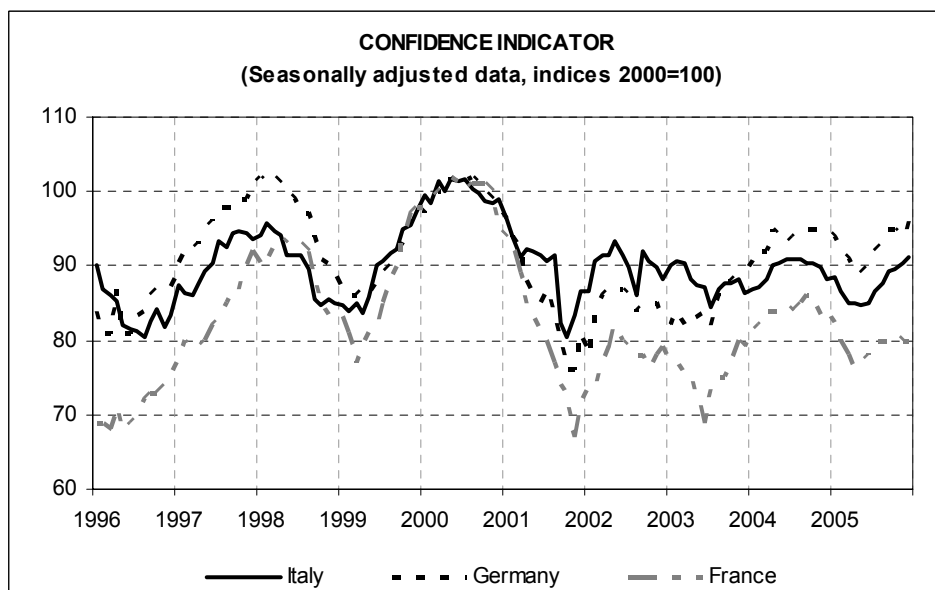




Date: January 4, 2006
TEL.: 06/444821

IN DICEMBER, MANUFACTURING FIRMS' CONFIDENCE IMPROVES IN GERMANY AND ITALY, AND STABILIZES IN FRANCE

- In Germany, the IFO index, seasonally adjusted by ISAE (2000=100) stood at 96 (from 94 in the previous month), reaching its highest level since January 2001. In France, the INSEE index, also seasonally adjusted by ISAE (2000=100), remained stable at level 80, as in November. In Italy, as already reported by the data released by ISAE on December 22, confidence rose from 90.3 to 91.1, attaining the best result since September 2002
- The assessment on the current state of demand improved again in Germany and Italy, but worsened in France. Short-term expectations on production picked up in the three countries, whereas inventories remained stable in Germany and Italy, and recorded a modest de-stocking in France
- With regard to prices, French and Italian entrepreneurs expected an increase in inflationary pressures, while German ones forecast a reduction in industrial selling prices



Data on January shall be diffused on February 6, 2006.

The next ISAE surveys are scheduled as follows:

January 25: ISAE Monthly Consumer Survey (reference period: January)

January 26: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: January)

January 31: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: December) and ISAE Monthly Business Services Survey (reference period: January)

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

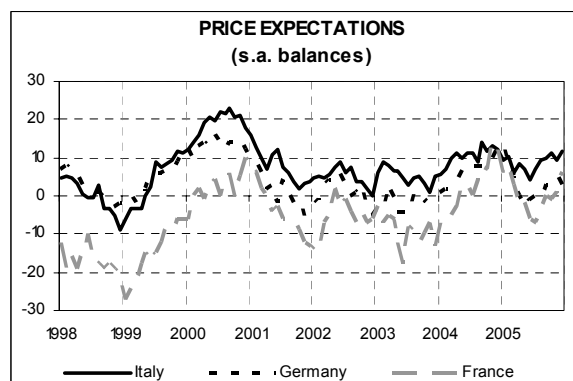
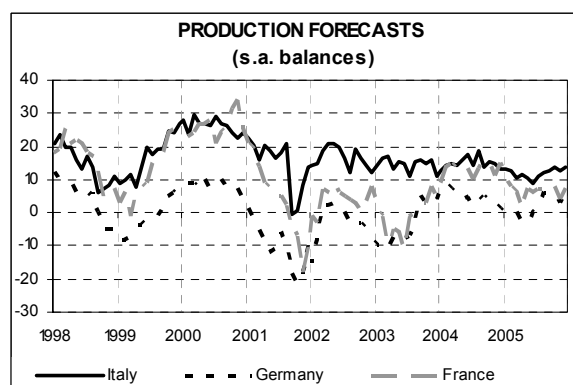
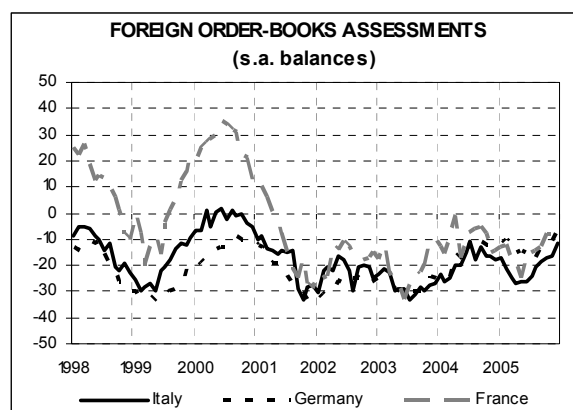
General results

In December, manufacturing firms' confidence increased in Germany and Italy, and remained stable in France. In particular, in Germany the IFO index, seasonally adjusted by ISAE (2000=100), stood at 96, from 94 the previous month, reaching the highest level since January 2001. In France the INSEE index, also seasonally adjusted by ISAE (2000=100), remained constant at 80, the same level recorded in November. In Italy, as already highlighted by the data released by ISAE on December 22, confidence increased from 90.3 to 91.1, reaching its highest score since September 2002. The view on the current state of demand improved again in Germany and Italy, but worsened in France. Short-term expectations on economic activity picked up in the three countries, while inventories stabilized in Germany and Italy, and showed a moderate de-stocking in France.

The IFO and INSEE Surveys for Germany and France

In Germany, the entrepreneurs' assessment on orders posted a strong recovery (from -18 to -13, nearing the highest levels since February 2001, and from -11 to -5 with regard to foreign orders). Short-term expectations on economic activity also increased and inventories stabilized. Regarding prices, firms foresaw a moderate fall in industrial selling prices, with the balance declining to 3, from 5 in November.

In France, the view on the volume of orders deteriorated (from -16 to -17, and from -8 to -12 for foreign orders), notwithstanding an increase in production expectations and a slight fall in inventories. With reference to prices, French firms anticipated an increase in industrial selling prices, with the balance rising from 1 to 6, posting the highest level since January 2005.



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

	Italy	France	Germany
September 2005	89.3	80	95
October 2005	89.6	81	95
November 2005	90.3	80	94
December 2005	91.1	80	96

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