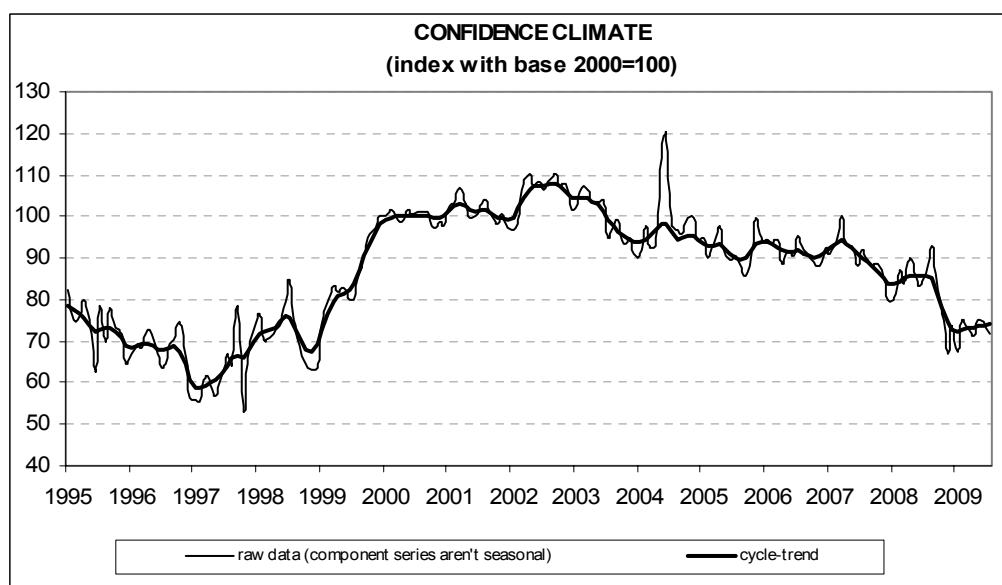




Date: 1 September 2009

## CONFIDENCE WANING IN THE CONSTRUCTION SECTOR IN JULY

- According to an ISAE survey of roughly 500 businesses, the confidence climate deteriorated in July, with the index going from 74.85 to 71.5, thus slightly above the level reported as of April 2009. The figure is computed net of seasonal factors, with the base year of 2000 = 100.
- Among the variables making up the index, the perceptions about construction plans were decidedly worse, while the prospects for employment were slightly recovering.
- On balance, the perceptions about construction activity deteriorated significantly, returning to the average level seen for the April-May 2009 period. The pessimistic picture painted by the perceptions is also confirmed by short-term expectations about construction plans, with the related balance declining and falling to the level reported in May. In addition, the number of survey participants who anticipate a hike in prices in the sector has diminished slightly.
- The number of survey participants who found obstacles limiting construction activity was on the rise, with the insufficient demand being the prevalent obstacle.
- The deterioration of the index is the summation of consistent indications at a sector level: confidence has waned in the civil engineering sector and to a more pronounced extent, in the building sector (which includes residential and non-residential building).



**The data relative to the month of August are to be published on 29 September 2009**

*The next planned ISAE surveys are:*

**28 September:** *ISAE monthly survey of consumers (month of reference: September)*

The complete text of the ISAE surveys (in paper and electronic form) is available for sale, at the conditions indicated on the site: [www.isae.it](http://www.isae.it)

## General results

According to an ISAE survey of roughly 500 businesses, the confidence climate deteriorated in July, with the index going from 74.8 to 71.5. The figure is computed net of seasonal factors, with the base year of 2000 = 100. Following the stability reported for the previous month, the index registered a setback, with its position slightly above the level reported for April 2009. The situation of uncertainty evidenced by the confidence index reflects markedly deteriorating perceptions about construction plans, while the near-term outlook for employment slightly rebounded.

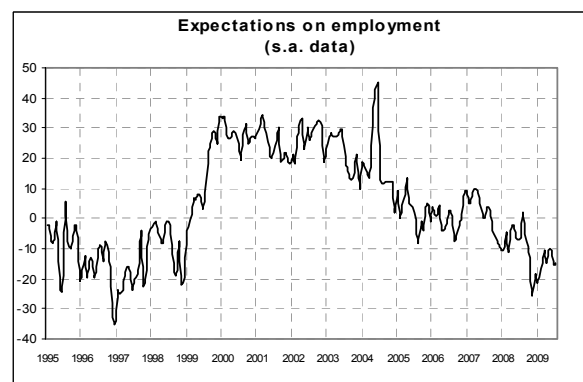
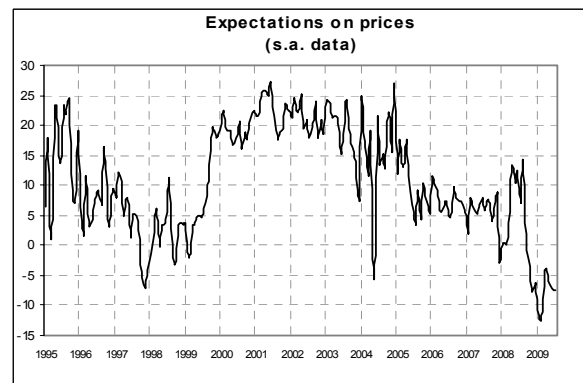
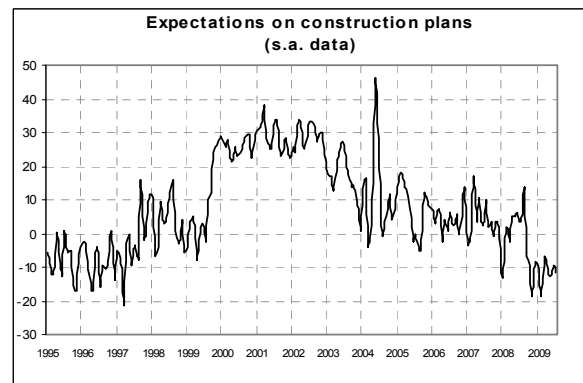
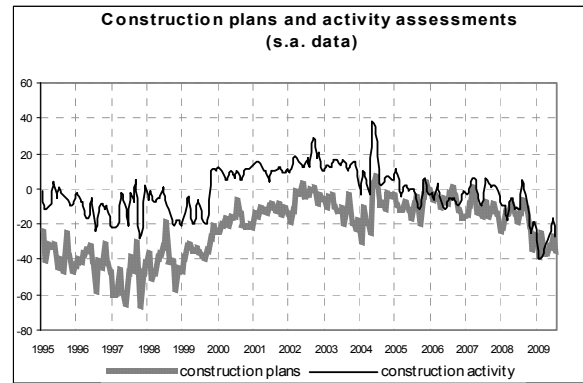
On balance, the perceptions about construction activity deteriorated significantly, returning to the average level seen for the April-May 2009 period. The pessimistic picture painted by the perceptions is also confirmed by prospects for construction plans, with the related balance declining and falling to the level reported in May. In addition, the number of survey participants who anticipate a hike in prices in the sector has diminished slightly.

The number of survey participants who found obstacles limiting construction activity was on the rise, with continuing insufficient demand being cited as the main obstacle.

The deterioration of the general confidence index is the summation of consistent indications at a sector level: confidence has waned in the civil engineering sector and to a more pronounced extent, in the building sector (which includes residential and non-residential building).

### Situation during month of reference (July 2009)

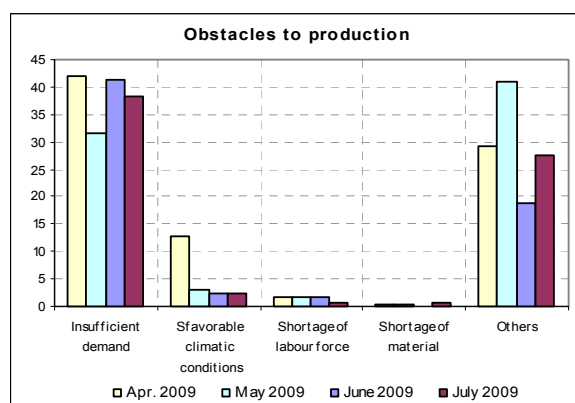
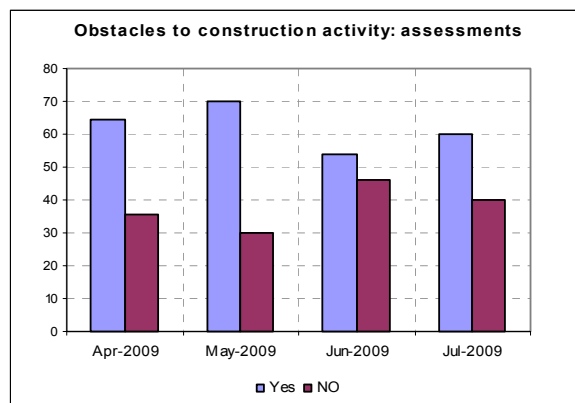
After the slight recovery reported last month, the perceptions about construction plans are once again deteriorating: the related balance stands at -36 versus -28 for the previous month moving back to the level



seen in March-April 2009. The perceptions about construction activity are also negative: the seasonally adjusted balance is - 29 versus -18 for the previous month, and is thus near the low reported in April. Consistent with the negative perceptions about construction plans and construction activity, an increase is reported in the number of business owners who discern factors hindering construction activity (with the percentage rising from 54% to 60%), with insufficient demand deemed to be the main obstacle.

**Outlook for next three months**

The business owners' perceptions of a generally deteriorating framework carry over to expectations as well: as of July, the projections about construction plans got worse (with the balance going from -10 to -12), whereas the forecasts about employment were slightly better on balance: the related value went from -16 to -15, moving back to the level seen in April 2009. As to expectations about prices in the sector, the number of business owners anticipating price increases was lower, with the related balance going from -7 to -8.



**Confidence climate and balances of the series making up the index (seasonally adjusted data)**

	Confidence climate (base 2000=100)	Perceptions about construction plans	Trend of employment
04/2009	71.3	-36	-15
05/2009	74.9	-33	-10
06/2009	74.8	-28	-16
07/2009	71.5	-36	-15