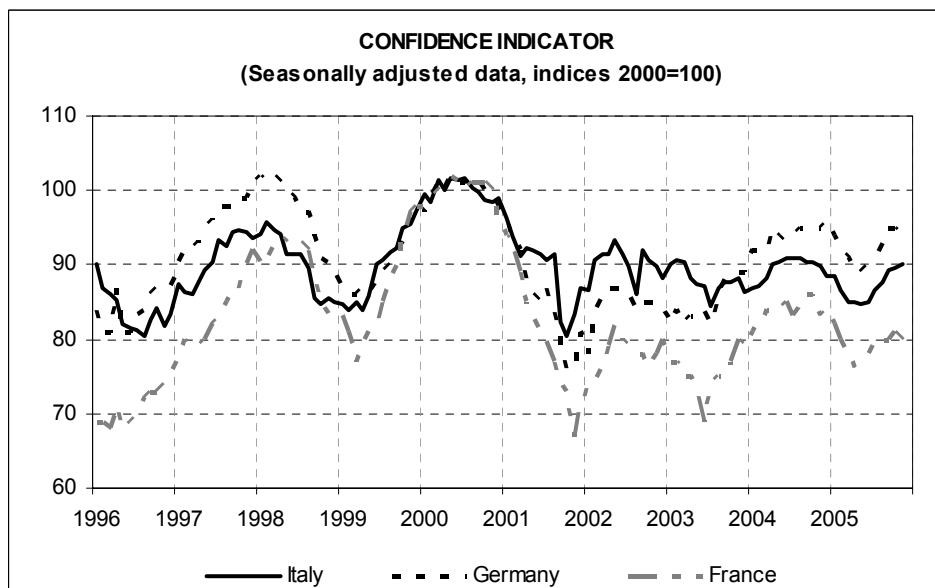




IN NOVEMBER THE MANUFACTURING FIRMS' CONFIDENCE FALLS IN GERMANY AND IN FRANCE, WHILE IT SHOWS SIGNALS OF RECOVERY IN ITALY

- In Germany, the IFO indicator – seasonally adjusted by ISAE and computed on the basis 2000 = 100 – deteriorates from 95 to 93, thus coming back to the August figure. In France, the INSEE indicator – also seasonally adjusted by ISAE and computed on the basis 2000 = 100 – falls from 81 to 80, thus remaining above the average figure of the beginning of 2005. In Italy, as already underlined by the data distributed by ISAE on November 25, confidence rises from 89.5 to 90.1, thus reaching its best score since October 2004
- Assessments on the present order-book level slightly worsen in France and in Germany and they show some signals of recovery in Italy. Short-term forecasts on production diminish in the three countries, while inventories stabilise in France and in Germany and slightly decrease in Italy
- Looking at prices, Italian entrepreneurs expect an inflation easing, while German operators raise their selling prices and French entrepreneurs expect a substantial stability in the next few months



Data on December shall be diffused on **January 4, 2006**.

Next ISAE Surveys are scheduled as follows:

December 14, 2005: ISAE Bi-Annual Investment Survey (Reference period: H2 2005)

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

December 22, 2005: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: December)

January 3, 2006: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (Reference month: November) and ISAE Monthly Business Service Survey (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)

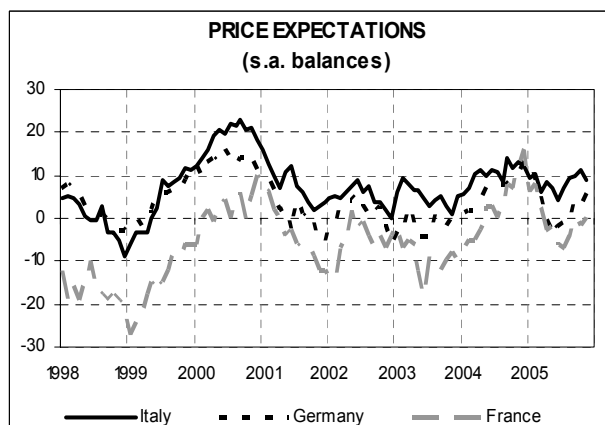
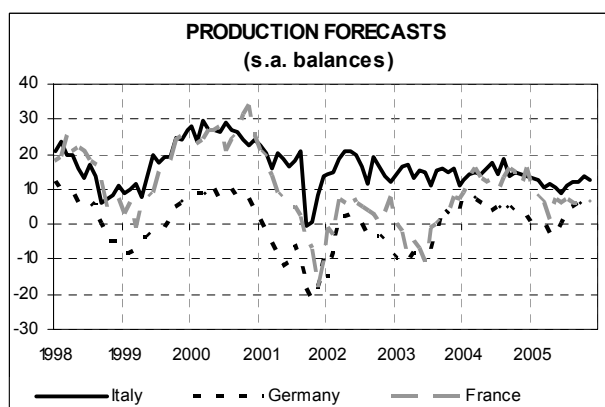
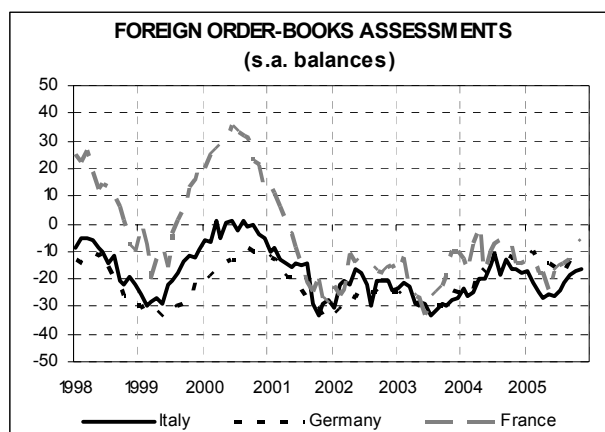
General results

In November, the manufacturing firms' confidence falls in France and in Germany, while it grows in Italy. In particular, in Germany, the IFO indicator – seasonally adjusted by ISAE and computed on the basis 2000 = 100 – deteriorates from 95 to 93, thus coming back to the August figure. In France, the INSEE indicator – also seasonally adjusted by ISAE and computed on the basis 2000 = 100 – decreases from 81 to 80, thus remaining above the average figure of the beginning of 2005. In Italy, as already underlined by the data distributed by ISAE on November 25, confidence rises from 89.5 to 90.1, thus reaching its best score since October 2004. Assessments on the present order-book level slightly worsen in France and in Germany and they show some signals of recovery in Italy. Short-term forecasts on production diminish in the three countries, while inventories stabilise in France and in Germany and slightly decrease in Italy.

The IFO and INSEE Surveys for Germany and France

German entrepreneurs' assessments on their order-book volume deteriorate in November (the balance passing from -18 to -19, even though the foreign component is slightly improving) as do the entrepreneurs short-term prospects on their productive activity. Indeed, inventories remain unchanged, while firms expect a considerable selling price rise (the balance growing from 3 to 6).

The French balance of assessments on the order-book level slightly falls as well (from -14 to -15, even though the foreign component is slightly improving), together with a fall in expectations on production and stable inventories. As for prices, the share of those expecting selling price rises in the next quarter equals the percentage of entrepreneurs expecting a price reduction and the balance rises from -2 to 0, which is close to the September 2005 figure.



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

	Italy	France	Germany
August 2005	87.8	80	93
September 2005	89.3	80	95
October 2005	89.5	81	95
November 2005	90.1	80	93

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