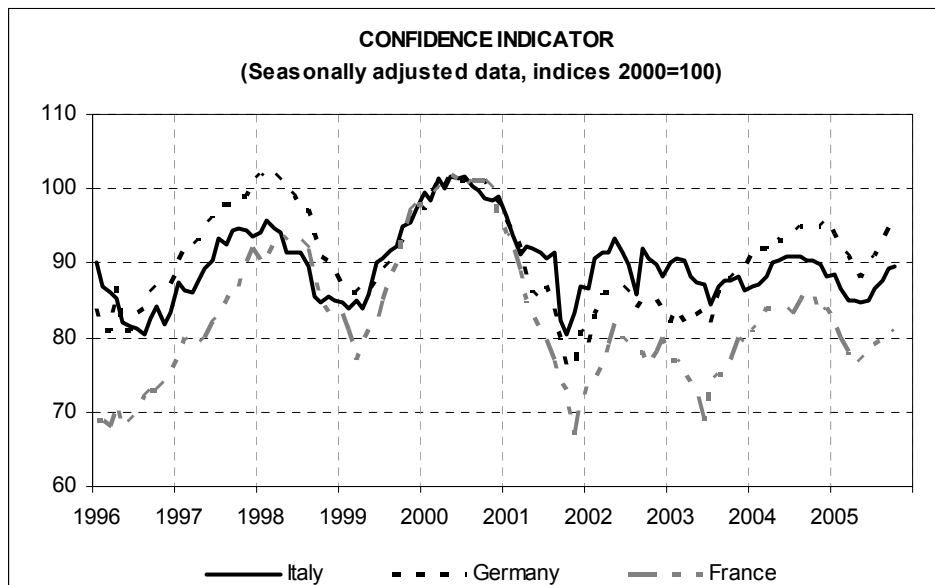
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Date: November 2, 2005

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IN OCTOBER THE MANUFACTURING FIRMS' CONFIDENCE GROWS AGAIN IN FRANCE AND IN ITALY AND STABILISES ON HIGH LEVELS IN GERMANY

- In Germany, the IFO indicator – seasonally adjusted by ISAE and computed on the basis 2000 = 100 – remains unchanged at 95, thus confirming to be one of the peaks since December 2004. In France, the INSEE indicator – also seasonally adjusted by ISAE and computed on the basis 2000 = 100 – increases from 80 to 81, which is one of the best score since the beginning of the year. In Italy, as already underlined by the data distributed by ISAE on October 26, confidence rises from 89.3 to 89.5
- Assessments on the present order-book level improve in France and in Germany and they show signals of slowdown in Italy. Inventories are stable in Italy and in Germany and they slightly fall in France, while expectations on production rise in France and in Italy and slight decrease in Germany
- Selling prices are expected to rise up in Italy, while German prices will mirror a weakening of the inflationary thrusts in the next few months. Finally, selling prices are expected to decrease in France



Data on November shall be diffused on **December 1, 2005**.

Next ISAE Surveys are scheduled as follows:

November 3, 2005: ISAE Quarterly Business and Consumer Surveys: Territorial Aspects (Reference period: Q3 2005)

November 23, 2005: ISAE Monthly Consumer Survey (Reference month: November)

November 25, 2005: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: November)

November 29, 2005: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (Reference month: October) and ISAE Monthly Business Service Survey (Reference month: November)

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

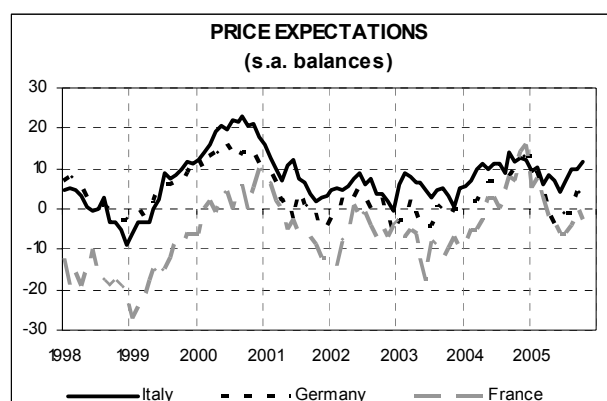
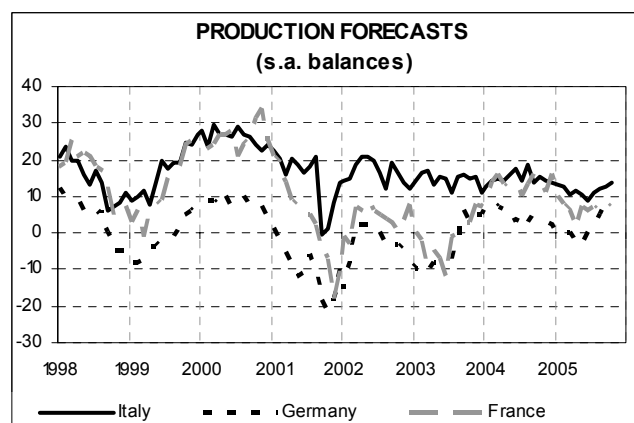
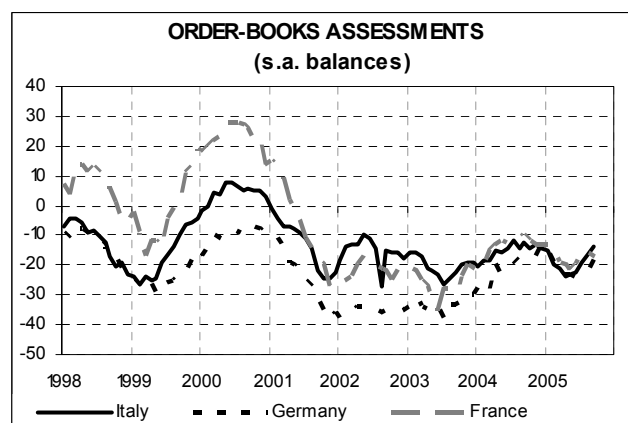
General results

In October, the manufacturing firms' confidence grows again in France and in Italy and stabilises on high levels in Germany. Indeed, in Germany, the IFO indicator – seasonally adjusted by ISAE and computed on the basis 2000 = 100 – remains unchanged at 95, thus confirming to be one of the peaks since December 2004. In France, the INSEE indicator – also seasonally adjusted by ISAE and computed on the basis 2000 = 100 – increases from 80 to 81, which is one of the best score since the beginning of the year. In Italy, as already underlined by the data distributed by ISAE on October 26, confidence rises from 89.3 to 89.5. Assessments on the present order-book level improve in France and in Germany and they show signals of slowdown in Italy. Expectations on production rise in France and in Italy and slight decrease in Germany. Inventories are stable in Italy and in Germany and they slightly fall in France.

The IFO and INSEE Surveys for Germany and France

German entrepreneurs' assessments on their order-book volume slightly improve in October (the overall balance passing from -18 to -17 and foreign demand growing from -13 to -12, which is one of the peaks since the beginning of the year). Conversely, short-term expectations on production slightly worsen and inventories remain stable. With reference to prices, the inflationary dynamics is expected to slightly weaken and the balance passes from 4 in September to 3 in October.

The French balance of assessments on the order-book level is clearly improving (from -17 to -14; the foreign component rising from -13 to -8, which is one of the highest figure since October 2004). Favourable signals come from production expectations and from inventories, which slightly diminish. Moreover, the share of firms expecting selling price rises in the next quarter falls short of the number of entrepreneurs expecting a price reduction and the balance is negative again (passing from 0 to -3, which is close to the April figures).



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

	Italy	France	Germany
July 2005	86.7	79	91
August 2005	87.8	80	93
September 2005	89.3	80	95
October 2005	89.5	81	95

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