

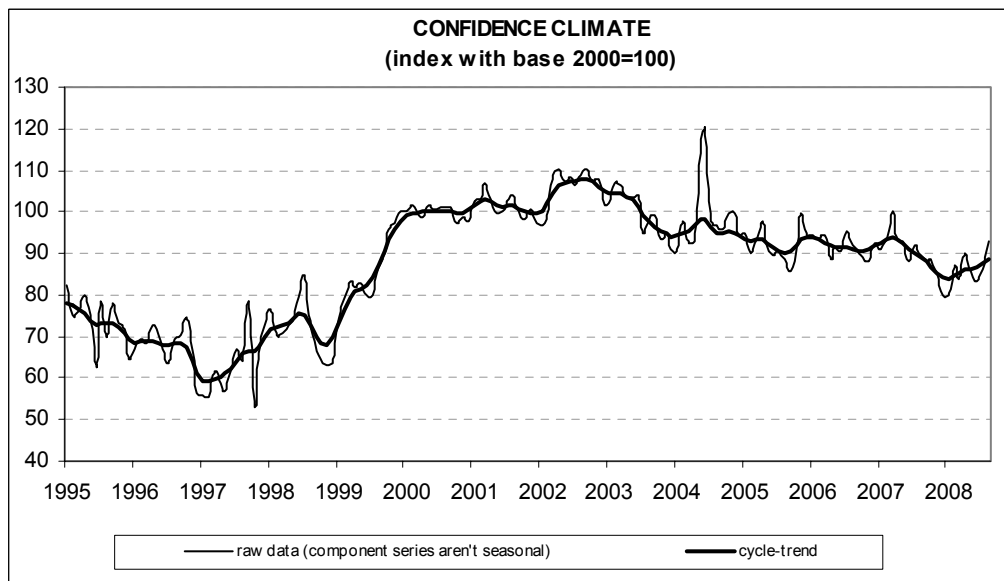


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## CONSTRUCTION FIRMS' CONFIDENCE CLIMATE CLEARLY IMPROVES IN AUGUST

- According to the ISAE Survey carried out on a panel of around 500 firms, in August the seasonally adjusted confidence index (2000=100) increased from 86 to 93, regaining its May 2007 value
- The improvement characterized both the opinions on construction plans and, mainly, employment prospects, for which the balance turned positive for the first time since August 2007
- Surveyed entrepreneurs showed optimism about both their opinions on construction activity and their expectations for construction plans. The balance for the forecasts on prices charged in the sector markedly increased, reaching the highest level since April 2005
- The number of firms stating they found obstacles limiting their construction activity diminished (though the percentage remained anyway higher than the one for those who declared they did not find any constraint). Among the declared obstacles, insufficient demand prevailed, followed by adverse weather conditions and the shortage of labour
- At the sector level, the index improved in both residential and non-residential building and in civil engineering



**Data on September shall be released on October 28, 2008**

The next ISAE surveys are scheduled as follows:

**October 7, 2008:** *ISAE International Comparison of Consumer and Business Surveys (reference period: September)*

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 August the seasonally adjusted confidence index (2000=100) increased from 86 to 93, regaining its May 2007 value.

Among the variables included in the calculation of the confidence indicator, the opinions on construction plans improved, though the balance continued to remain negative (i.e., the majority of respondents gave negative assessments on demand). Also employment prospects clearly bettered: in this case the balance turned positive for the first time since August 2007.

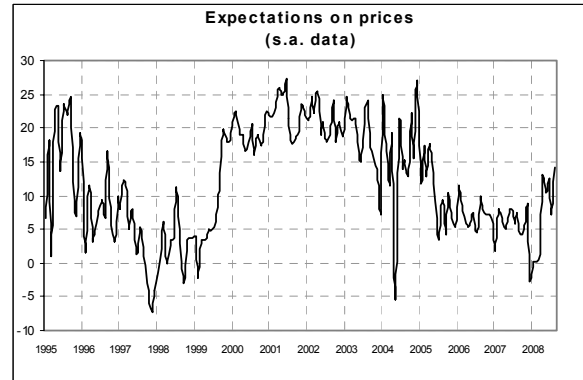
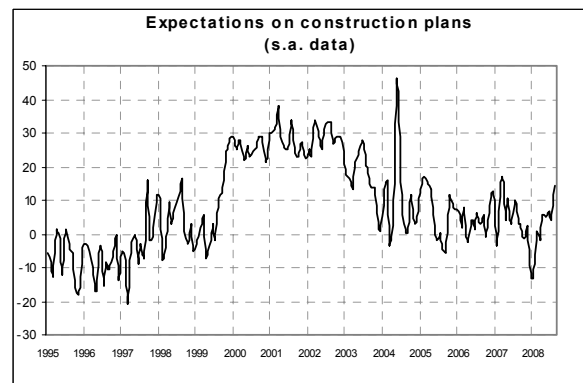
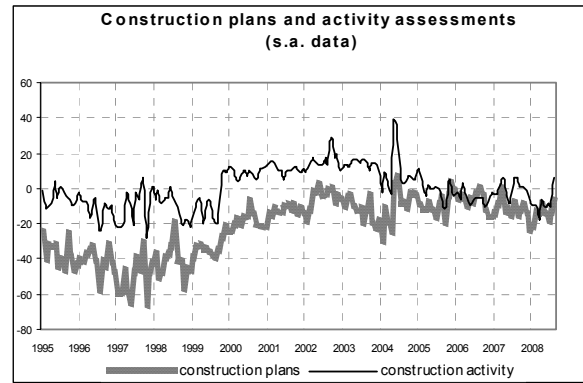
Surveyed entrepreneurs showed optimism about both their opinions on construction activity and their predictions on construction plans. The balance for the forecasts on prices charged in the sector markedly increased, reaching the highest level since April 2005.

The number of firms that found obstacles limiting their construction activity diminished (though the percentage remained anyway higher than the one for those who stated they did not find any constraint). Among the declared obstacles, insufficient demand prevailed, followed by adverse weather conditions and the shortage of labour.

The improvement in the overall indicator was homogeneous across sectors: the index recovered in both residential and non-residential building and in civil engineering.

## Situation in the reference period (August 2008)

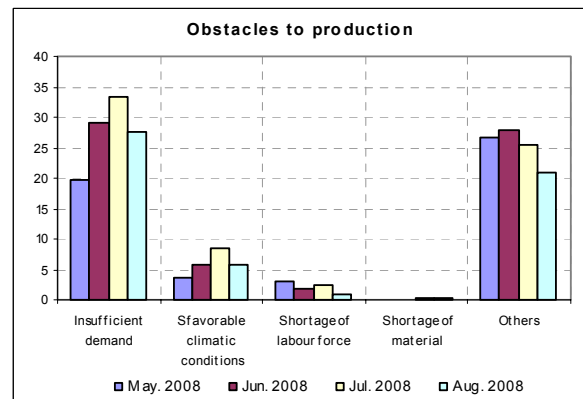
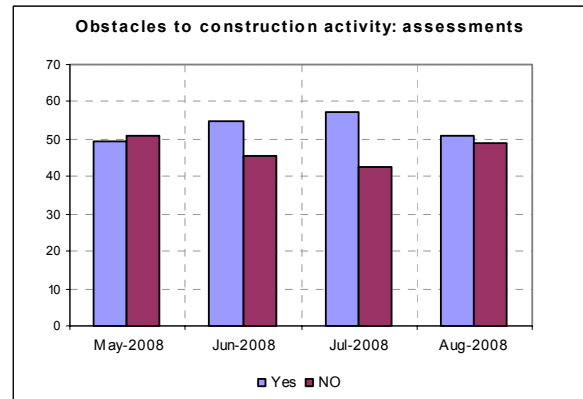
In August, for the second straight month, the opinions on construction plans bettered: the related balance rose to -7 from -13 in the previous month, regaining its March 2006 value. Also assessments on construction activity were decidedly optimistic: the seasonally adjusted balance rose from -11 to 7, turning positive for the first time since October 2007. In line with the optimism which characterized the opinions on demand and building activity, the number of firms which did not find obstacles limiting their construction activity increased (the share rose from 43% to 49%,



though remaining anyway below the percentage for those stating they did find constraints). Moreover, among the declared obstacles, insufficient demand was still considered the major limitation, followed by adverse weather conditions and shortage of labour force and materials.

### Forecasts for the following three months

Short-term prospects for construction plans also sent favourable indications: the balance rose from 4 to 15, hitting the best result since March 2007. The number of entrepreneurs predicting growth in prices charged in the sector markedly increased (the balance moved from 7 to 14, reaching one of the highest levels since April 2005). Lastly, the trend in employment, a variable included in the calculation of the index, improved markedly: the related balance moved from -7 to 2, going back in positive territory for the first time since August 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
May 2008	85.8	-14	-6
June 2008	83.2	-19	-7
July 2008	86.0	-13	-7
August 2008	93.0	-7	2