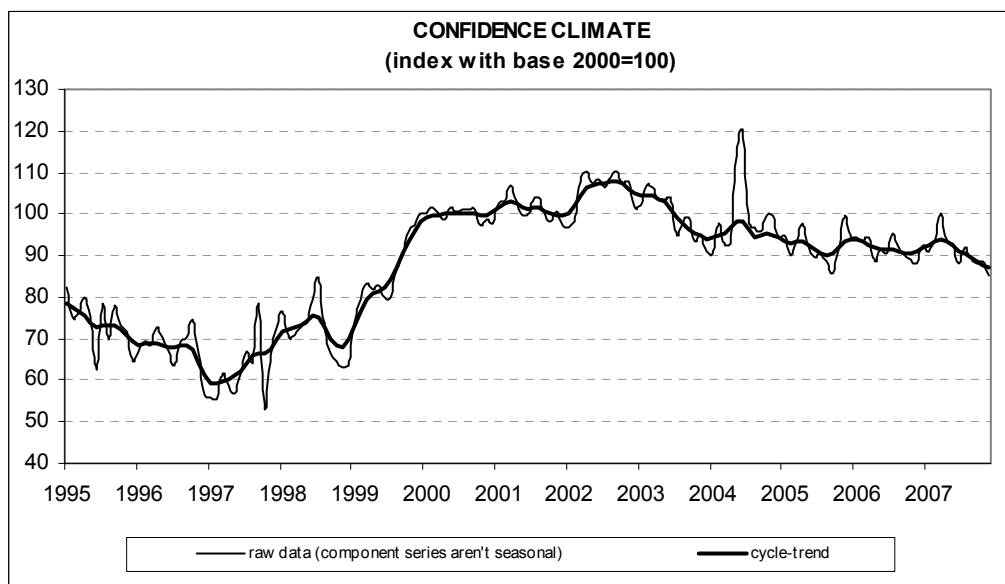




Date: December 27, 2007
TEL.: 06/444821

CONSTRUCTION FIRMS' CONFIDENCE DECLINES IN NOVEMBER

- According to the ISAE Survey carried out on a panel of around 500 firms, in November the construction firms' seasonally adjusted confidence index (2000=100) decreased from 88.5 to 85.2. The index hit the lowest level since August 1999, confirming the news of a running out of the growth trend which characterized this sector in the last years
- Among the variables included in the definition of the confidence climate, both opinions on construction plans and employment prospects markedly deteriorated
- Among surveyed variables, the evaluation of construction activity continued to worsen, whereas moderate optimism distinguished prospects for construction plans. Lastly, expectations for prices charged in the sector increased, reaching the highest reading since August 2006
- In November, the number of entrepreneurs who did not find obstacles limiting their construction activity started to decline. Moreover, the majority of those who stated they did find obstacles again mentioned insufficient demand as the main constraint
- The breakdown of data by sector pointed to a worsening in confidence in both residential and non-residential building and civil engineering, though in the latter sector the decline was more moderate



Data on December 2007 shall be released on January 30, 2008

The next ISAE surveys are scheduled as follows:

January 10, 2008: *ISAE International Comparison of Consumer and Business Surveys (reference period: December)*

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

In November, construction firms' confidence started to decline. According to the ISAE Survey carried out on a panel of around 500 firms, the seasonally adjusted confidence index (2000=100) decreased to 85.2 from 88.5 in October. The index hit the lowest level since August 1999, confirming the news of a running out of the growth trend which characterized this sector in the last years.

Among the variables included in the definition of the confidence climate, both opinions on construction plans and employment prospects markedly deteriorated. Among surveyed variables, the evaluation of construction activity continued to worsen, whereas moderate optimism distinguished prospects for construction plans. Lastly, the balance for the trend of prices charged in the sector increased, reaching the highest reading since August 2006.

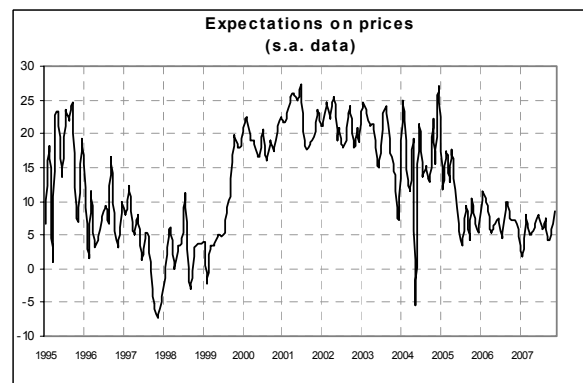
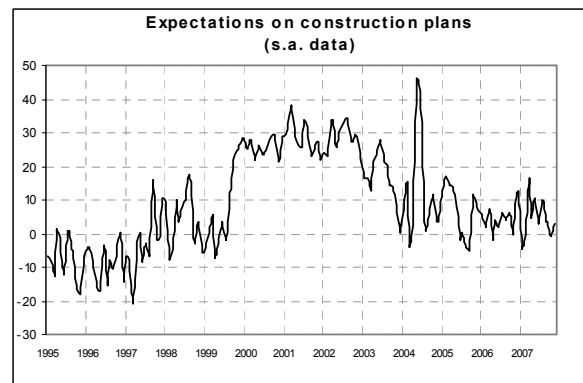
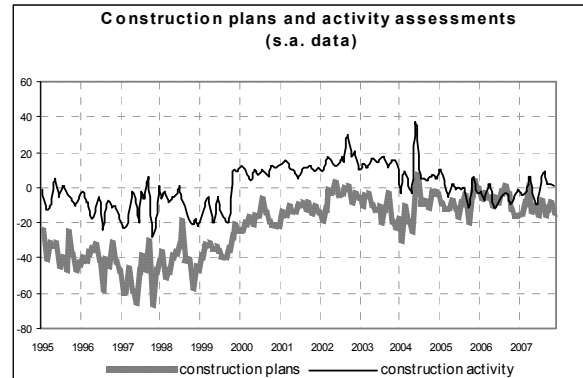
In November, the number of entrepreneurs who did not find obstacles limiting their construction activity started to decline. Moreover, the majority of those who stated they did find obstacles again mentioned insufficient demand as the main constraint.

The breakdown of data by sector pointed to a worsening in confidence in both residential and non-residential building, where the decline was steeper, and civil engineering, where it was more moderate.

Situation in the reference period (November 2007)

In November, entrepreneurs' opinions sent negative signals. Assessments on construction plans worsened (the balance declined from -10 to -14, reverting to the level posted last April). Also the opinions on construction activity were unfavourable: the related balance moved from 2 to 1, remaining however in positive territory for the fifth consecutive month. The share of surveyed entrepreneurs who declared that they did not find obstacles limiting their construction activity diminished: the related percentage moved from 54% to 52%, one of the lowest levels recorded during 2007. Furthermore, the majority of

those who stated they did find obstacles (48% of the respondents) again mentioned insufficient demand as the main constraint.



Forecasts for the following three months

Prospects for main company variables partly confirmed the uncertain picture painted by respondents' opinions on the current situation. In fact, expectations for construction plans improved (the balance rose from -1 to 3, going back in positive territory). The balance related to the forecasts for prices charged in the sector clearly increased (from 5 to 9), reaching the highest level since August 2006. Lastly, employment prospects sent negative signals: the balance continued to decline (from -5 to -7) for the third straight month, hitting the low level posted in September 2006.

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
August	89.7	-16	4
September	88.0	-13	-3
October	88.5	-10	-5
November	85.2	-14	-7

