



ISTITUTO DI STUDI E ANALISI ECONOMICA

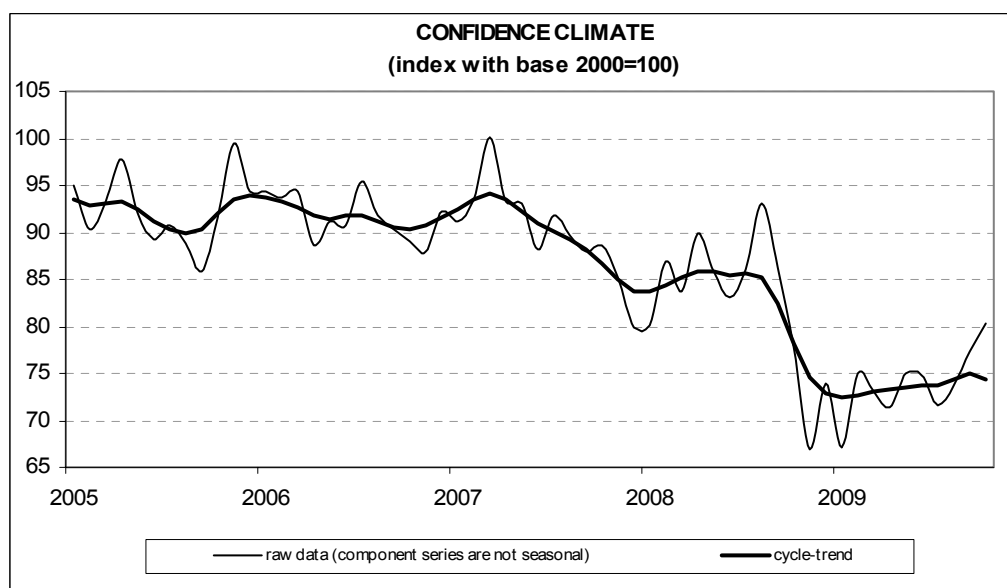
Piazza dell'Indipendenza, 4 00185 Roma tel.: + 39-0644482.1 fax: + 39-0644482229

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Phone no.: +339+06444821

CONFIDENCE FROM THE CONSTRUCTION SECTOR ON THE RISE IN OCTOBER

- Confidence from construction companies recovered for the third consecutive month in October; 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, increased from 77.4 to 80.4, setting the best ever value since October 2008
- Prospects on employment considerably improved across the index variables; however, less optimistic hints were sent on construction plans
- Hints of optimism on the construction activity were reported from manufacturers (balance was set at the same average value as June-August 2009) but forecasts on the flow of orders slightly deteriorated. An increasing share of manufacturers forecasted reductions in sector prices: the balance still negative with the average value almost hitting that of January-February 2009
- An increasing number of manufacturers declared not to find obstacles in performing the activity; in addition, the insufficient demand prevailed as a main limiting obstacle to production
- A recovery in the general index revealed a number of diversified indicators at sector level: confidence recovered in residential and non-residential building but the civil engineering index fell sharply



Data on November shall be released on 29 December 2009

The next ISAE surveys are scheduled as follows:

23 December 2009: ISAE Monthly Consumer Survey (*Reference period: December*)

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

Confidence from construction companies recovered for the third consecutive month in October. According to the ISAE survey carried on a panel of approximately 500 firms, the seasonal adjusted confidence climate, calculated on a 2000=100 basis, recovered from 77.4 to 80.4, setting the best ever value since October 2008. Prospects on employment considerably improved across the index variables; however, less optimistic hints were sent on construction plans.

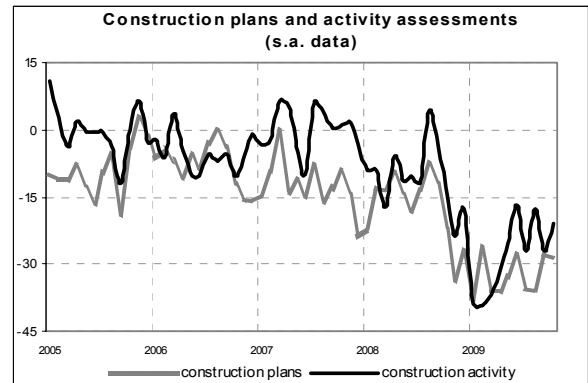
Hints of optimism on the construction activity were reported from manufacturers (balance was set at the same average value as June-August 2009); however, forecasts on the flow of orders slightly deteriorated. An increasing number of manufacturers forecasted reductions in sector prices: the balance, still negative, with the average value still hitting the one reported in January-February 2009.

An increasing number of manufacturers affirmed not to find obstacles in performing the activity; in addition, the insufficient demand prevailed as a main limiting obstacle to production.

The recovery in the general index revealed a number of diversified indicators at sector level: confidence improved in residential and non-residential building but the civil engineering index fell sharply.

Situation in the reference period (October 2009)

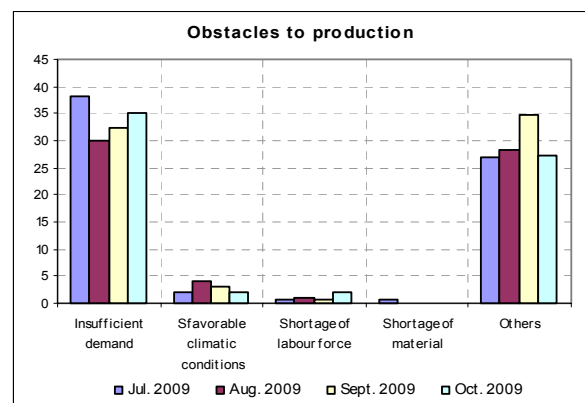
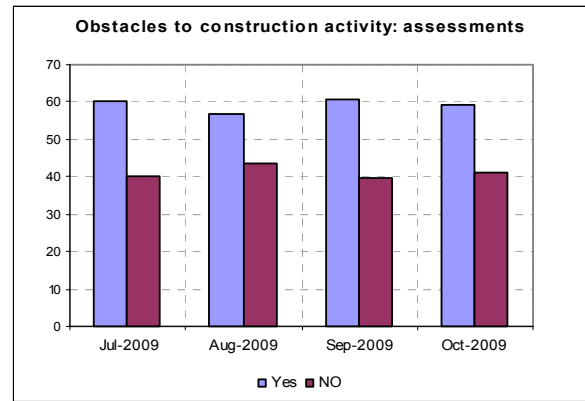
Positive hints were generally observed in the manufacturers' assessments in October. Assessments on the construction activity improved: following a sharp deterioration in September, the construction balance reconfirmed the same average values as June-August 2009, from -27 to -20. On the contrary, assessments on construction plans slightly deteriorated



(balance from -28 to -29, which, in any case, was beyond the average standard values recorded in January-August 2009). An increasing number of manufacturers declared not to be hindered in performing their activity: the relating percentage – from 39% to 41% - re-confirmed the average levels of July-August 2009 and was, in any case, lower than the share of manufacturers who found limiting obstacles to performing the activity; a large number (percentage changed from 61% to 59%), still considered the insufficient demand as a prevailing difficulty.

Outlook for the following three months

The generally optimistic picture portrayed by the survey participants was partially confirmed by the expectations on the trend of the firm’s main variables. In fact, expectations on the construction plans slightly deteriorated (negative balance from -7 to -8 in line with the average level recorded two months before) whereas those on the employment trend sharply recovered: the relating balance, though still negative, increased from -10 to -3, in line with the highest level since September 2008. In addition, a reduction of three points was reported in relation to the balance of estimates for sector prices (from -7 to -11).



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

	Confidence climate (2000=100 basis)	Assessments on construction plans	Expectations on employment
July 2009	71.5	-36	-15
August 2009	73.7	-36	-10
Sept. 2009	77.4	-28	-10
Oct. 2009	80.4	-29	-3