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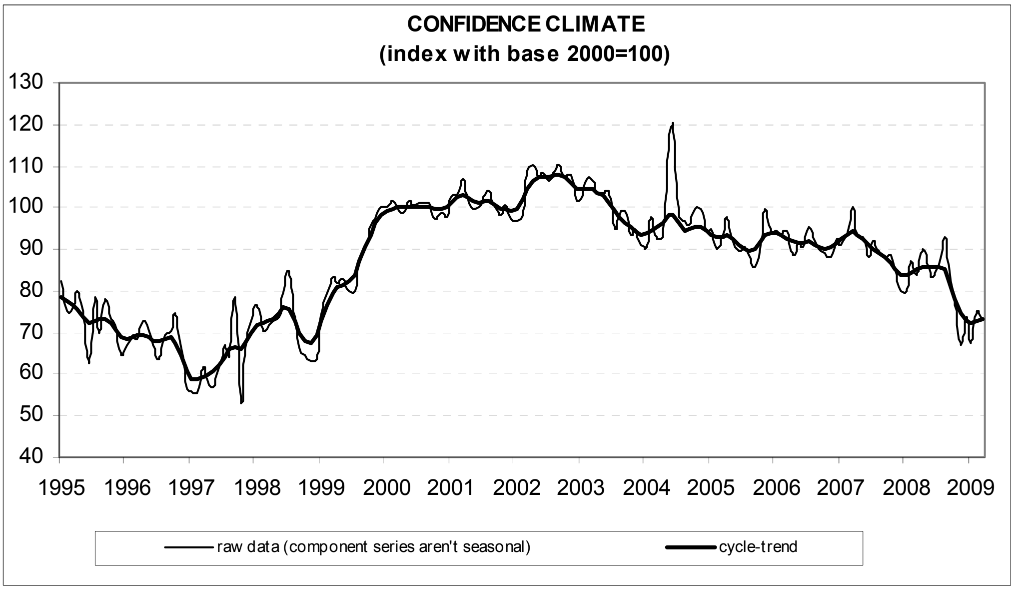
Date: **April 28, 2009**

CONSTRUCTION FIRMS' CONFIDENCE WEAKENS IN MARCH

- **The seasonally adjusted confidence index (2000=100) declined from 75 to 73.1**
- **Among the variables included in the calculation of the indicator, assessments on construction plans noticeably worsened, whereas employment prospects recovered**
- **Also the opinions on construction activity started to improve moderately. After the low hit in February, the balance reverted to its January value**
- **Predictions for construction plans did not confirm the pessimistic views on the current situation. Though staying negative, the related balance clearly bettered, going back to its September 2008 level. The balance for assessments on prices charged in the sector increased, still remaining in negative territory, around its October 2008 average**
- **In the first quarter of 2009, forecasts for the length of assured activity (a seasonally adjusted variable, surveyed quarterly) were slightly optimistic compared to the previous quarter**
- **Also the number of entrepreneurs stating they did not find obstacles limiting their construction activity started to increase once more. Among declared obstacles, insufficient demand was again considered the main constraint**
- **The deterioration in the overall confidence indicator was the result of heterogeneous trends across sectors: confidence worsened in residential and non-residential building, whereas it improved in civil engineering**



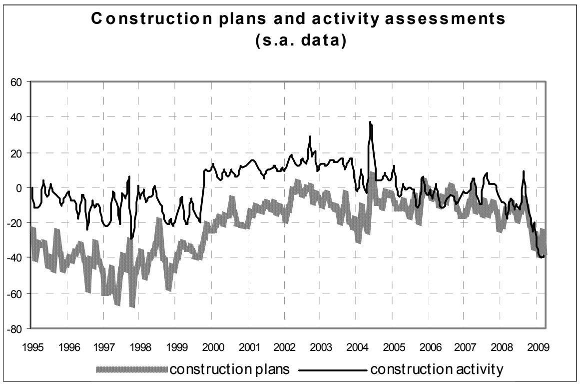
Data on April shall be released on May 28, 2009

The next ISAE surveys are scheduled as follows:
May 27, 2009: *ISAE Monthly Consumer Survey (reference period: May)*

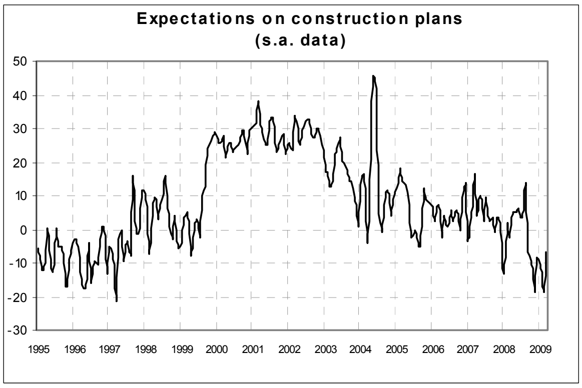
The full text of ISAE Surveys (either hardcopy or electronic format) is available for sale (for further information see the web site www.isae.it)

General results

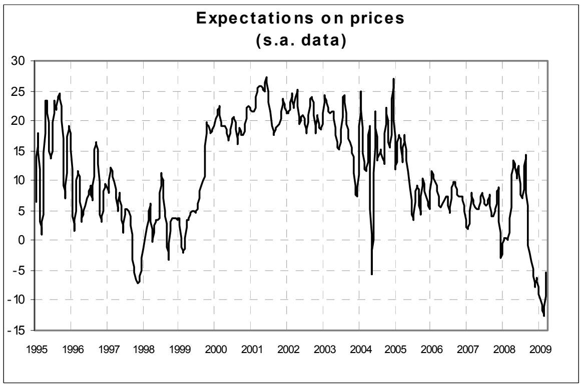
According to the ISAE Survey carried out on a panel of approximately 500 firms, in March the seasonally adjusted confidence index (2000=100) worsened from 75 to 73.1. The indicator was still around its 1998 lows, showing continuing uncertainty among surveyed entrepreneurs. Among the variables included in the calculation of the confidence indicator, assessments on construction plans noticeably worsened, whereas employment prospects recovered.



The opinions on construction activity started to improve moderately. After the low hit in February, the balance regained its January value. Predictions for construction plans did not confirm the pessimistic views on the current situation. Though staying negative, the related balance clearly bettered, reverting to its September 2008 level.



The balance for assessments on prices charged in the sector increased, still remaining in negative territory, around its October 2008 average. In the first quarter of 2009, forecasts for the length of assured activity (a seasonally adjusted variable, surveyed quarterly) were slightly optimistic compared to the previous quarter.



The number of entrepreneurs stating they did not find obstacles limiting their construction activity started to increase once more. Among declared obstacles, insufficient demand was again considered the main constraint.

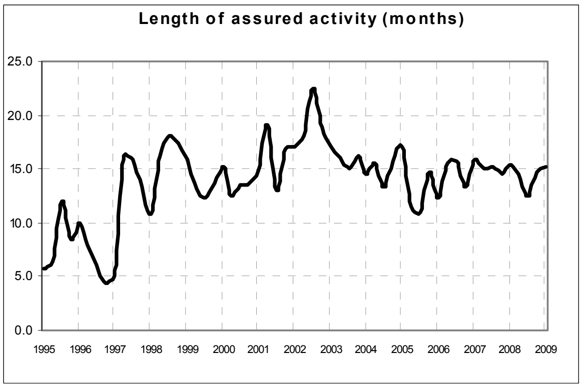
The deterioration in the overall confidence indicator was the result of heterogeneous trends across sectors: confidence worsened in residential and non-residential building, whereas it improved in civil engineering.

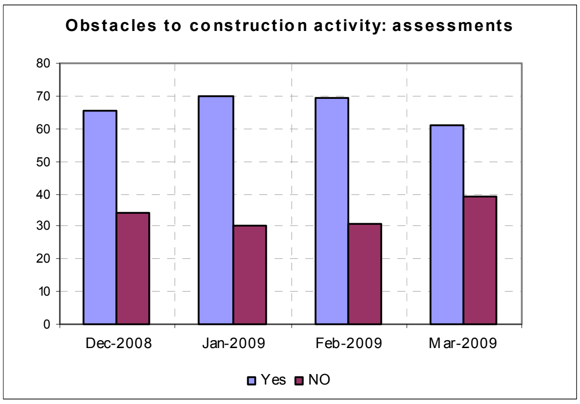
Situation in the reference period (March 2009)

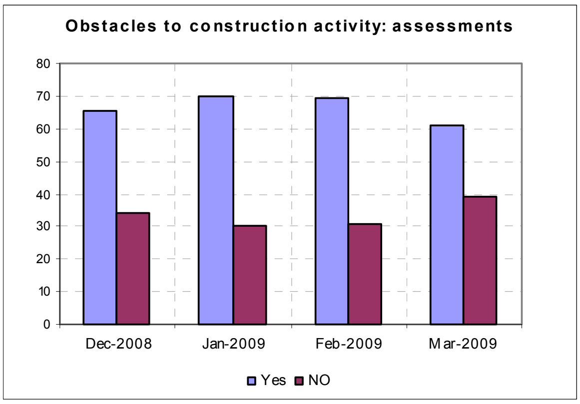
Following the recovery posted in February, in March opinions on construction plans went back into a decline: the related balance lowered to -36 from -26 in the previous month, returning to the average level posted last January. Assessments on construction activity sent slightly positive signals : the seasonally adjusted balance edged up to -38 from -40 in February, remaining however among the lowest levels since 1995. In March, the number of entrepreneurs who did not find obstacles limiting their construction activity moderately increased, even though the related share stayed below 50% of the surveyed panel (rising from 31% to 39%). Moreover, among firms that declared they did find obstacles (in this case the percentage lowered from 69% to 61%), insufficient demand was again considered the main constraint.

Forecasts for the following three months

Expectations did not confirm the uncertainties which emerged from entrepreneurs' opinions on the current situation. In March, forecasts for construction plans markedly improved (the balance rose from -19 to -7). Also the balance for employment prospects bettered (from -17 to -11, reverting to the level recorded in March 2008). As for prices charged in the sector, the number of entrepreneurs forecasting a rise increased. The related balance moved from -12 to -5. Lastly, in the first quarter of 2009, the length of assured activity (a seasonally adjusted variable, surveyed quarterly and measured in months) slightly rose, moving to 15.1 from 14.7 in the previous quarter.







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
Dec. 2008	73.9	-27	-18
Jan. 2009	67.2	-38	-21
Feb. 2009	75.0	-26	-17
Mar. 2009	73.1	-36	-11