

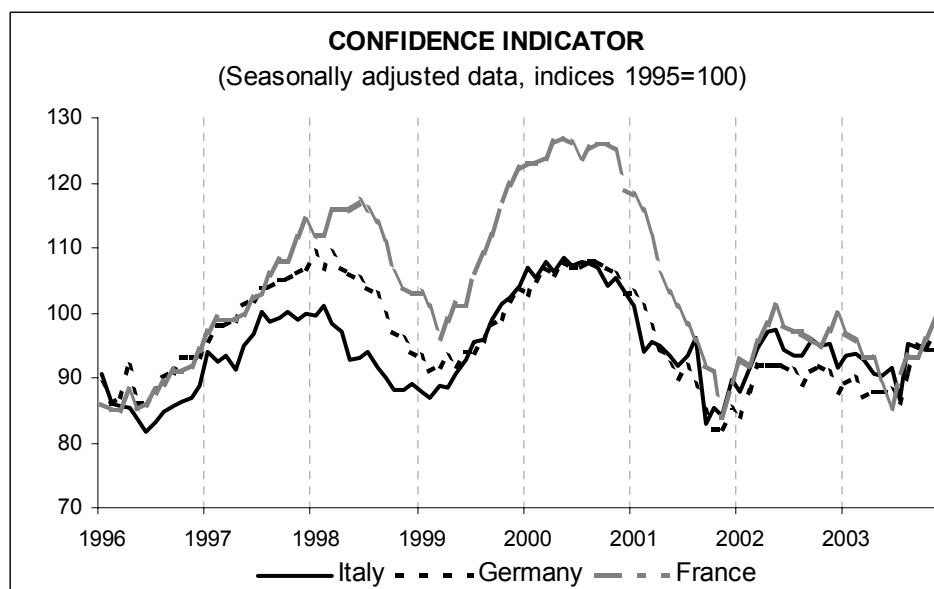


ISTITUTO DI STUDI E ANALISI ECONOMICA
Piazza dell'Indipendenza, 4 00185 Roma Tel.: + 39-0644482.1 fax: + 39-0644482325

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Tel.: 06-444821

THE NOVEMBER CONFIDENCE CLIMATE OF MANUFACTURING FIRMS IMPROVES IN FRANCE, GERMANY AND ITALY

- The INSEE and IFO indexes, seasonally adjusted by ISAE, equal 99 (from 96 in October) and 97 (from 95) respectively; in Italy - as already outlined in the data distributed by ISAE on November 26 - the indicator goes from 94.3 to 94.4
- In France, the entrepreneurs' evaluations on their order-book level become less critical and short-term expectations on production improve; finished products inventories stabilise on the October values
- Also German assessments on order books improve, as do short-term expectations on production. Inventories remain unchanged above what are considered as "Normal" levels
- In Italy, assessments on the current order-book level improve and inventories remain below what is labelled as "Normal"; production expectations for the next quarter stabilise on high levels
- Selling prices are expected to fall or at least to remain stable in Italy and France, while in Germany are expected to grow



Data referring to December shall be diffused on **January 8, 2004**.

Next ISAE surveys are scheduled as follows:

December 9, 2003: Bi-Annual ISAE Investment Survey (second half of 2003)

December 18, 2003: Monthly ISAE Consumer Survey (Reference period: December)

December 22, 2003: Monthly ISAE Business Survey on Manufacturing and Extractive Firms (Reference month: December)

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 November, the confidence climate of manufacturing and extractive firms considerably improves in France and Germany and slightly rises in Italy. The INSEE and IFO indexes, seasonally adjusted by ISAE, equal respectively 99 (from 96 in October) and 97 (from 95), which is close to the highest levels ever reached since March 2001. In Italy - as already outlined in the data distributed by ISAE on November 26 - the indicator slightly recovers and goes from 94.3 to 94.4, thus exceeding the average figures of the first ten months of the year.

In France, the entrepreneurs' evaluations on their order-book level become less critical and short-term expectations on production improve; inventories stabilise on the October values. Also German assessments on order books improve, as do short-term expectations on production. Inventories remain unchanged above what are considered as "Normal" levels. In Italy, assessments on the current order-book level improve and finished products inventories remain below what is labelled as "Normal"; production expectations for the next quarter stabilise on high levels.

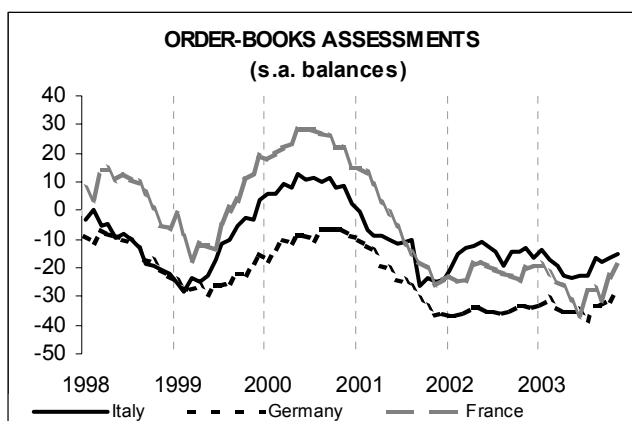
Selling prices are expected to fall or at least to remain stable in Italy and France, while in Germany are expected to grow.

IFO and INSEE Surveys for Germany and France

In Germany, assessments on the current order-book level continue to recover: the seasonally adjusted balance equals -28 in November (-31 in October), which is close to the highest levels ever reached since August 2001 (the foreign component alone passes from -28 to -23). Favourable indications also come from short-term expectations on production (the balance going from 6 to 8, thus getting close to the September figures). Conversely, inventories remain stable (at 14). With regard to prices, the share of those expecting a selling price growth increases and the balance becomes positive again (from -2 to 1).

In France too, assessments on the current order-book level continue to improve: the seasonally adjusted balance rising from -23 to -20, thus getting close to the October 2001 figures, alongside with an even larger recovery in the foreign component (from -18 to -11, which is near the highest peaks since February 2003). Compared to October, French entrepreneurs express rosier expectations on production (the seasonally adjusted balance going from 3 to 8, which is near the May 2002 figures); finished products inventories stabilise on high levels (12). With reference to prices, forecasts for a further selling price reduction consolidate and the balance passes from -11 to -5.

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



	Italy	France	Germany
August 2003	95.2	93	91
September 2003	94.7	93	95
October 2003	94.3	96	95
November 2003	94.4	99	97

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