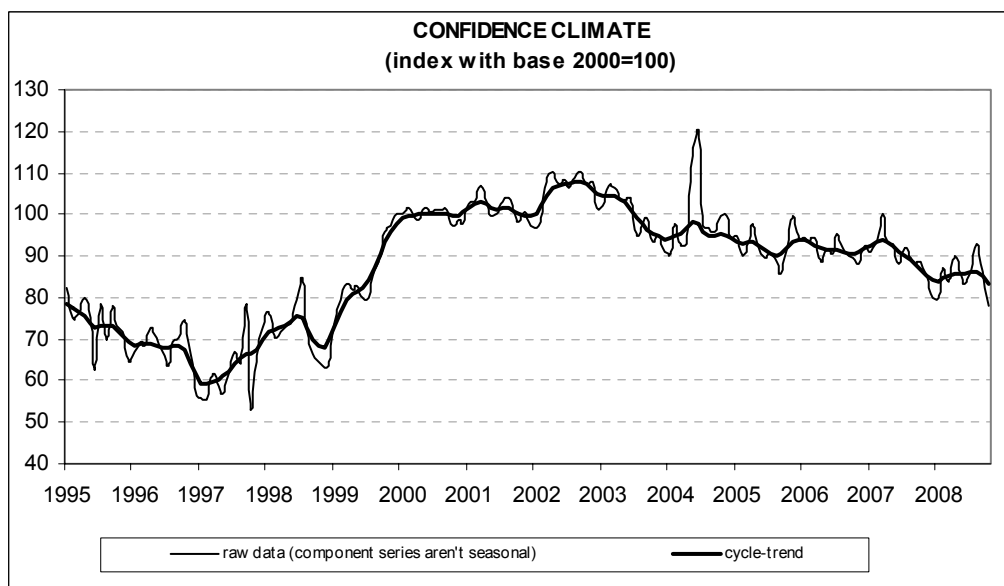




Date: November 27, 2008
TEL.: 06/444821

CONSTRUCTION FIRMS' CONFIDENCE CONTINUES TO DETERIORATE IN OCTOBER

- According to the ISAE Survey carried out on a panel of around 500 firms, in October the seasonally adjusted confidence index (2000=100) diminished from 86.3 to 77.8, reaching the lowest level since January 1999
- Among the variables included in the calculation of the confidence indicator, noticeable deterioration distinguished the opinions on construction plans, as well as employment expectations, for which the balance posted the worst result since December 1998
- Surveyed entrepreneurs gave negative assessments on construction activity and sharply downsized their expectations on construction plans. The balance related to future prices charged in the sector declined, returning in negative territory for the first time since December 2007
- The number of entrepreneurs who found obstacles limiting their construction activity remained practically stable with respect to the previous month. Among declared obstacles, insufficient demand was considered the major constraint
- Deterioration in the overall confidence indicator affected both surveyed sectors, though at different rates: the index moderately lowered in civil engineering, but markedly decreased in both residential and non-residential building



Data on November shall be released on December 30, 2008

The next ISAE surveys are scheduled as follows:

December 5, 2008: *ISAE International Comparison of Consumer and Business Surveys (reference period: November)*

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 October the seasonally adjusted confidence index (2000=100) dropped from 86.3 to 77.8, reaching the lowest level since January 1999.

Among the variables included in the calculation of the confidence indicator, noticeable deterioration distinguished the opinions on construction plans, as well as employment expectations, for which the balance posted the worst result since December 1998.

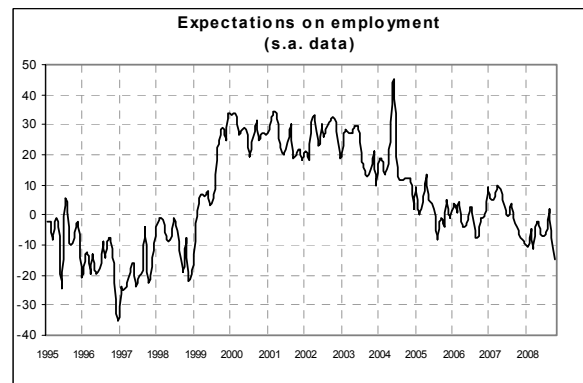
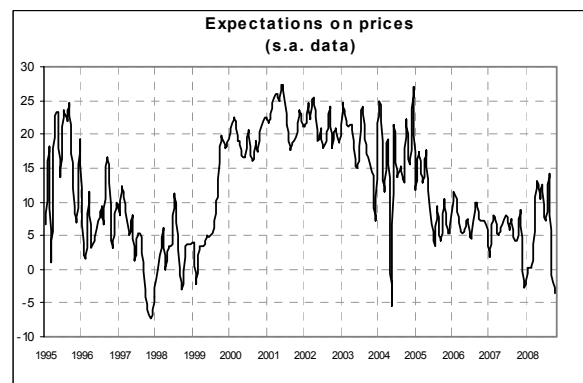
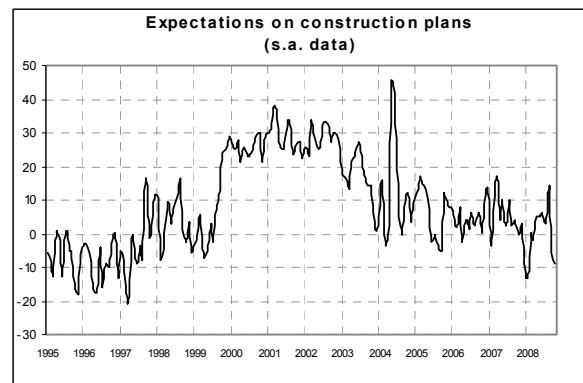
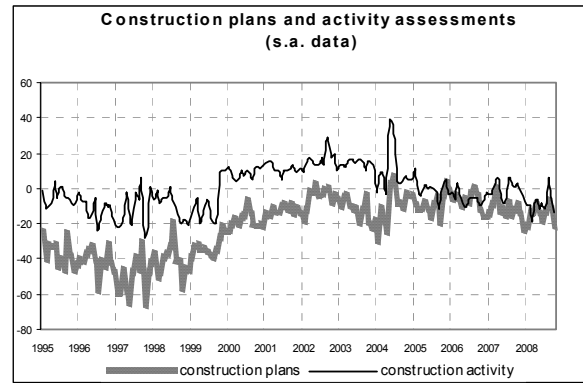
Surveyed entrepreneurs gave negative assessments on construction activity and sharply downsized their expectations on construction plans. The balance related to future prices charged in the sector declined, returning in negative territory for the first time since December 2007.

The number of entrepreneurs who found obstacles limiting their construction activity remained practically stable with respect to the previous month. Among declared obstacles, insufficient demand was considered the major constraint.

Deterioration in the overall confidence indicator affected both surveyed sectors, though at different rates: the index moderately lowered in civil engineering, but markedly decreased in both residential and non-residential building.

Situation in the reference period (October 2008)

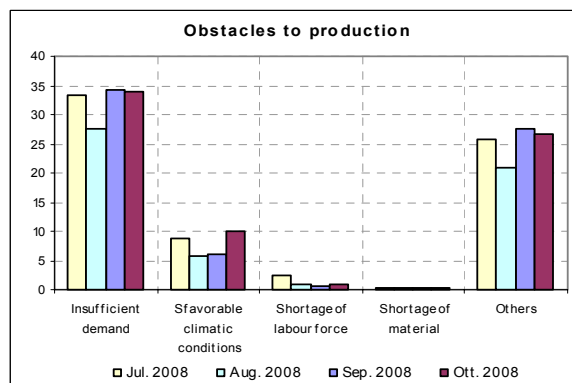
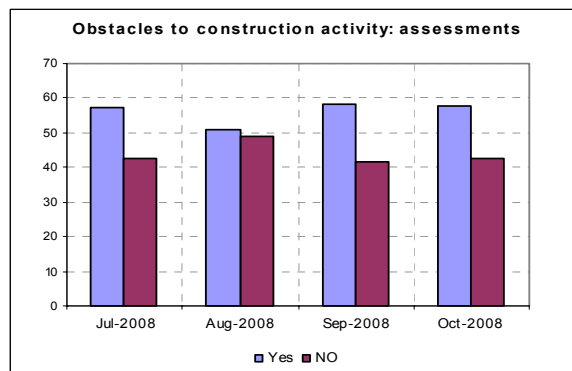
In October, the opinions on construction plans started to deteriorate once more. The related balance lowered to -22 from -12, going back to its January 2008 value. Surveyed entrepreneurs were pessimistic also about the evaluation of construction activity. The seasonally adjusted balance moved from -4 to -14, reaching its February-March 2008 average. The negative phase characterizing construction activity also emerged from the answers regarding existing



constraints. Most respondents actually stated they found obstacles limiting their activity (58%, as in the previous month). Moreover, among declared obstacles, insufficient demand was considered the major limitation, followed by the shortage of labour force and adverse weather conditions.

Forecasts for the following three months

Short-term prospects confirmed the overall current negative picture painted by the opinions of surveyed entrepreneurs. Indeed, expectations on construction plans gave unfavourable indications: the balance fell for the second straight month (from -5 to -9), remaining negative and hitting a low last seen in January 2008. Also the balance related to forecasts for prices charged in the sector fell, lowering from 0 to -4 and becoming negative for the first time since December 2007. Employment developments, a variable included in the calculation of the confidence index, worsened for the second consecutive month. The related balance dropped from -7 to -15, reaching the lowest level since December 1998.



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
July 2008	86.0	-13	-7
August 2008	93.0	-7	2
Sept. 2008	86.3	-12	-7
Oct. 2008	77.8	-22	-15