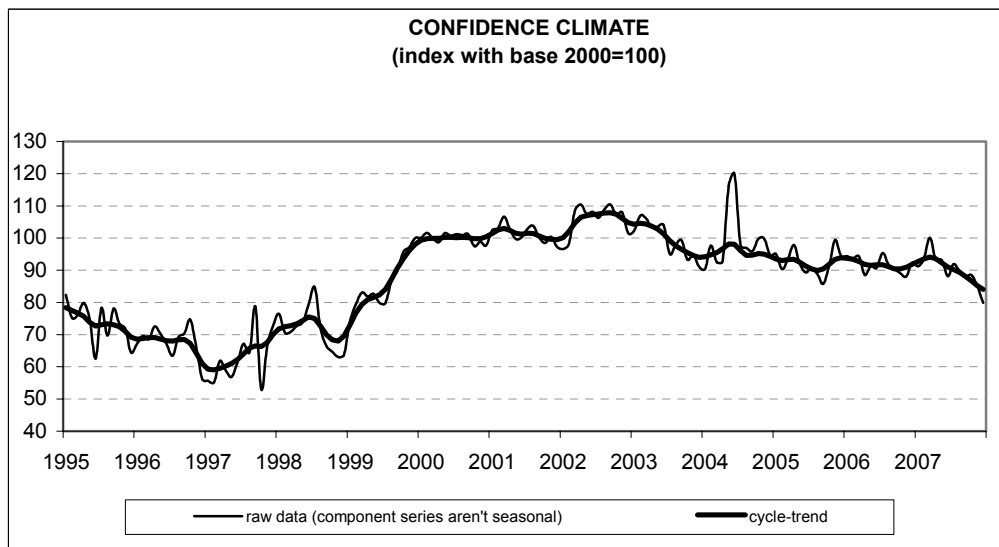




Date: **January 30, 2008**  
TEL.: **06/444821**

## CONSTRUCTION FIRMS' CONFIDENCE DECLINES IN DECEMBER

- **In December, the construction firms' confidence index decreased for the second month running, moving from 85.2 to 79.9, the lowest level since 1999**
- **The fall mainly stemmed from marked deterioration in both the opinions on construction plans and employment prospects**
- **Among the other surveyed variables, the evaluation of construction activity worsened, and the balance went back in negative territory for the first time since last June. Marked deterioration also characterized prospects for construction plans, prices and employment. Forecasts for the length of assured production - a quarterly variable seasonally adjusted and measured in months - remained virtually stable**
- **However, in partial countertrend, the number of entrepreneurs who stated they did not find major obstacles limiting their construction activity increased. In particular, the share of those considering insufficient demand a main constraint diminished**
- **The worsening in confidence affected both residential and non-residential building and, mostly, civil engineering**



**Data on January shall be released on February 27, 2008**

The next ISAE surveys are scheduled as follows:

**February 7, 2008:** *ISAE International Comparison of Consumer and Business Surveys (reference period: January)*

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

**General results**

According to the ISAE Survey carried out on a panel of around 500 firms, in December the seasonally adjusted confidence index (2000=100) decreased for the second month in a row, moving from 85.2 to 79.9, the lowest value since 1999 and confirming the sector’s ongoing slowdown. Among the variables included in the definition of the confidence climate, the opinions on construction plans and employment prospects markedly deteriorated once more.

Among the other surveyed variables, the evaluation of construction activity worsened and the balance went back in negative territory for the first time since last June. Noticeable deterioration also characterized prospects for construction plans, prices and employment. Forecasts for the length of assured production - a quarterly variable seasonally adjusted and measured in months - remained virtually stable. However, a rising share of entrepreneurs did not mention obstacles limiting their construction activity, thanks mainly to the fall in the number of those complaining about insufficient demand.

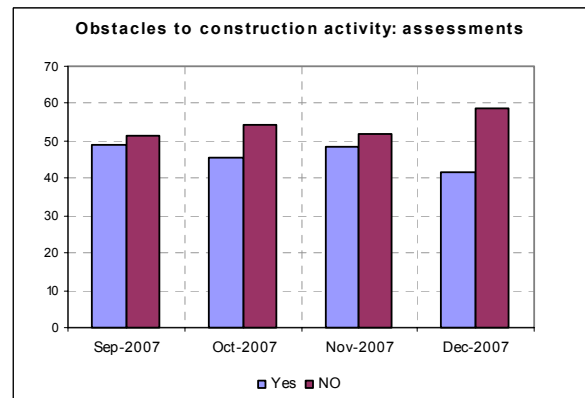
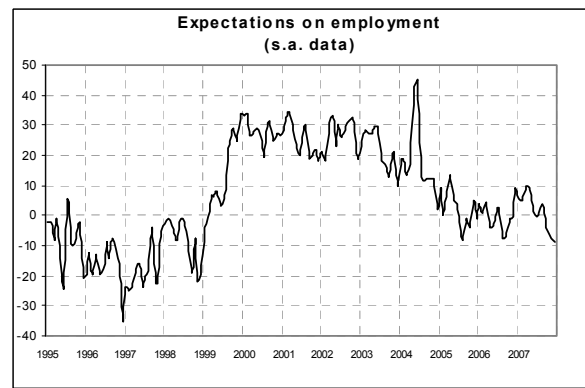
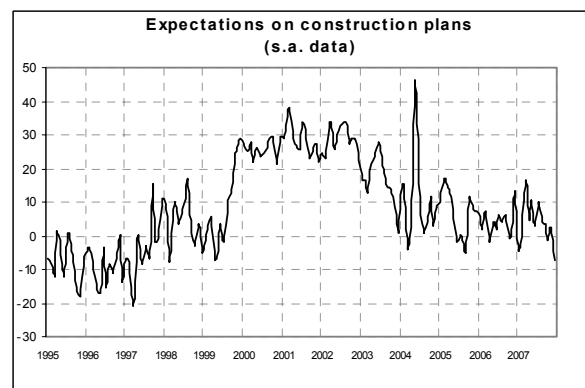
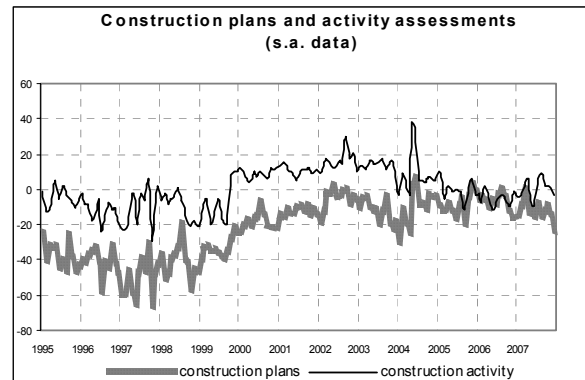
The worsening in the overall confidence index homogenously affected both residential and non-residential building and civil engineering. Specifically, in the latter sector the index dropped steeply.

**Situation in the reference period (December 2007)**

In December, entrepreneurs gave more negative assessments on both construction plans (the balance lowered from -14 to -24) and construction activity (from 0 to -4). In the later case, the balance turned negative for the first time since June 2007.

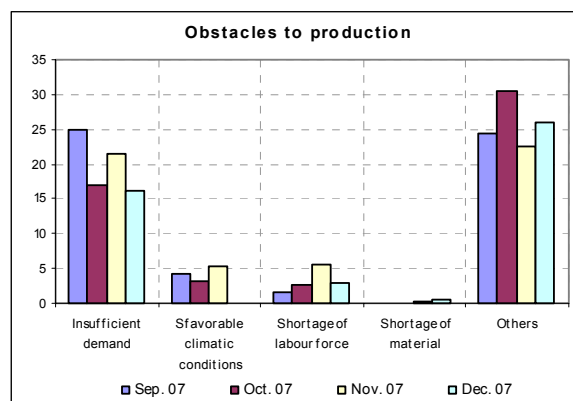
In partial opposition with the unfavourable indications about main company variables, the majority of surveyed entrepreneurs (59%, higher than the 52% share recorded in the previous month) did not signal the existence of factors limiting their construction activity. Among perceived obstacles, insufficient demand was still considered the main constraint (for

16% of the respondents, compared to 21% in November).



### Forecasts for the following three months

Prospects for main company variables confirmed the negative picture painted by respondents' opinions on the current situation. In fact, expectations for construction plans worsened (the balance declined from 2 to -7, returning in negative territory). Employment prospects also deteriorated: the related balance moved from -7 to -9, declining now for the fourth month running. Lastly, the balance related to the forecasts for prices charged in the sector worsened as well, moving from 9 to -3 and coming in negative for the first time since 2004. With respect to the projections for the length of assured production - a quarterly variable seasonally adjusted and measured in months - entrepreneurs did not change their opinions with respect to the November survey: the length of production assured by current order books was expected to be equal to 14.6 months (compared to 14.7 months in the previous survey).



### Confidence climate and balances of the component series index (s.a. data)

	Confidence climate (index base 2000=100)	Assessments on construction plans	Expectations on employment
Sept. 2007	88.0	-13	-3
Oct. 2007	88.5	-10	-5
Nov. 2007	85.2	-14	-7
Dec. 2007	79.9	-24	-9