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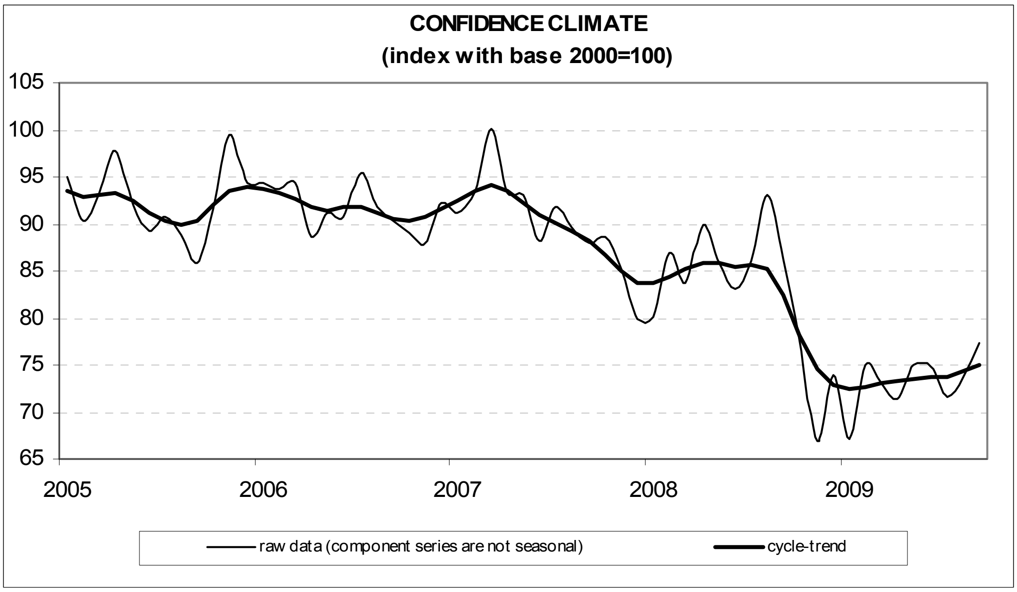
THE CONFIDENCE CLIMATE IN THE CONSTRUCTION SECTOR CONTINUES TO RECOVER IN SEPTEMBER

- **According to the ISAE survey carried out on a panel of about 500 firms, the seasonal adjusted confidence climate, calculated on a 2000=100 basis, recovered for the second consecutive month in September, moving from 73.7 to 77.4, and setting the best ever value since November 2008**
- **Among the variables composing the confidence climate, the assessments on construction plans sharply recovered; employment prospects remained basically stable**
- **Assessments on the construction activity receded but hints of optimism were sent on the construction plans; a moderate increase was recorded in the balance of forecasts for sector prices, which, however, returned to historically low values**
- **The share of firms affirming to find limiting obstacles to their activity rose slightly (the relating percentage continued to be higher than that of those affirming not to find obstacles); the insufficient demand prevailed as a main difficulty, followed by unfavorable climatic conditions and manpower availability**
- **Forecasts on the length of assured activity – variable drawn on a quarterly basis –, expressed in months and seasonally adjusted, showed slight hints of optimism if compared with those of the previous month**
- **Homogeneous signs of recovery were recorded in the index at sector level: the recovery concerned both the building sector (including residential and non-residential building) and the civil engineering one**



Data on October shall be released on 26 November 2009

The next ISAE surveys are scheduled as follows:

25 November 2009: ISAE Monthly Consumer Survey *(Reference period: November)*
The full text of ISAE Surveys (either hardcopy or electronic format) is available for sale (for further information see the website www.isae.it).

General results

According to the ISAE survey carried out on a panel of approximately 500 firms, the seasonal adjusted confidence climate, calculated on a 2000=100 basis, recovered for the second consecutive month in September, moving from 73.7 to 77.4, and setting the best ever value since November 2008.

Among the variables composing the confidence climate, a sharp recovery was recorded employment prospects in the assessments on construction plans; remained basically stable.

Assessments in the construction activity deteriorated but hints of recovery were reported on the construction plans; a discrete increase was recorded in the balance of forecasts for sector prices, which, however, remained in line with the historically low values.

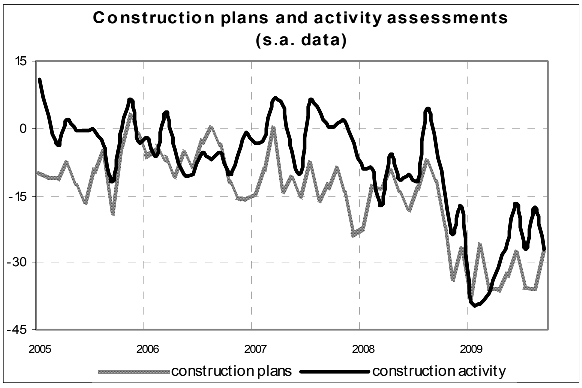
The share of firms affirming to find obstacles in performing their activity rose slightly (the relating percentage continued to be higher than that of those affirming not to find obstacles); the insufficient demand prevailed as a main difficulty, followed by unfavorable climatic conditions and shortage of manpower.

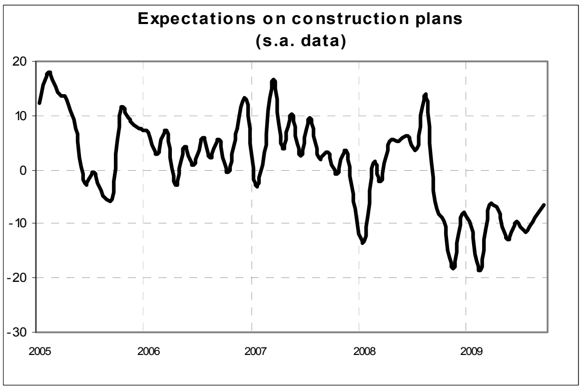
Forecasts on the length of assured activity – variable drawn on a quarterly basis –, expressed in months and seasonally adjusted, showed slight hints of optimism if compared with those of the previous quarter.

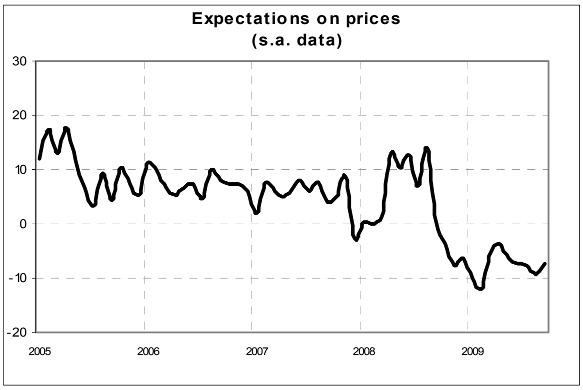
Homogeneous signs of recovery were recorded in the index at sector level: the recovery concerned both the building sector (including residential and non-residential building) and the civil engineering one.

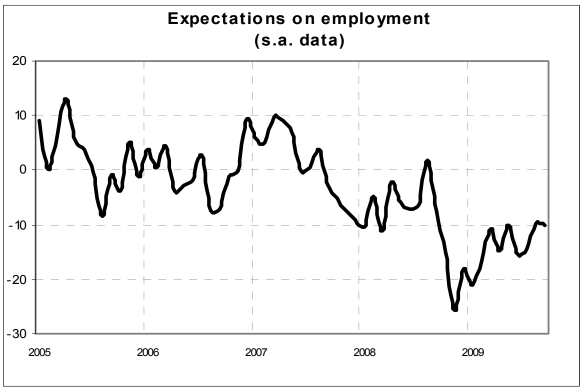
Situation in the reference period (September 2009)

Following the previous month's stability, recovery was recorded for construction plans in September: the related balance moved to -28 from -36 of the previous month, hitting the same values as last June.







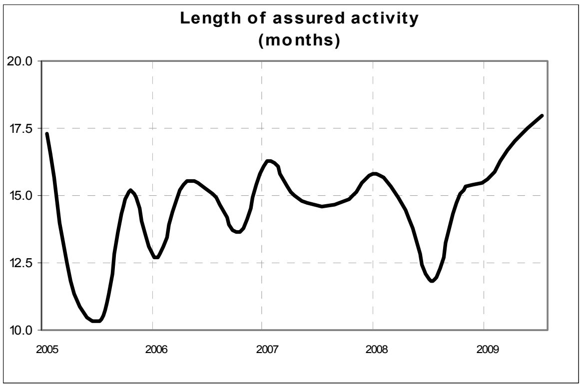


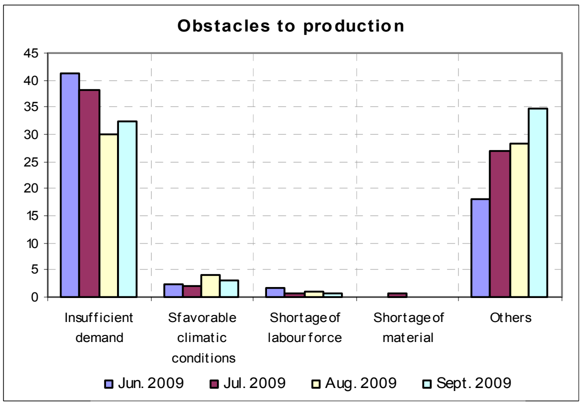
Assessments on the construction activity, instead, were strongly downsized: the seasonally adjusted balance passed from -17 to -27, hitting the same level as last July.

The majority of interviewees continued to find limiting obstacles to their activity: the number of firms declaring to be hampered by limiting difficulties increased in September (from 57% to 61%); the insufficient demand prevailed as a main difficulty, followed by unfavourable climatic conditions, shortage of manpower and materials.

Outlook on the following three months

Less negative indications with respect to the previous month arouse from short-term expectations on construction plans: the balance, though still negative, recovered for the second consecutive month (from -9 to -7). Moreover, the number of manufacturers who forecasted an increase in sector prices slightly rose with respect to the previous month, even if, in the overall sample, such number, was still lower than that of manufacturers who estimated a price reduction (balance from -9 to -7, thus still negative and at historically low levels). The labour trend – variable included in the calculation of the confidence climate – remained stable in September: the related balance was steady at -10., hitting the same level as May 2009. As to the expectations on the guaranteed length of production – variable expressed in months and calculated on a quarterly basis – a slight time increase was forecasted by manufacturers with respect to the previous survey.





Confidence climate and balances of the component series index- (s.a. data)

	Confidence Climate (2000=100 basis)	Assessments on construction plans	Expectations on employment
June 2009	74.8	-28	-16
July 2009	71.5	-36	-15
August 2009	73.7	-36	-10
Sept. 2009	77.4	-28	-10