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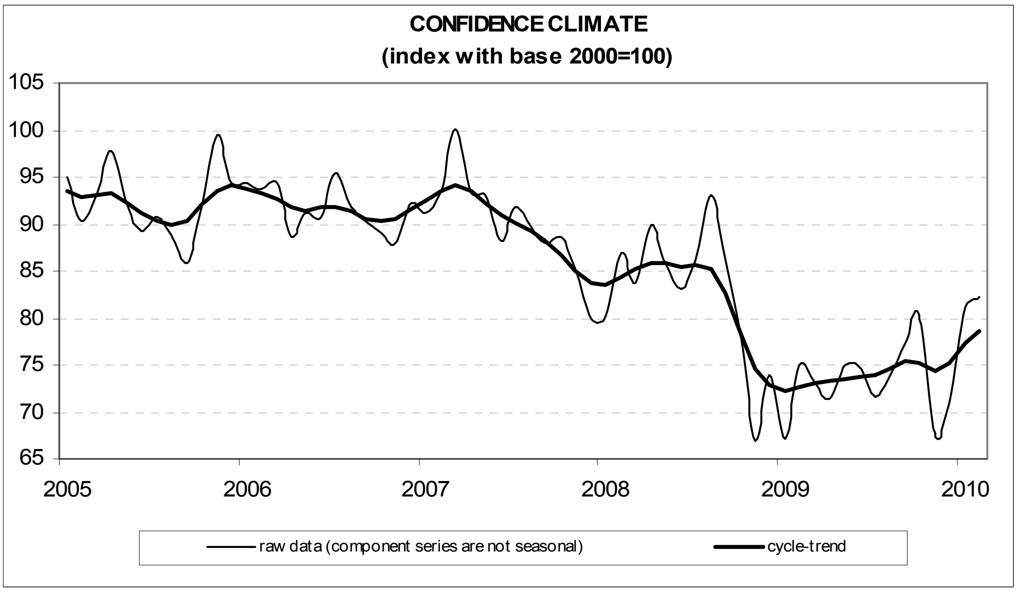
CONSTRUCTION FIRMS' CONFIDENCE CLIMATE SENDS POSITIVE SIGNALS IN FEBRUARY

- **According to the ISAE Survey carried out on a panel of approximately 500 firms, in February the seasonally adjusted confidence index (2000=100) went up from 81.1 to 82.1, reaching the highest value since October 2008**
- **The improvement in the indicator was mainly due to strong recovery in the opinions on construction plans, which came along with slight deterioration for employment prospects**
- **Moreover, assessments on construction activity remained basically stable, while expectations for construction plans worsened slightly. Following the recovery posted in the previous month, the balance for expected prices charged in the sector started to decrease once more, coming in at its last December level**
- **The number of firms which did find constraints limiting their construction activity diminished markedly (though the related percentage remained above the one for those that stated they did not find obstacles). Among declared obstacles, insufficient demand was considered the main limitation, followed by financial constraints**
- **At sector level, confidence moderately improved in both residential and non residential building, as well as in civil engineering**



Data on March shall be released on April 28, 2010

The next ISAE surveys are scheduled as follows:
April 27, 2010: *ISAE Monthly Consumer Survey (reference period: April)*

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)

General results

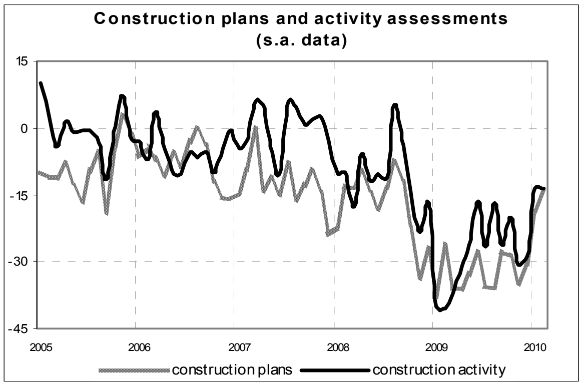
According to the ISAE Survey carried out on a panel of approximately 500 firms, in February the seasonally adjusted confidence index (2000=100) increased from 81.1 to 82.1, reaching the highest value since October 2008. The positive momentum, in place since November 2009, strengthened further in February.

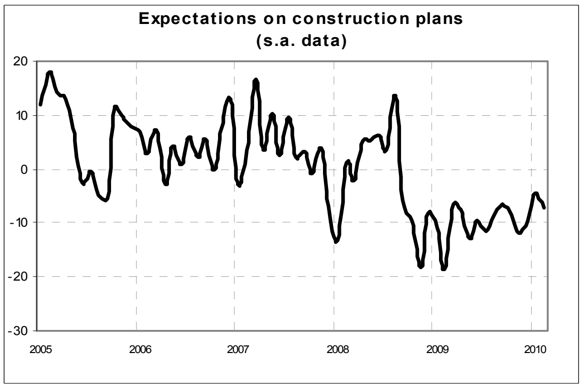
Among the variables included in the calculation of the confidence climate, strong recovery in the opinions on construction plans came along with a slight deterioration for employment prospects.

Turning to the other questions posed in the survey, assessments on construction activity remained basically stable, while expectations for construction plans worsened slightly. Following the recovery posted in the previous month, the balance for expected prices charged in the sector started to decrease once more, coming in at its last December level.

The number of firms which did find constraints limiting their construction activity diminished markedly (though the related percentage remained above the one for those that stated they did not find obstacles). Among declared obstacles, insufficient demand was considered the main limitation, followed by financial constraints.

At sector level, confidence moderately improved in both residential and non residential building, as well as in civil engineering.





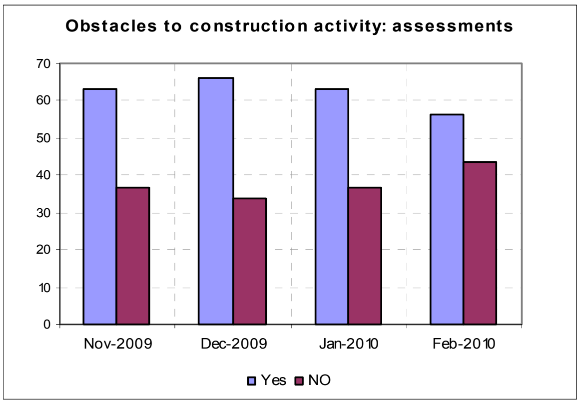
Situation in the reference period (February 2010)

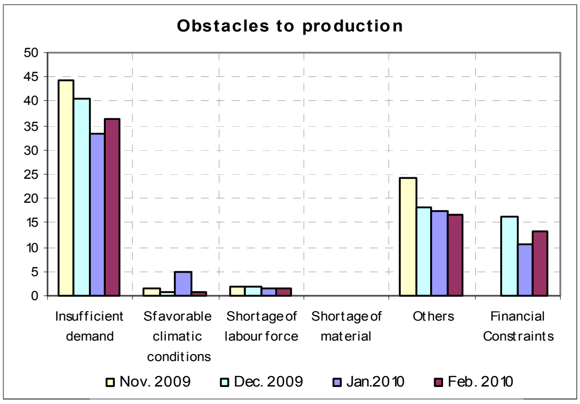
In February, the opinions on construction plans sent clearly positive signals: the balance, which entered an upturn in November 2009, increased to -14, reaching its May 2008 value. Assessments on construction activity remained instead practically unchanged: the related seasonally adjusted balance moved from -14 to -13, hitting its lowest level since October 2008. In

February, the number of firms that did find obstacles limiting their construction activity declined slightly (the share lowered from 63% to 57%, though remaining clearly above the percentage of those stating they did not find any). Moreover, most firms considered insufficient demand a major limitation, followed by financial constraints.

Forecasts for the following three months

Short-term forecasts for construction plans started to worsen once more: the balance moved from -5 to -7, reaching its September 2009 value. The number of entrepreneurs expecting a cut in prices charged in the sector increased: the balance lowered to -10 (from -8 in the previous month), hitting its January 2009 value. Lastly, prospects for employment, a variable included in the calculation of the confidence climate, resumed a downward path, following the strong improvement recorded in the December 2009-January 2010 period: the balance lowered from -11 to -14, levelling out at its lowest value since July 2009.





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

	Confidence climate (2000=100 basis)	Assessments on construction plans	Expectations on employment
Nov 2009	67.4	-35	-24
Dic 2009	71.0	-31	-21
Gen 2010	81.1	-19	-11
Feb 2010	82.1	-14	-14