

June 30, 2010

CONSTRUCTION FIRMS' CONFIDENCE CLIMATE DETERIORATES IN MAY

Data on June shall be released
on July 29, 2010

The next ISAE surveys are scheduled as
follows:

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

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

- According to the ISAE Survey carried out on a panel of approximately 500 firms, in May the seasonally adjusted confidence index (2005=100) worsened, moving from 73.3 to 71.1
- Entrepreneurs' replies were more pessimistic than in the previous month about the trend in the opinions on construction plans, while employment prospects remained practically unchanged
- Assessments on construction activity continued to recover: following the deterioration posted in February, the related balance showed signs of improvement for the third month running
- Prospects for construction plans remained stable from the previous month level. On the other hand, though continuing to stay negative, the balance for expected prices to be charged in the sector increased and reached the highest level since April 2009
- 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 affected all three main sub-sectors. In particular, confidence plunged for civil engineering; the fall was more moderate (two points on average) for construction of buildings and specialized construction activities

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



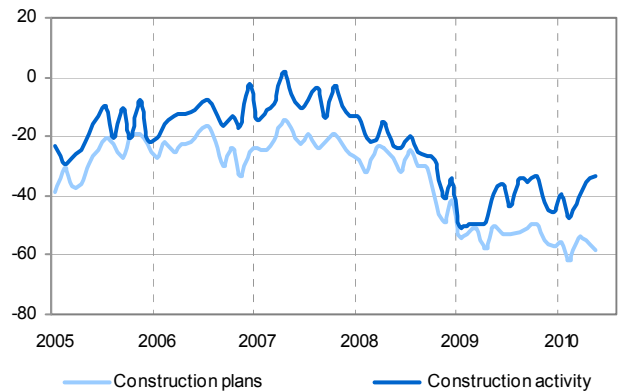
General results

According to the ISAE Survey carried out on a panel of approximately 500 firms, in May the seasonally adjusted confidence index (2005=100) worsened, moving from 73.3 to 71.1. Entrepreneurs' replies were more pessimistic than in the previous month about the trend in the opinions on construction plans, while employment prospects remained practically unchanged. Assessments on construction activity continued to recover: following the deterioration posted in February, the balance showed signs of improvement for the third month running. Prospects for construction plans remained stable from the previous month level. On the other hand, though continuing to stay negative, the balance for expected prices to be charged in the sector increased and reached the highest level since April 2009. 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 affected all three main sub-sectors. In particular, confidence plunged for civil engineering; the fall was more moderate (two points on average) for construction of buildings and specialized construction.

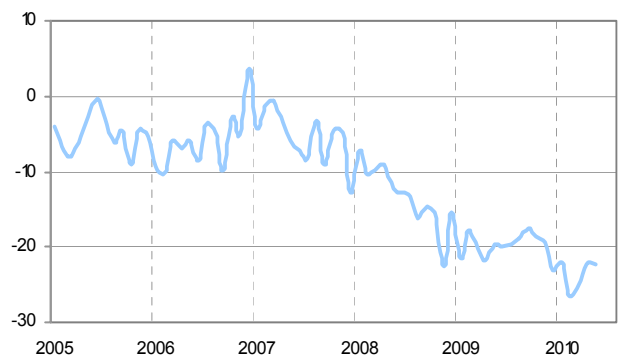
Situation in the reference month (May 2010)

In May, firms' opinions on the trend for construction plans worsened for the third consecutive month: the related balance lowered from -55 (in April) to -58. Entrepreneurs' assessments on construction activity continued to recover: following the negative trend recorded in February 2010, the seasonally adjusted balance improved further in May for the third straight month, rising from -36 (in April) to -33. The number of entrepreneurs who stated they did find obstacles hampering their construction activity also increased slightly (the share moved from 66% to 67%), while the percentage of those that declared they did not find any obstacle lowered from 34% to 33%. Among declared obstacles, insufficient demand and financial constraints were considered the main limitations.

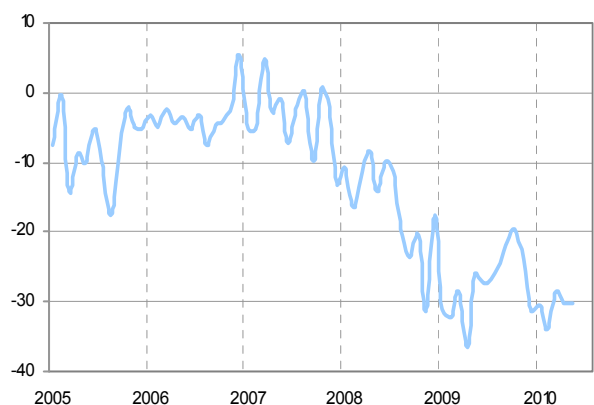
ASSESSMENTS ON ORDER BOOKS (OR CONSTRUCTION PLANS) AND CONSTRUCTION ACTIVITY (seasonally adjusted data)



EXPECTATIONS FOR EMPLOYMENT (seasonally adjusted data)



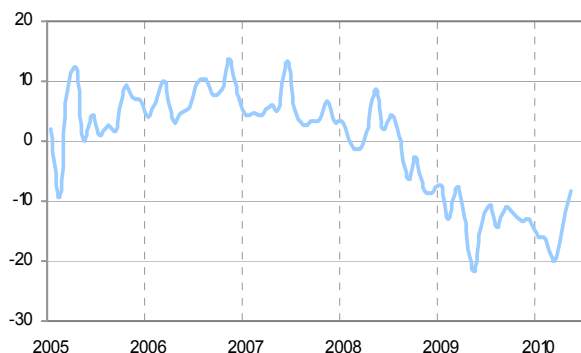
EXPECTATIONS FOR ORDER BOOKS (seasonally adjusted data)



Forecasts for the following three months

The framework of uncertainty highlighted by entrepreneurs' opinions came along with mixed signals deriving from their prospects for main company variables. In May, expectations for construction plans remained stable at their previous month level (the balance held steady at -30, among the lowest values recorded over the last year). Also employment prospects stabilized (at -22, the level reached in January 2010). As for prices charged in the sector, the number of entrepreneurs who forecast a rise in prices increased slightly: the related balance moved from -15 to -8, hitting the highest value since April 2009.

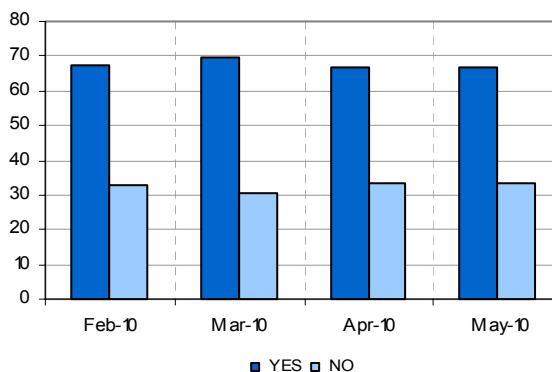
EXPECTATIONS FOR PRICES (seasonally adjusted data)



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

Month	Confidence climate	Orders and/or construction plans (assessments)	Employment (expectations)
Dec. 2009	71.3	-57	-23
Jan. 2010	72.9	-56	-22
Feb. 2010	66.8	-62	-27
Mar. 2010	72.2	-54	-25
Apr. 2010	73.3	-55	-22
May 2010	71.1	-58	-22

ASSESSMENTS ON OBSTACLES TO CONSTRUCTION ACTIVITY (raw data)



OBSTACLES TO CONSTRUCTION ACTIVITY (raw data)

