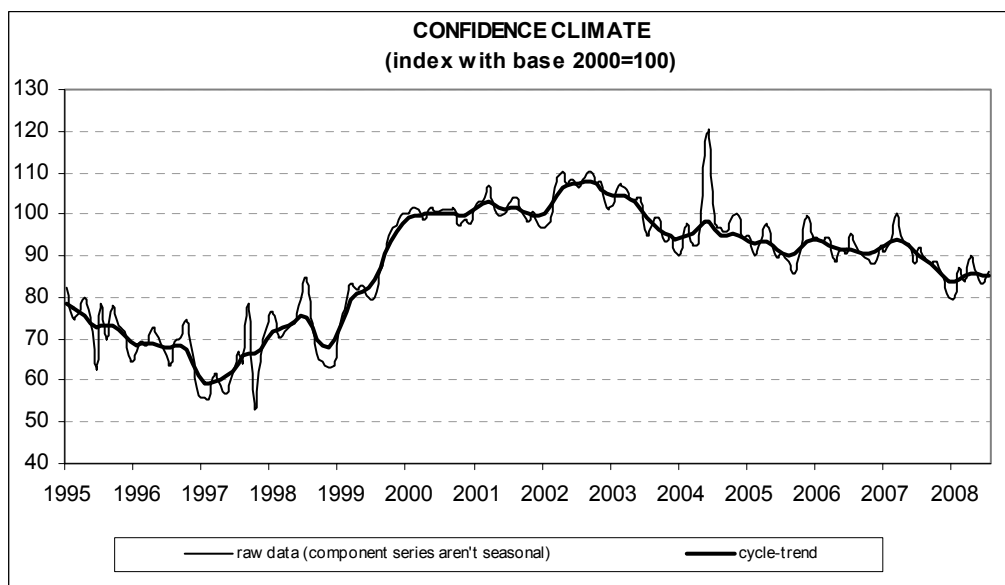




Date: September 4, 2008
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CONSTRUCTION FIRMS' CONFIDENCE IMPROVES IN JULY

- According to the ISAE Survey carried out on a panel of around 500 firms, in July the seasonally adjusted confidence index (2000=100) increased from 83.2 to 86, slightly above its May value
- The opinions on construction plans recovered, whereas employment prospects remained basically unchanged
- Surveyed entrepreneurs showed cautiousness in both their opinions on construction activity and their forecasts on construction plans. Also the number of respondents who predicted a rise in prices charged in the sector diminished
- For the third month running, an increase characterized the share of entrepreneurs who stated they found significant obstacles limiting their construction activity, mainly because of insufficient demand
- The recovery in the overall confidence index was the result of different patterns across sectors. Confidence clearly improved in civil engineering, but remained practically stable in residential and non-residential building



Data on August shall be released on September 25, 2008

The next ISAE surveys are scheduled as follows:

September 9, 2008: *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)

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) increased from 83.2 to 86. Notwithstanding the decisive rise, the indicator came in only slightly above its May 2008 value. Among the variables included in the calculation of the confidence indicator, the opinions on construction plans recovered, whereas employment prospects remained basically unchanged.

Surveyed entrepreneurs showed cautiousness in both their opinions on construction activity (the balance continued to fall, reaching its May 2008 value) and their forecasts on construction plans. Also the number of respondents who predicted a rise in prices charged in the sector diminished. The related balance remained positive, settling at its May 2007 level.

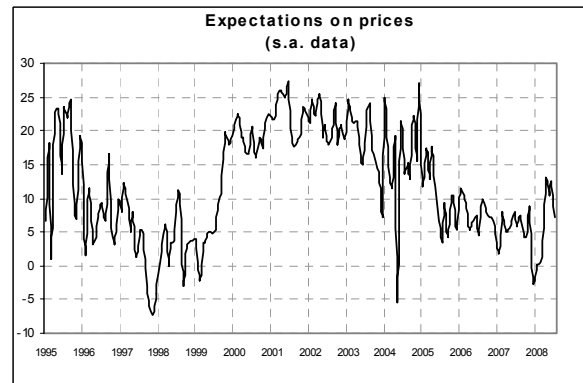
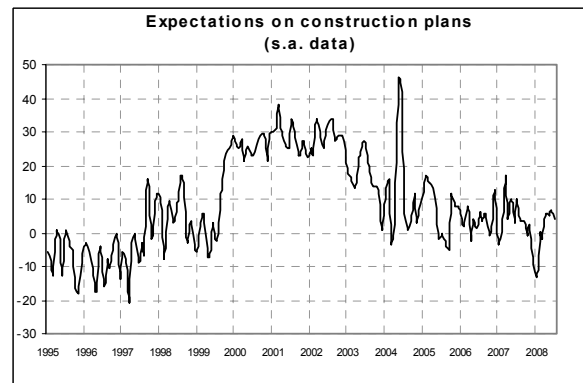
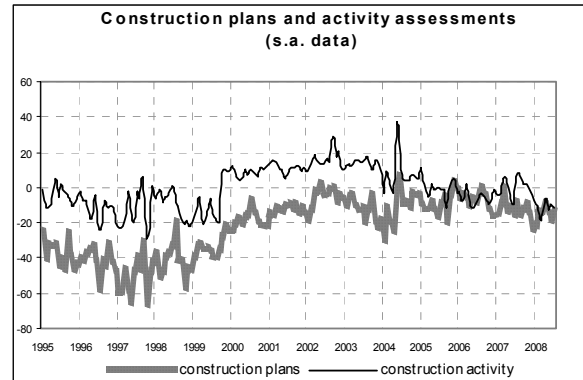
As for obstacles limiting construction activity, the share of entrepreneurs who stated they found significant obstacles increased for the third consecutive month. In particular, a rise characterized the number of firms considering insufficient demand an important constraint.

The recovery in the overall confidence index was the result of different patterns across sectors. Confidence clearly improved in civil engineering, but remained practically stable in residential and non-residential building.

Situation in the reference period (July 2008)

The opinions on construction plans showed signs of recovery: the related balance rose to -13 from -19 in the previous month, still remaining negative and nearing its February 2008 value. Assessments on construction activity worsened instead: the seasonally adjusted balance came in at -12, compared to -9 in the previous month, settling at its May 2008 level. For the third month in a row, the number of firms which did not find obstacles limiting their construction activity diminished (the percentage lowered from 45% to 43%). Moreover, among those who declared they did find obstacles (in

this case the percentage moved from 55% to 57%), insufficient demand was still considered a major constraint.



Forecasts for the following three months

Short-term prospects for main company variables confirmed in part the picture of uncertainty painted by entrepreneurs' opinions on construction activity. Forecasts for construction plans worsened (the balance lowered from 7 to 4, going back to its April 2007 value), whereas the number of entrepreneurs forecasting an increase in employment in their own company remained virtually stable (the balance held steady at -7, its previous month level, approaching the November 2007 value). Lastly, the balance related to the forecasts for prices charged in the sector diminished from 13 to 7, remaining at its May-August 2007 average value.

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 2008	89.9	-10	-2
May 2008	85.8	-14	-6
June 2008	83.2	-19	-7
July 2008	86.0	-13	-7

