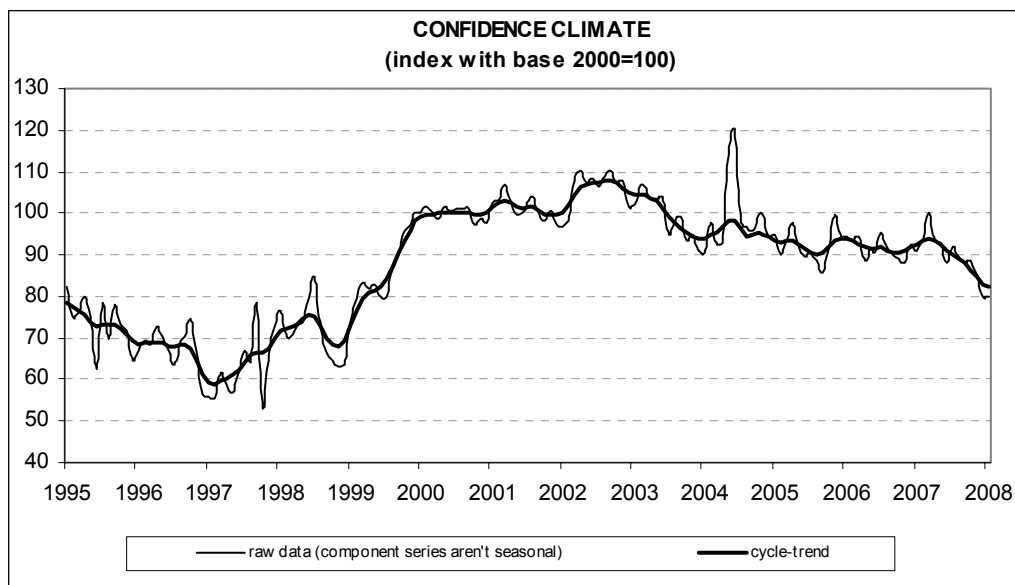




Date: February 27, 2008  
TEL.: 06/444821

## CONSTRUCTION FIRMS' CONFIDENCE IS MARGINALLY HIGHER IN JANUARY

- The seasonally adjusted construction firms' confidence index (2000=100) increased from 79.9 to 80.1, remaining however at a historical low level, close to the value recorded in March-July 1999
- Among the variables included in the definition of confidence climate, the opinions on construction plans began to improve once more, whereas employment prospects deteriorated slightly
- Pessimism continued to characterize firms' appraisal of construction activity, as well as prospects for construction plans. The balance for expected prices charged in the sector clearly rose, hovering however at a record low level
- The number of entrepreneurs, who stated they found obstacles limiting their construction activity, increased (though the percentage remained lower than for those who thought they did not find any). Among the considered obstacles, insufficient demand was the main constraint, followed by adverse weather conditions and shortage of labour force
- The improvement in the overall confidence indicator was not widespread across sectors: confidence recovered slightly in residential and non-residential building, but worsened in civil engineering



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

The next ISAE surveys are scheduled as follows:

**March 6, 2008:** *ISAE International Comparison of Consumer and Business Surveys (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 around 500 firms, in January the seasonally adjusted confidence index (2000=100) increased from 79.9 to 80.1, remaining however at a historical low level, close to the value recorded in March-July 1999.

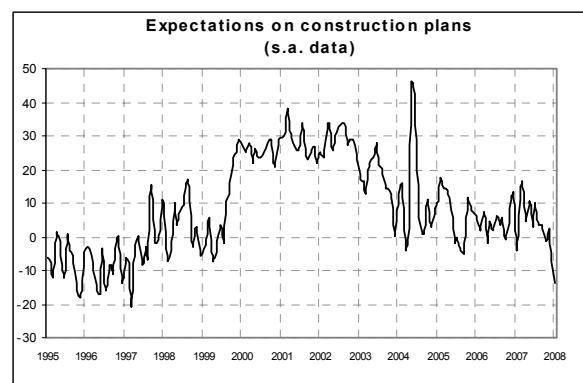
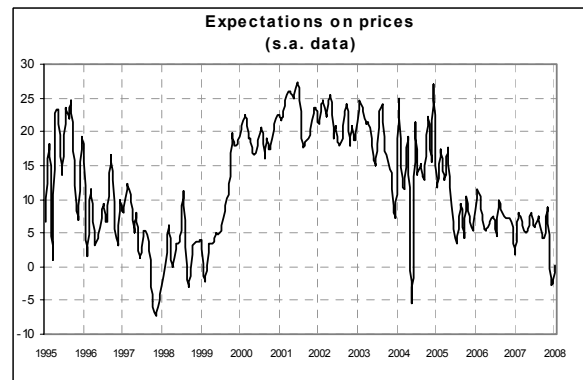
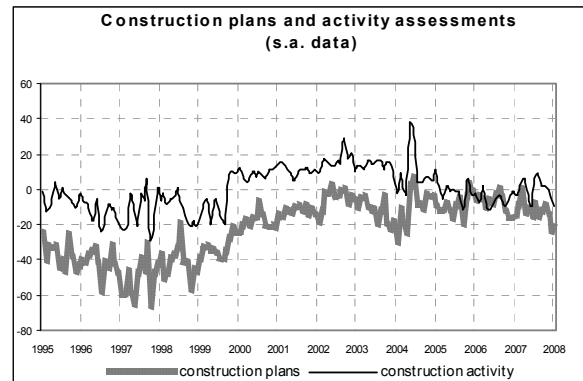
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The improvement in the overall confidence indicator was not widespread across sectors: confidence recovered slightly in residential and non-residential building, but worsened in civil engineering.

### Situation in the reference period (January 2008)

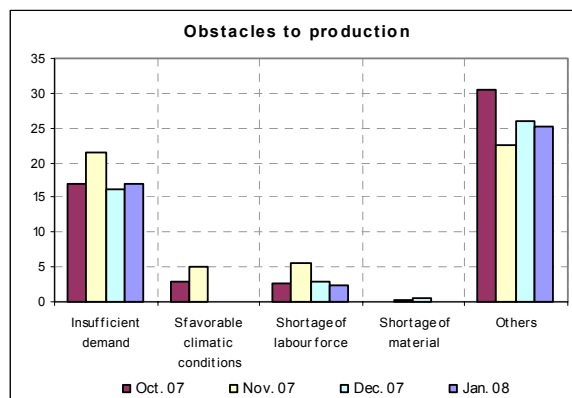
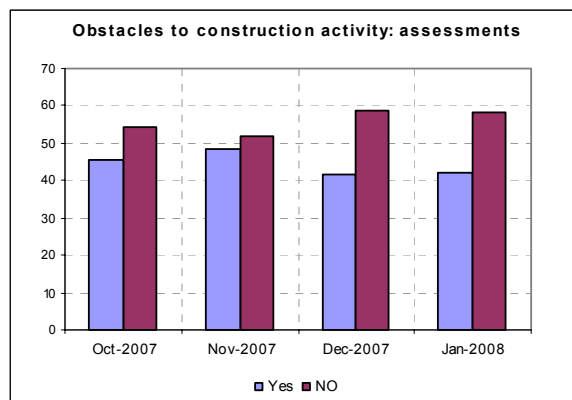
In January, following the sharp drop recorded in the previous month, assessments on construction plans started to improve again: the related balance came in at -22, compared to -24 in December, remaining however at a historical low value. The evaluation of construction activity worsened: the seasonally adjusted balance lowered from -4 to -9, going back to the level recorded last September. In line with the phase of uncertainty which characterized construction activity, the number of entrepreneurs declaring they found obstacles limiting their activity increased (the percentage rose from 41% to 42%, though remaining below the one of those who declared they did not find any limitation). Furthermore, among perceived obstacles, insufficient



demand was still considered the main constraint, followed by adverse weather conditions, shortage of labour force and scarcity of materials.

### Forecasts for the following three months

Short-term prospects for construction plans gave negative indications. For the second straight month, the related balance declined (from -8 to -14), staying in negative territory at record low level. Furthermore, the number of entrepreneurs expecting a rise in prices charged in the sector was equal to the share of those predicting a decline (the balance moved from -3 to 0, hanging around a historically low average value). Lastly, forecasts for employment, a variable included in the calculation of the confidence climate, extended the downward path which started in September: the related balance moved from -9 to -10, hitting the lowest value since December 1998.



### 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 |
|-----------|--|-----------------------------------|----------------------------|
| Oct. 2007 | 88.5                                     | -10                               | -5                         |
| Nov. 2007 | 85.2                                     | -14                               | -7                         |
| Dec. 2007 | 79.9                                     | -24                               | -9                         |
| Jan. 2008 | 80.1                                     | -22                               | -10                        |