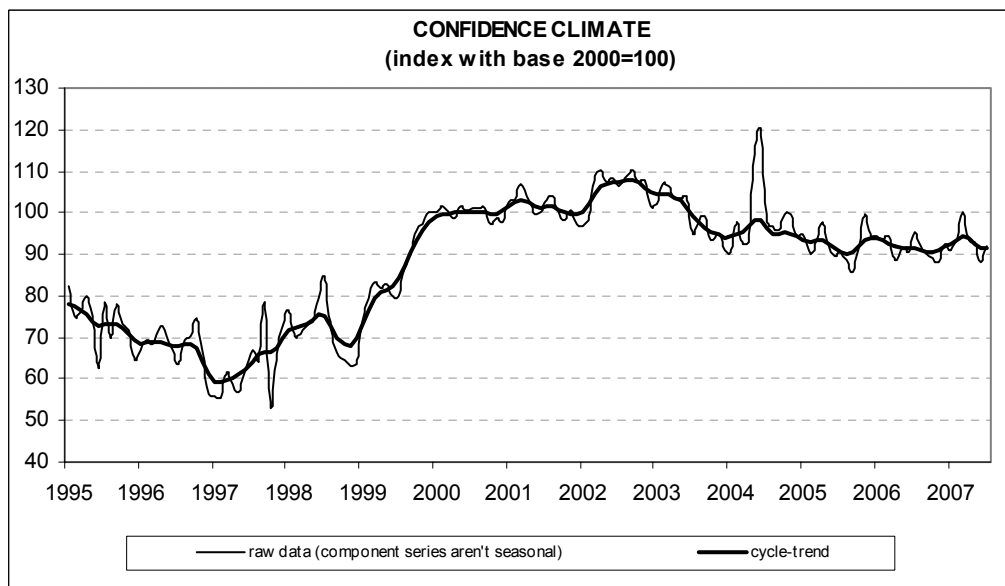




Date: September 5, 2007  
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## IN JULY CONSTRUCTION FIRMS' CONFIDENCE RECOVERS ITS UPWARD PATH

- According to the ISAE Survey carried out on a panel of around 500 firms, in July the seasonally adjusted confidence index (2000=100) rose from 88.1 to 91.8, continuing to swing around its 2007 yearly average. Among the underlying components of the indicator, opinions on construction plans improved markedly, while employment prospects remained virtually stable
- Surveyed entrepreneurs were optimistic about both the opinions on construction activity (the balance increased, turning positive after two months of negative results) and prospects for construction plans. The number of respondents predicting a rise in prices charged in the sector diminished: the related balance remained positive, coming in around the average of the last five months
- The number of entrepreneurs who did not find obstacles limiting their construction activity remained unchanged. Those who stated they did find obstacles again mentioned insufficient demand as the major constraint
- The recovery in the overall confidence index was homogeneously spread across sectors: confidence sharply improved in both civil engineering and residential and non-residential building



**Data on August shall be released on September 27, 2007**

The next ISAE surveys are scheduled as follows:

**September 6, 2007:** *ISAE International Comparison of Consumer and Business Surveys (reference period: August)*

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](http://www.isae.it))

## General results

According to the ISAE Survey carried out on a panel of around 500 firms, in July the seasonally adjusted confidence index (2000=100) rose from 88.1 to 91.8. Notwithstanding the strong increase, the index continued to swing around its 2007 average value. Among the underlying components of the indicator, opinions on construction plans markedly improved, while employment prospects remained virtually stable.

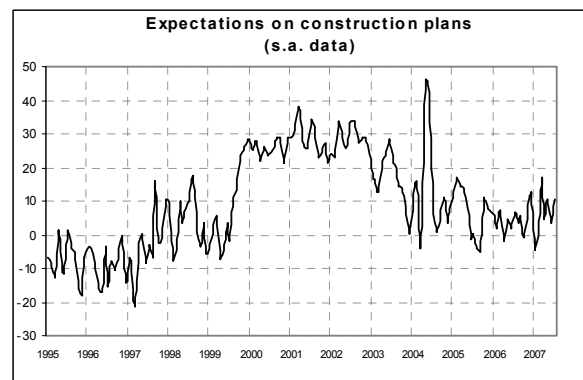
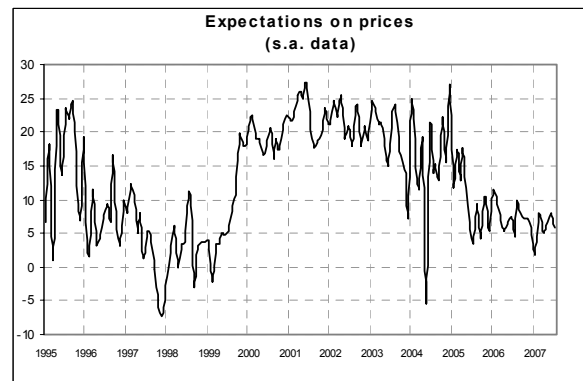
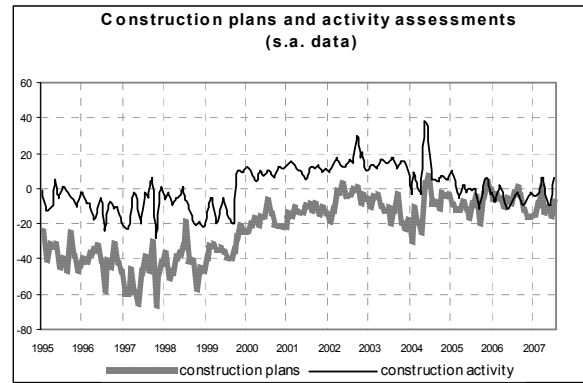
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The number of entrepreneurs who did not find obstacles limiting their construction activity remained stable. Those who stated they did find obstacles again mentioned insufficient demand as the major constraint.

The recovery in the overall confidence index was homogeneously spread across sectors: confidence sharply improved in both civil engineering and residential and non-residential building.

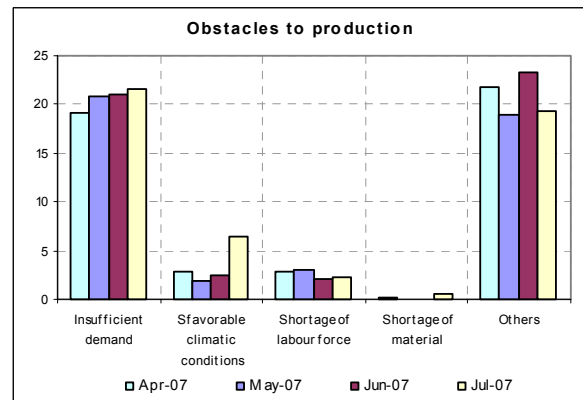
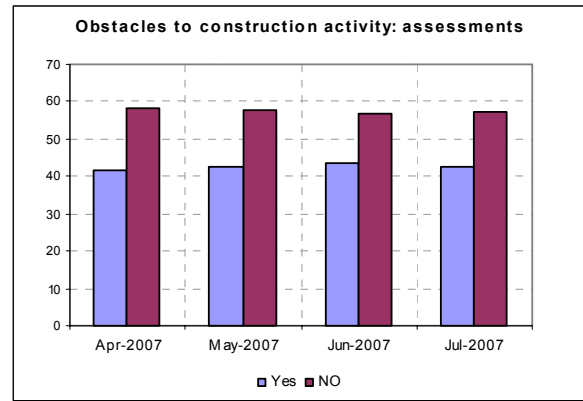
### Situation in the reference period (July 2007)

The opinions on construction plans sent positive signals: the related balance came in at -8 from -15 in the previous month, returning to the level recorded in June 2006. Also the evaluation of construction activity markedly improved: the seasonally adjusted balance reached 6 from -10 in the previous month, going back in positive territory after two months of negative results. The number of entrepreneurs who did not find obstacles limiting their construction activity remained virtually stable (the share stayed at 57%). In addition, entrepreneurs who stated they did find obstacles (in this case the share remained at 43%) again cited insufficient demand as the major constraint.



### Forecasts for the following three months

Prospects for main company variables added to the positive picture painted by entrepreneurs' opinions on the current situation. Forecasts for construction plans improved (the balance rose from 3 to 10, returning to the level posted last May), while the number of entrepreneurs forecasting a rise in employment in their own firm remained basically stable: the balance stayed at 0, as in June, its lowest level since November 2006. Finally, the balance for the forecasts of prices charged in the sector declined: its value moved from 8 to 6, staying around the average level recorded in February-June 2007.



### 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
April	93.3	-14	9
May	93.1	-12	7
June	88.1	-15	0
July	91.8	-8	0