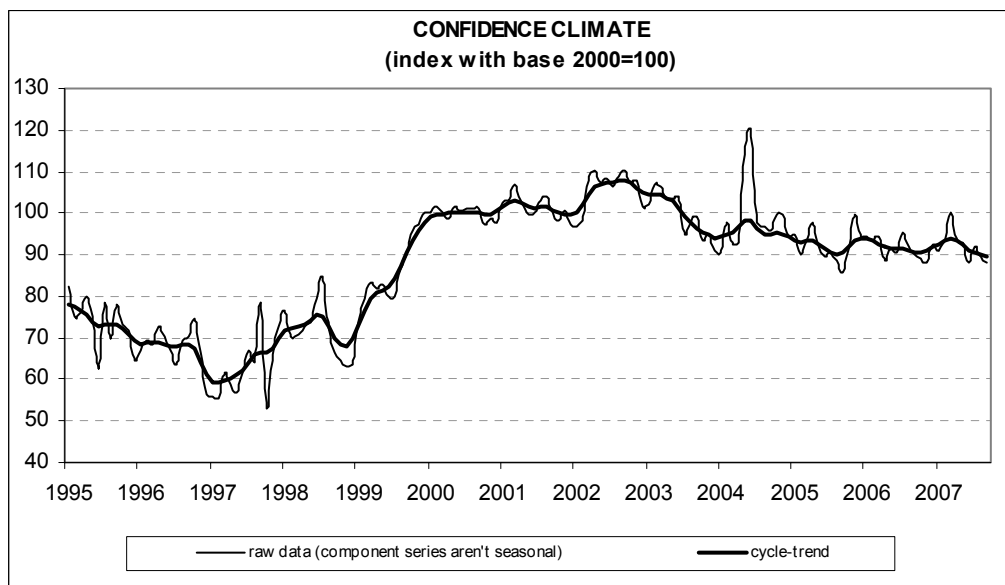




Date: October 25, 2007
TEL.: 06/444821

CONSTRUCTION FIRMS' CONFIDENCE DECLINES IN SEPTEMBER

- In September, the construction firms' seasonally adjusted confidence index (2000=100) declined for the second straight month, moving from 89.7 to 88, around the value posted last July
- The opinions on construction plans started to improve once more, but employment prospects and opinions on construction activity markedly worsened. Forecasts for construction plans remained instead stable, and predictions on the length of assured production bettered
- The number of entrepreneurs who did not find obstacles limiting their construction activity resumed its upward trend. The majority of those who stated they did find obstacles again mentioned insufficient demand as the main constraint
- The deterioration in the overall confidence index was heterogeneously spread across sectors, and the worsening posted in residential and non-residential building was not offset by the improvement in civil engineering



Data on October shall be released on November 28, 2007

The next ISAE surveys are scheduled as follows:

November 7, 2007: *ISAE International Comparison of Consumer and Business Surveys (reference period: October)*

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)

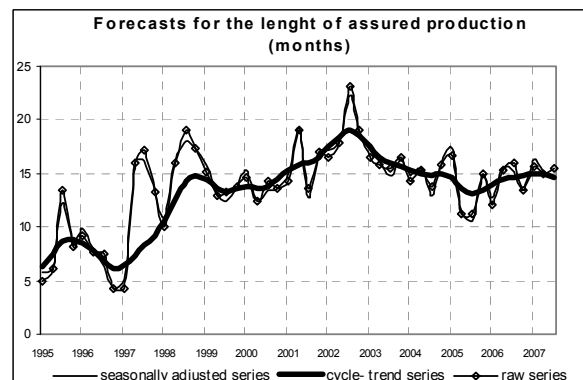
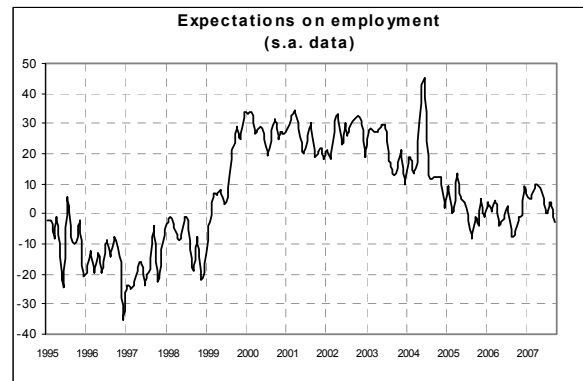
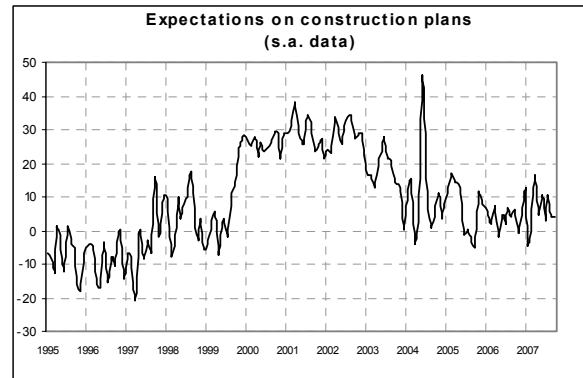
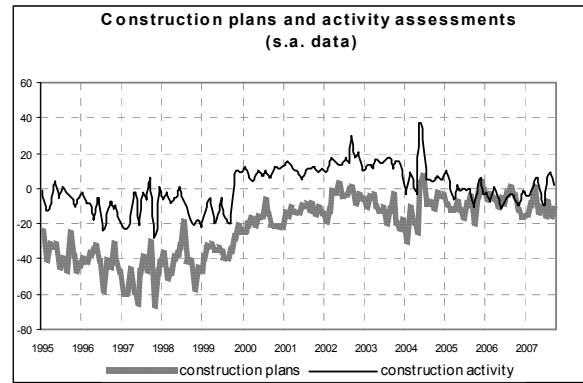
General results

According to the ISAE Survey carried out on a panel of around 500 firms, in September the seasonally adjusted confidence index (2000=100) declined for the second month running, moving from 89.7 to 88: the index returned to the level recorded last July, reflecting stagnation in confidence. Among the variables included in the definition of confidence, the opinions on construction plans started to improve once more, but employment prospects markedly worsened.

Among the other surveyed variables, the opinions on construction activity deteriorated, while prospects for construction plans remained virtually stable. The balance for the change in prices charged in the sector diminished, though remaining positive. Forecasts for the length of assured production (a seasonally adjusted variable, measured in months) were optimistic.

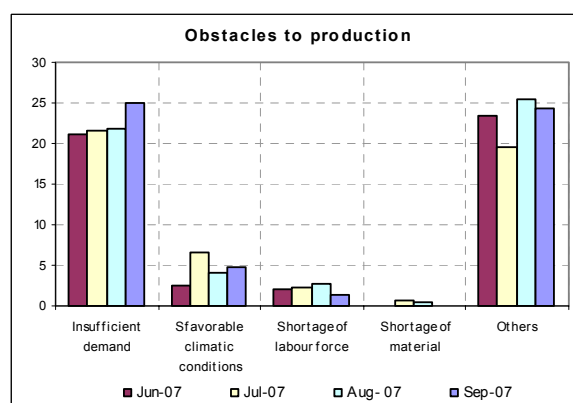
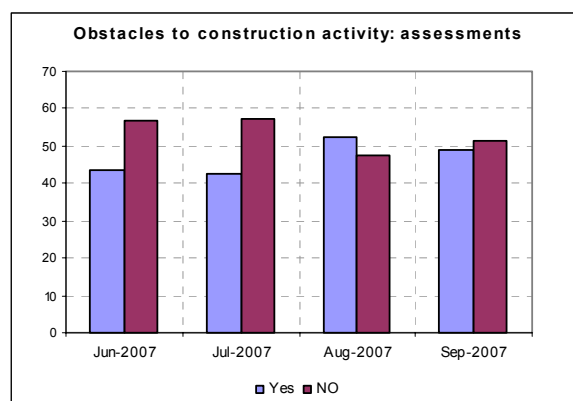
The number of entrepreneurs who did not find obstacles limiting their construction activity resumed its upward trend. The majority of those who stated they did find obstacles again mentioned insufficient demand as the main constraint.

The deterioration in the overall confidence index was heterogeneously spread across sectors. In fact, the worsening posted in residential and non-residential building was not offset by the improvement in civil engineering.



Situation in the reference period (September 2007)

In September, entrepreneurs' opinions on their construction plans sent positive signals: the balance rose from -16 to -13 remaining however negative, around its last months average. The opinions on construction activity markedly deteriorated instead: the related balance lowered from 9 to 2, curbing the optimism recorded in July and August. The majority of surveyed entrepreneurs stated they did not find obstacles limiting their construction activity even though the related share closely neared the proportion of those who found obstacles (the percentage increased to 51% from 48% in the previous month). Moreover, among those who stated they did find obstacles (in this case the percentage declined from 52% to 49%), most of them mentioned again insufficient demand as the major constraint.



Forecasts for the following three months

Prospects for main company variables confirmed the uncertain situation painted by entrepreneurs' opinions on current conditions. Expectations for construction plans remained basically unchanged (the balance stayed at 4), whereas employment prospects markedly worsened (the balance moved from 4 to -3 going back in negative territory for the first time since October 2006). Finally, the balance related to the forecasts for prices charged in the sector diminished: its value moved from 8 to 4, remaining however around its March-April 2007 average level. With regard to expectations on the length of assured production (a variable surveyed quarterly and measured in months), entrepreneurs forecast a longer duration (15 months) than 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
June	88.1	-15	0
July	91.8	-8	0
August	89.7	-16	4
September	88.0	-13	-3