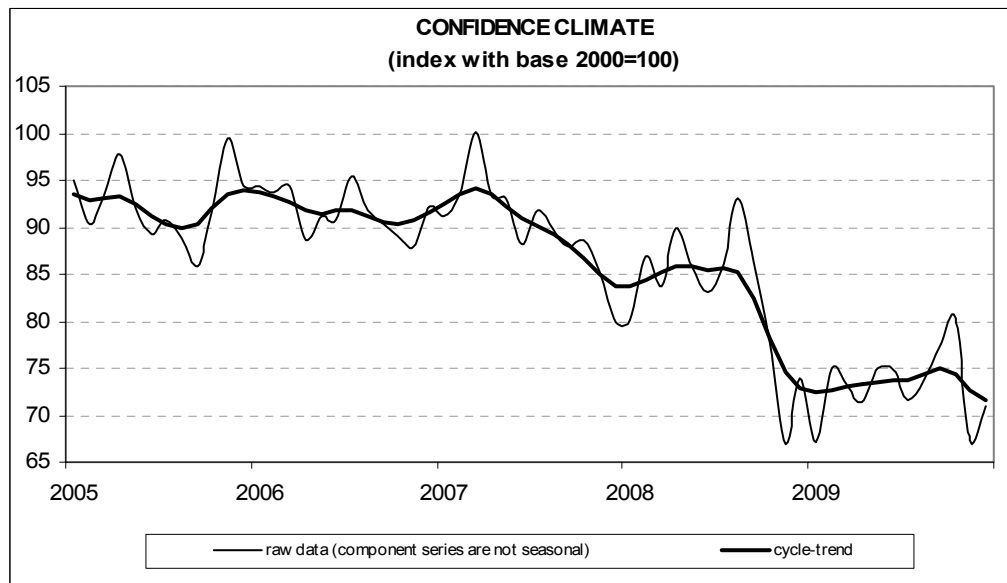




Date: January 28, 2010

## CONSTRUCTION FIRMS' CONFIDENCE CLIMATE RECOVERS IN DECEMBER

- According to the ISAE Survey carried out on a panel of approximately 500 firms, in December the seasonally adjusted confidence index (2000=100) recovered, moving from 67.4 to 71. Following the fall posted in the previous month, the indicator stepped up, still remaining however below its January-May 2009 average
- Among the variables included in the calculation of the confidence climate, lower pessimism characterized both assessments on construction plans and employment prospects
- Moreover, the opinions on construction activity and prospects for construction plans recovered. The balance for expected prices charged in the sector increased slightly, staying nevertheless at historical low level. Forecasts for the length of assured production, a variable surveyed quarterly, seasonally adjusted and measured in months, were instead pessimistic compared to the previous quarter
- Also the number of firms which did not find constraints limiting their construction activity edged down (the related share remained always clearly below the one for those that stated they did find obstacles). Among declared obstacles, insufficient demand was considered the main limitation, followed by financial constraints (a variable surveyed for the first time in December 2009)
- The improvement in the overall confidence indicator was homogenous across sectors. Confidence recovered in residential and non residential building, as well as in civil engineering



**Data on January shall be released on February 25, 2010**

The next ISAE surveys are scheduled as follows:

**February 23, 2010: ISAE Monthly Consumer Survey (reference period: February)**

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 approximately 500 firms, in December the seasonally adjusted confidence index (2000=100) recovered, moving from 67.4 to 71. Following the fall posted in the previous month, the indicator stepped up, still remaining however below its January-May 2009 average

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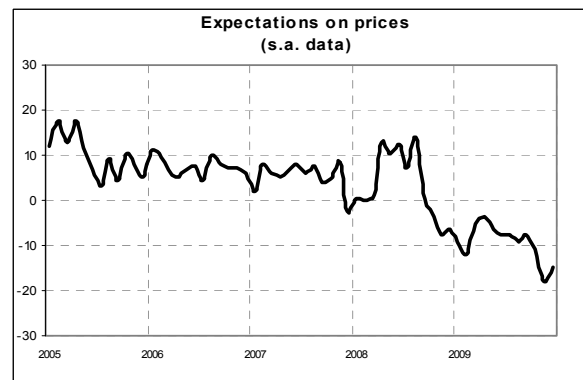
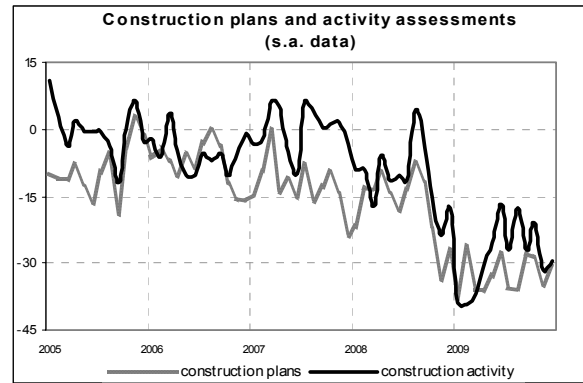
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The improvement in the overall confidence indicator was homogenous across sectors. Confidence recovered in residential and non residential building, as well as in civil engineering.

### Situation in the reference period (December 2009)

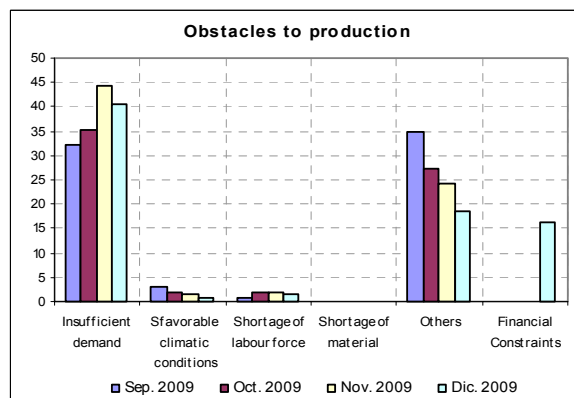
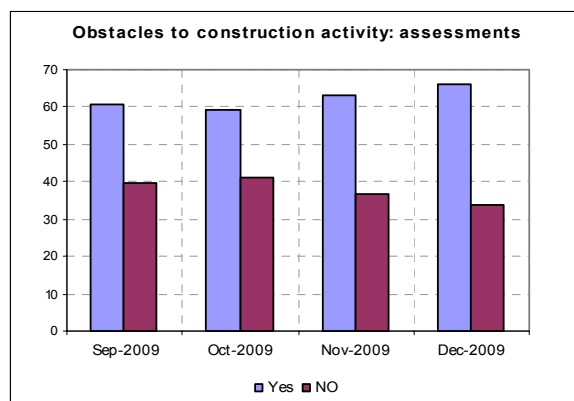
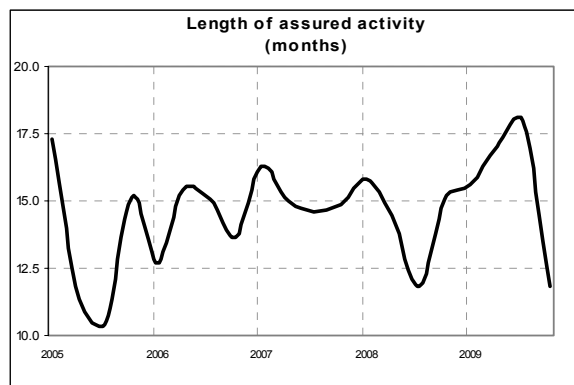
After the deterioration posted in November, in December the opinions on construction plans improved once more: the related balance reached -31, compared to -35 in the previous month, going back above the average level posted in the gloomy January-May 2009 period. Also assessments on construction activity were less pessimistic than in the previous month: the seasonally adjusted balance actually moved from -31 to -30, remaining, also in this case, above the January-



May 2009 average. Most surveyed entrepreneurs continued to find obstacles limiting construction activity and in December the related percentage further inched up (from 63% to 66%). Moreover, among declared obstacles, insufficient demand was considered the main limitation, followed by financial constraints, a factor surveyed for the first time in December 2009.

### Forecasts for the following three months

Short-term forecasts for construction plans gave less negative indications than in the previous month: after the deterioration recorded in November, in December the balance started to recover, staying however negative at historical low level (from -12 to -10, the level reached in April 2009). Moreover, the number of entrepreneurs considering a rise in prices charged in the sector increased moderately compared to the previous month (the balance moved from -18 to -15, staying nonetheless negative, at record low level). In the total sample, the percentage continued however to remain lower than the share of those who judged that prices were going to diminish. The trend for employment, a variable included in the calculation of the confidence climate, recovered in December: the related balance rose from -24, its lowest value since December 2008, to -21, reverting to its January 2009 level. As for expectations for the length of assured production, a variable surveyed quarterly, seasonally adjusted and measured in months, entrepreneurs predicted a sharp reduction compared to the previous survey (from 18 to 12 months).



### 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. 2009	77.4	-28	-10
Oct. 2009	80.4	-29	-3
Nov. 2009	67.4	-35	-24
Dec. 2009	71.0	-31	-21