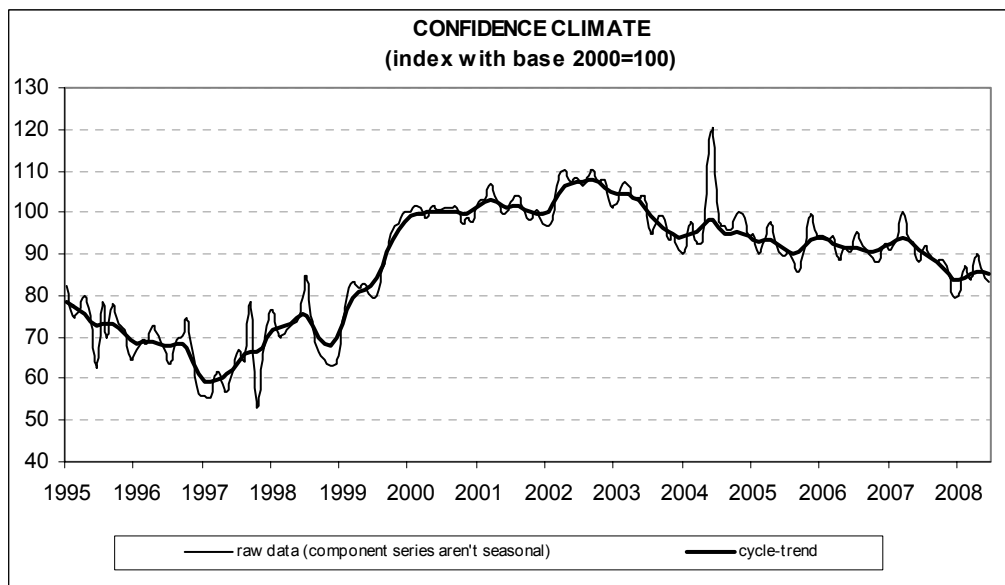




Date: July 25, 2008
TEL.: 06/444821

CONSTRUCTION FIRMS' CONFIDENCE CONTINUES TO WORSEN IN JUNE

- In June, the confidence index declined for the second straight month, lowering from 85.8 to 83.2 and reverting to its March value
- Both the opinions on construction plans and employment expectations sent negative signals. Moreover, compared to the previous quarter, in the first quarter of 2008 forecasts for the length of assured production declined and expectations for an acceleration of inflation increased
- The number of entrepreneurs who stated they found obstacles limiting their construction activity continued to rise, mainly because of insufficient demand
- However, in an opposing trend, the opinions on construction activity and, for the second month in a row, prospects for construction plans bettered
- The deterioration in the overall confidence index was the result of different patterns across sectors. In civil engineering, the confidence climate recorded a sharp worsening which was not compensated by the slight recovery posted by residential and non-residential building



Data on July shall be released on September 4, 2008

The next ISAE surveys are scheduled as follows:

August 5, 2008: *ISAE International Comparison of Consumer and Business Surveys (reference period: July)*

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)

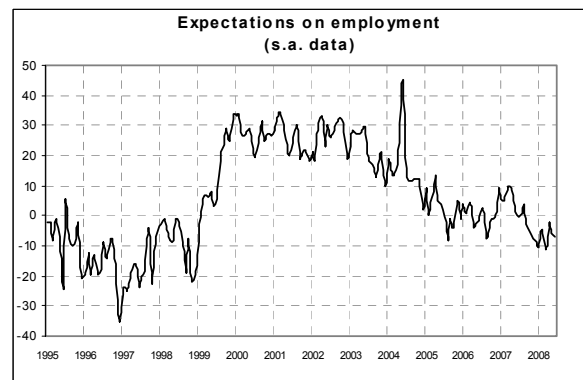
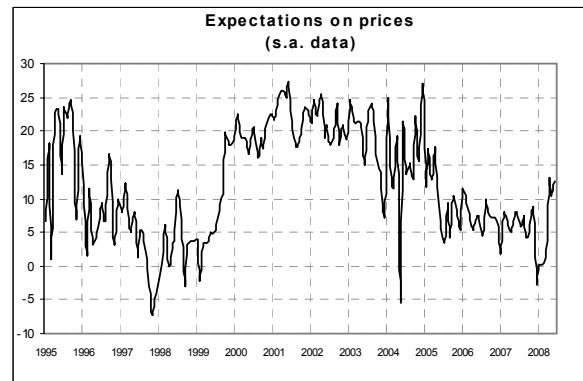
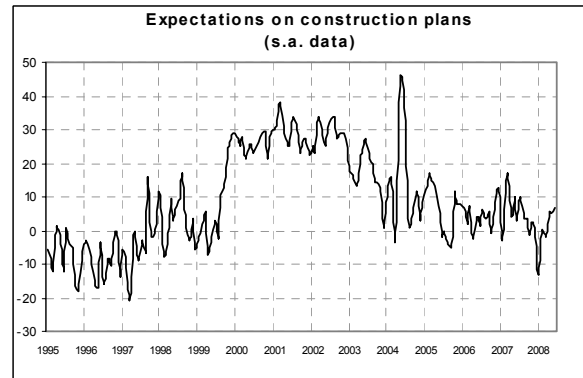
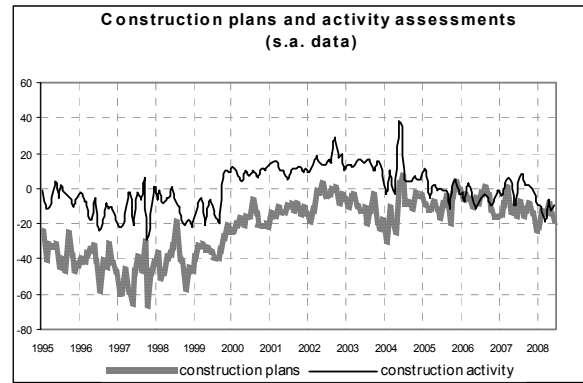
General results

According to the ISAE Survey carried out on a panel of around 500 firms, in June the seasonally adjusted confidence index (2000=100) declined for the second consecutive month, moving from 85.8 to 83.2, and reverting to its March 2008 value. Among the underlying components of the indicator, both the opinions on construction plans and employment prospects deteriorated.

Assessments on construction activity improved, though the related balance continued to remain in negative territory. Optimism also characterized prospects for construction plans: the balance increased for the third month running, reaching the average level posted in April-May 2007. Moreover, the number of surveyed entrepreneurs predicting a rise in prices charged in the sector increased. However, compared to the previous quarter, in the second quarter of 2008 greater pessimism distinguished the forecasts for the length of assured production, a seasonally adjusted variable which is surveyed quarterly.

The number of entrepreneurs who stated they did not find obstacles limiting their construction activity continued to decrease for the second month in a row (the related share fell below 50%, reaching a record low). Among those stating they did find obstacles, insufficient demand was considered the main constraint.

The deterioration in the overall confidence index was the result of different patterns across sectors. The confidence climate recorded a sharp worsening in civil engineering, which was not compensated by the slight recovery posted by residential and non-residential building.

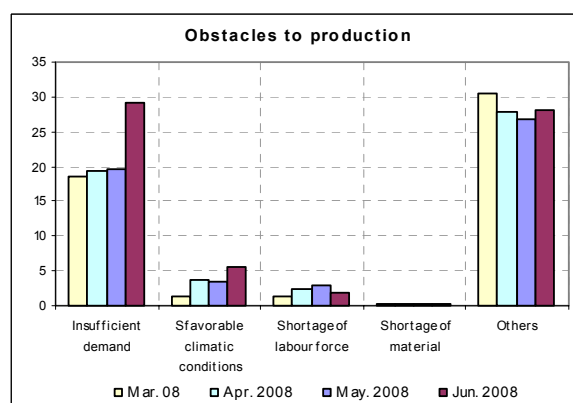
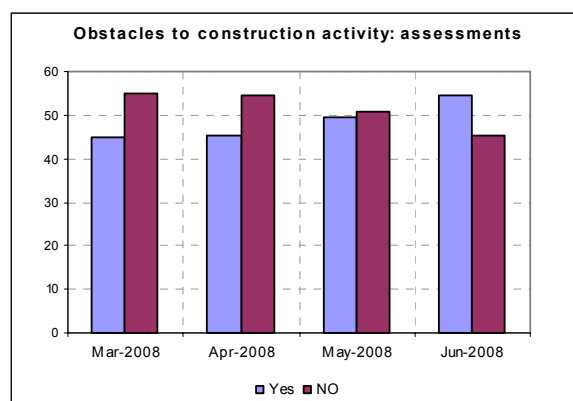


Situation in the reference period (June 2008)

Following the improvement recorded in April, the opinions on construction plans worsened in May and again in June, when the balance came in at -19 (-14 in the previous month), reaching one on the lowest levels since June 2007. Assessments on construction activity sent instead positive signals: the seasonally adjusted balance settled at -9, compared to -12 in the previous month, reaching the level posted in June 2007. In accordance with the negative opinions on construction plans, the number of entrepreneurs who stated they did not find obstacles limiting their construction activity diminished: the share declined from 51% to 45%, the lowest level in four years. Furthermore, among those who declared they did find obstacles, insufficient demand was considered the main constraint.

Forecasts for the following three months

Short-term prospects sent contrasting signals. In June, forecasts for construction plans bettered (the balance rose from 5 to 7), whereas the balance for employment prospects diminished for the second consecutive month. The related value declined from -6 to -7, returning to the level recorded in November 2007. With regard to forecasts for prices charged in the sector, the number of entrepreneurs predicting a rise in selling prices increased: the balance rose from 10 to 13. Lastly, the length of assured production, which is surveyed quarterly, seasonally adjusted and measured in months, declined to 14.6 in the second quarter of 2008, compared to 15.7 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
March 2008	83.7	-14	-11
April 2008	89.9	-10	-2
May 2008	85.8	-14	-6
June 2008	83.2	-19	-7