

May 27, 2010**CONSTRUCTION FIRMS' CONFIDENCE CLIMATE RECOVERS IN APRIL**

Data on June shall be released on June 30, 2010

The next ISAE surveys are scheduled as follows:
June 23, 2010: ISAE Monthly Consumer Survey (reference period: June)The full text of ISAE Surveys (either hardcopy or electronic format) is available for sale (for further information see the website www.isae.it)

- Starting this month, ISAE disseminates Italian Construction Firms' Confidence Survey data elaborated according to the ATECO 2007 classification of economic activities. A detailed description of the changes which have been introduced is contained in the Press Release "The new series of ISAE business surveys", published together with this document
- According to the ISAE Survey carried out on a panel of approximately 500 firms, in April the seasonally adjusted confidence index (2005=100) improved from 72.1 to 73.2
- Entrepreneurs were slightly more pessimistic than in the previous month about the trend in the opinions on construction plans, while employment prospects showed signs of improvement
- Assessments on construction activity recovered: following the deterioration posted in February, the balance showed signs of improvement in March and again in April
- However, after the progress recorded in March, prospects for construction plans started to worsen once more. On the other hand, the balance for expected prices to be charged in the sector increased, though continuing to remain negative, as occurred constantly since September 2008
- Most surveyed entrepreneurs stated they found constraints limiting their construction activity and, among declared obstacles, insufficient demand was considered one of the main difficulties, followed by financial constraints
- At sector level, deterioration in confidence was widespread. In particular, confidence recovered markedly for specialized construction activities (the index increased nearly four points). The improvement was more modest (two points on average) for construction of buildings and for civil engineering

CONFIDENCE CLIMATE (index 2005=100, seasonally adjusted data)

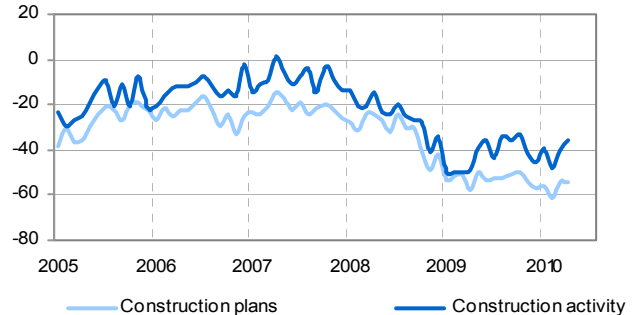
General results

According to the ISAE Survey carried out on a panel of approximately 500 firms, in April the seasonally adjusted confidence index (2005=100) improved from 72.1 to 73.2, remaining however below its 2009 average (which amounted to 75.9).

Entrepreneurs were slightly more pessimistic than in the previous month about the trend in the opinions on construction plans, while employment prospects showed signs of improvement.

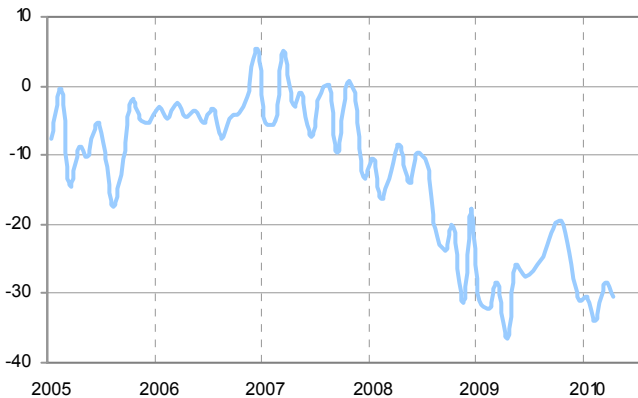
Assessments on construction activity recovered: following the deterioration posted in February 2010, the balance showed signs of improvement in March and again in April. The overall improvement posted by assessments was not confirmed by prospects for construction plans. After the progress recorded in March, the related balance started to worsen once more, staying however above the December 2009-January 2010 level. On the other hand, the balance for expected prices to be charged in the sector

ASSESSMENTS ON ORDER BOOKS (OR CONSTRUCTION PLANS) AND CONSTRUCTION ACTIVITY



increased, though continuing to remain negative, as occurred constantly since September 2008.

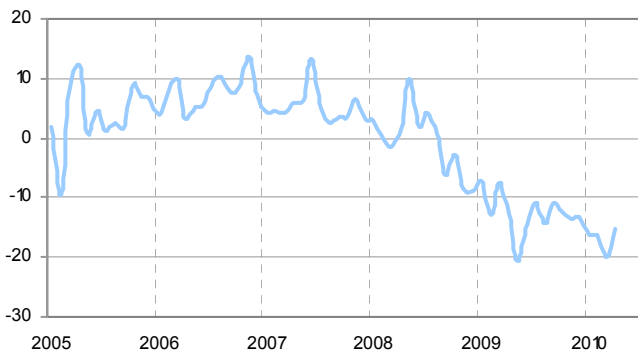
EXPECTATIONS FOR ORDER BOOKS (seasonally adjusted data)



Most surveyed entrepreneurs stated they found constraints limiting their construction activity and, among declared obstacles, insufficient demand was considered one of the main difficulties, followed by financial constraints.

Deterioration in confidence distinguished all three construction sectors (according to the ATECO 2007 classification of the industry). In particular, confidence recovered markedly for specialized construction activities (the index increased nearly four points). The improvement was more modest (two points on average) for construction of buildings and for civil engineering.

EXPECTATIONS FOR PRICES (seasonally adjusted data)



Situation in the reference period (April 2010)

In April, firms' opinions on construction plans moderately worsened: the related balance came in at -55 (compared to -54 in the previous month), going back to its November 2009 level. Assessments on construction activity gave positive indications: following the negative trend recorded in February 2010, the seasonally adjusted balance improved in March and April: the balance moved from -41 in March to -36 in April. The number of entrepreneurs who stated they did not find obstacles limiting their construction activity also increased (the share moved from 31% to 34%). Moreover, firms that did find obstacles (in this case the percentage decreased from 69% to 66%) considered that

insufficient demand and financial constraints were the main limitations.

Outlook for the following three months

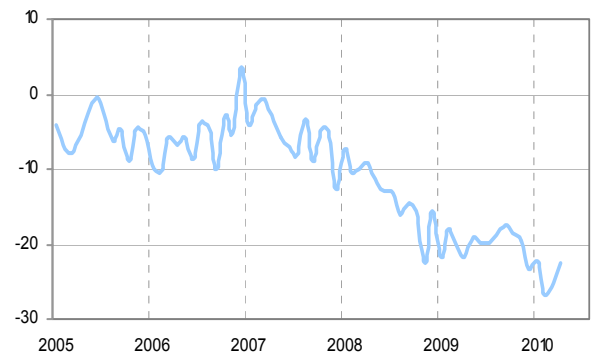
Entrepreneurs' predictions for the trend in main company variables gave different results compared to the previous

survey. In April, expectations for construction plans deteriorated (the balance lowered from -28 to -30, coming in above the level posted in the December 2009-January 2010 period), whereas the balance for employment prospects increased (from -25 to -23). As for prices charged in the sector, the number of entrepreneurs who forecast a rise in prices increased slightly: the related balance moved from -20 to -15, exceeding the value reached in January-February 2010.

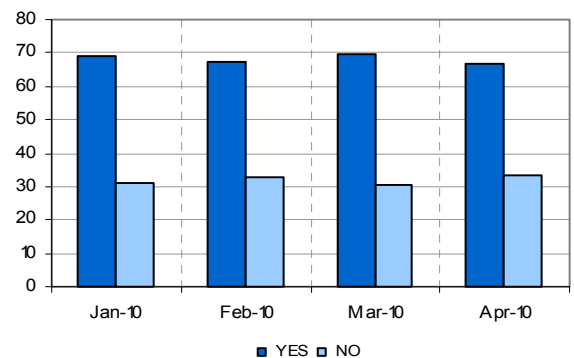
CONFIDENCE CLIMATE AND BALANCES FOR THE INDEX-BUILDING SERIES (seasonally adjusted data)

Month	Confidence climate	Orders and/or construction plans (assessments)	Employment (expectations)
Nov. 2009	75.0	-55	-20
Dec. 2009	71.2	-57	-23
Jan. 2010	72.8	-56	-22
Feb. 2010	66.7	-62	-27
Mar. 2010	72.1	-54	-25
Apr. 2010	73.2	-55	-23

EXPECTATIONS FOR EMPLOYMENT (seasonally adjusted data)



OBSTACLES TO CONSTRUCTION ACTIVITY: ASSESSMENTS (raw data)



CONSTRUCTION ACTIVITY CONSTRAINTS (raw data)

