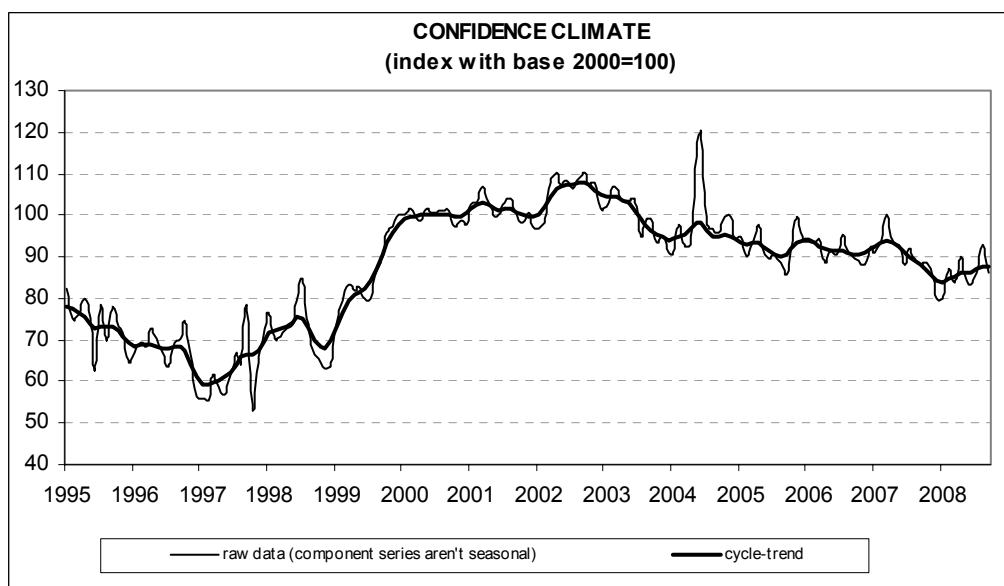




Date: October 28, 2008
TEL.: 06/444821

CONSTRUCTION FIRMS' CONFIDENCE PLUNGES IN SEPTEMBER

- The seasonally adjusted confidence index (2000=100) suffered severe deterioration with respect to the previous month, dropping from 93 to 86.3 and returning to its July 2008 low
- Among the variables included in the calculation of the confidence indicator, both the opinions on construction plans and employment expectations deteriorated
- Growing pessimism was also apparent in the opinions on construction activity, as well as in prospects for construction plans. Also expectations for prices and the length of assured activity declined
- The number of entrepreneurs who found obstacles limiting their construction activity increased. The related percentage reached a high last seen in July 1998, mainly because of insufficient demand
- Deterioration in the overall confidence indicator was homogenous across sectors: the index sharply dropped in both residential and non-residential building and in civil engineering



Data on November shall be released on November 27, 2008

The next ISAE surveys are scheduled as follows:

November 5, 2008: *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) suffered severe deterioration with respect to the previous month. The index dropped from 93 to 86.3, returning to its July 2008 low. Among the variables included in the calculation of the confidence indicator, both the opinions on construction plans and employment expectations worsened.

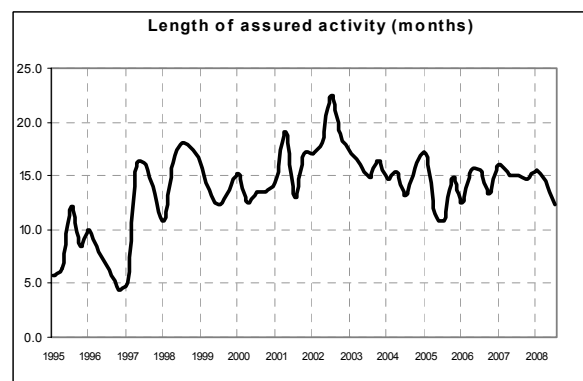
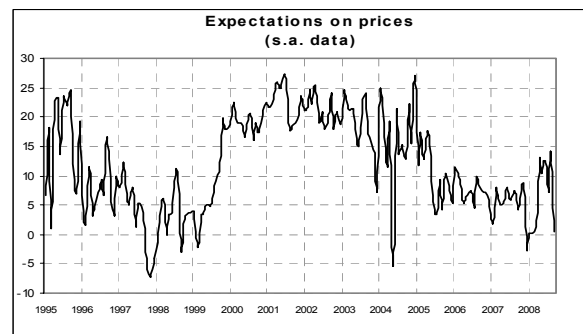
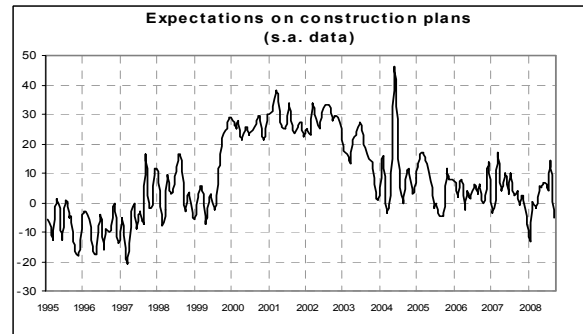
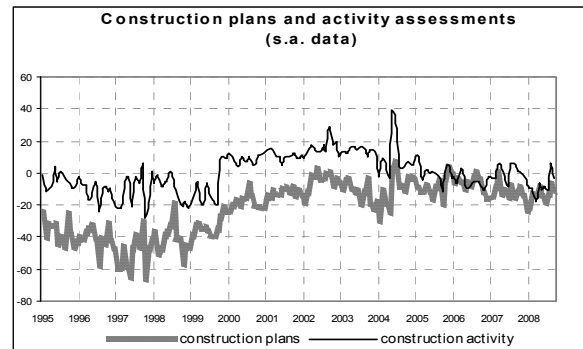
The analysis of the other surveyed variables confirmed the gloomy picture painted by the overall confidence indicator. The opinions expressed by surveyed firms indicated growing pessimism with regard to both assessments on construction activity and prospects for construction plans. The balance for the trend in prices charged in the sector markedly decreased: in September, the number of entrepreneurs forecasting a rise was equal to the number of those predicting a decline. Caution distinguished forecasts for the length of assured activity, a seasonally adjusted variable measured in months.

The number of entrepreneurs who found obstacles limiting their construction activity increased: the related share reached the highest rate since July 1998. Among the declared obstacles, insufficient demand prevailed.

Deterioration in the overall confidence indicator was homogeneous across sectors: the index sharply dropped in both residential and non-residential building and in civil engineering.

Situation in the reference period (September 2008)

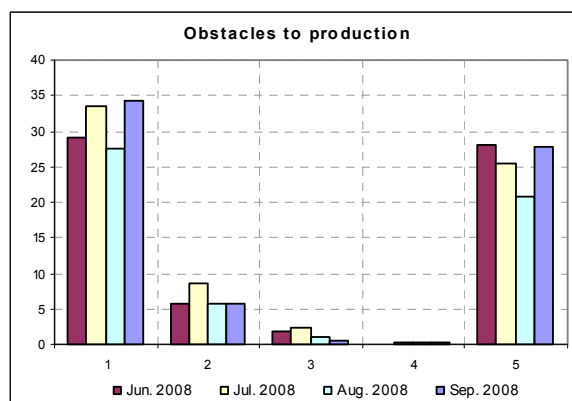
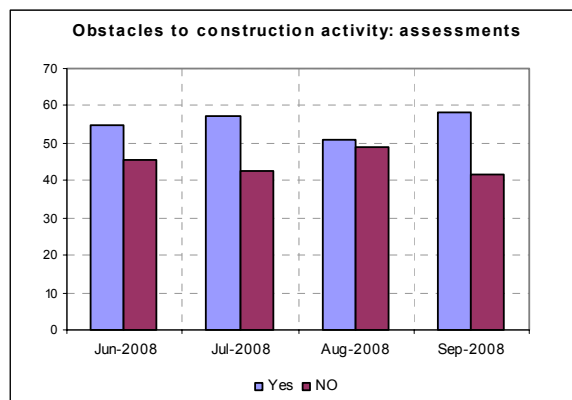
The analysis of the opinions of surveyed entrepreneurs showed that, by and large, assessments on main company variables worsened. In September, opinions on construction plans sent clearly negative signals: the balance lowered from -7 to -12, thus remaining in negative territory around its April-May average. Likewise, also the opinions on construction activity sharply deteriorated the related balance



dropped from 7 to -3, curtailing the optimism which emerged in the previous month. The majority of surveyed entrepreneurs stated they did find obstacles limiting their construction activity: the related percentage moved from 51% (in August) to 58%, reaching the highest level since July 1998. Moreover, among the declared obstacles, insufficient demand was considered the major constraint.

Forecasts for the following three months

Because of an augmented perception of the economic crisis, surveyed entrepreneurs became overall more pessimistic about short-term prospects for construction activity. Indeed, expectations on construction plans and employment prospects sharply worsened with respect to the previous month. For the former variable, the balance moved from 14 to -5, going back in negative territory after five consecutive months of positive results. For the later variable, the balance lowered from 2 to -7, turning negative and reverting to its July 2008 level. Lastly, the balance related to forecasts for prices charged in the sector abruptly fell, moving from 14 to 0 and reaching its January-February 2008 average. As for expectations for the length of assured activity, a variable measured in months and surveyed quarterly, entrepreneurs forecast a shortening with respect to the previous quarter (from 14.5 months to 12.3 months).



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 2008	83.2	-19	-7
July 2008	86.0	-13	-7
August 2008	93.0	-7	2
Sept. 2008	86.3	-12	-7