

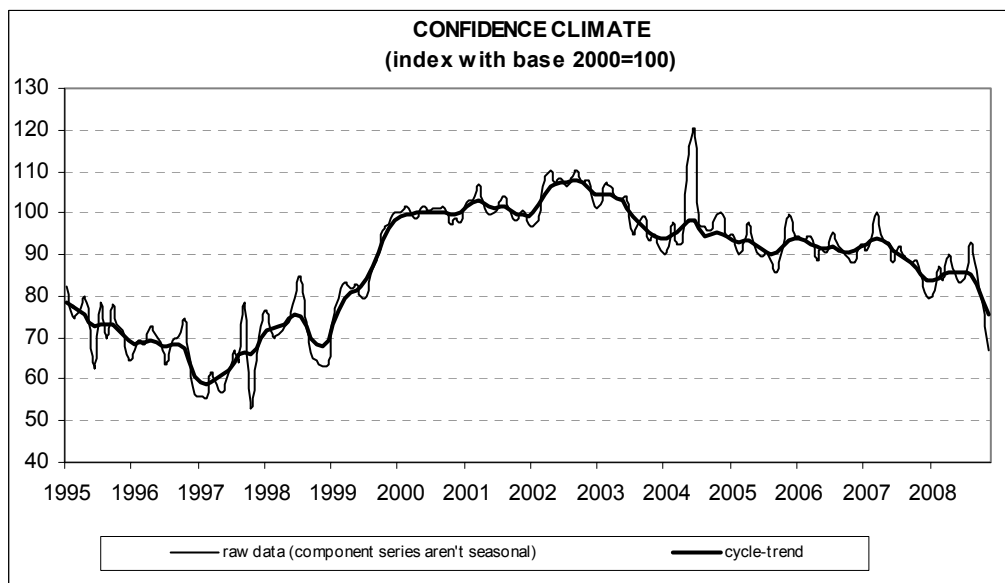


ISTITUTO DI STUDI E ANALISI ECONOMICA
Piazza dell'Indipendenza, 4 00185 Roma tel.: + 39-0644482.1 fax: + 39-0644482229

Date: December 30, 2008
TEL.: 06/444821

CONSTRUCTION FIRMS' CONFIDENCE SINKS IN NOVEMBER

- According to the ISAE Survey carried out on a panel of around 500 firms, in November the seasonally adjusted confidence index (2000=100) dropped for the third straight month, moving from 77.8 to 67 and reaching its lowest level since December 1998
- Among the variables included in the calculation of the confidence indicator, noticeable deterioration again distinguished both the opinions on construction plans and employment prospects
- Surveyed entrepreneurs also gave increasingly unfavourable assessments on construction activity, for which the balance remained negative for the third consecutive month. The worsening in forecasts for construction plans, prices and employment completed the negative picture
- The number of entrepreneurs who stated they found obstacles limiting their construction activity continued to increase for the third month running, mainly because of insufficient demand
- At the sector level, deterioration in the overall confidence indicator homogenously affected both civil engineering and, above all, residential and non-residential building



Data on December shall be released on January 29, 2009

The next ISAE surveys are scheduled as follows:

January 13, 2009: 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

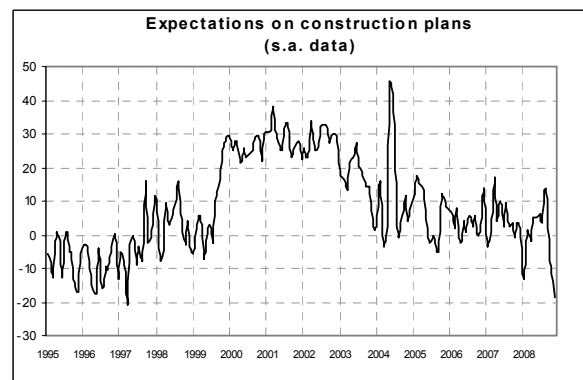
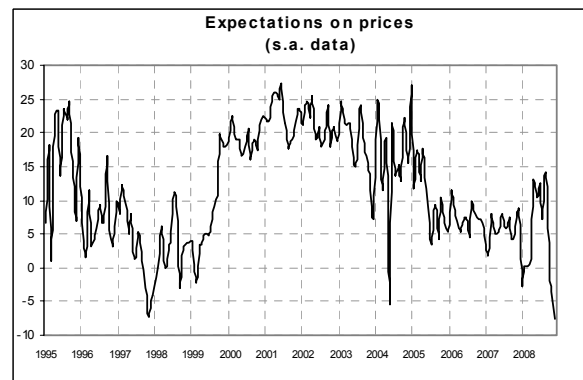
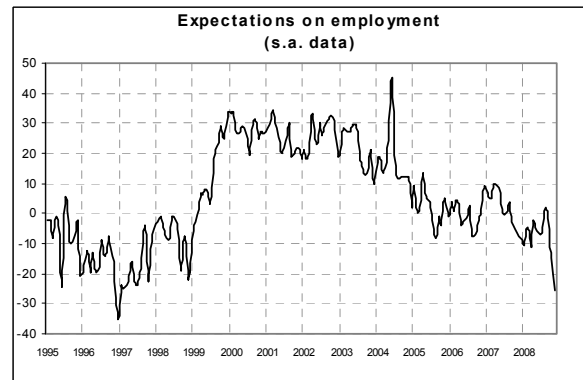
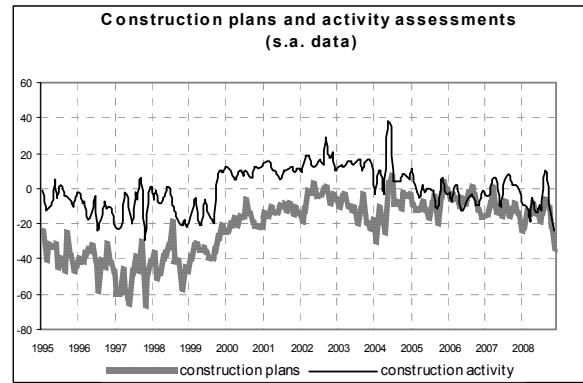
According to the ISAE Survey carried out on a panel of around 500 firms, in November the seasonally adjusted confidence index (2000=100) diminished for the third straight month, moving from 77.8 to 67 and reaching the lowest level since December 1998. Among the variables included in the calculation of the confidence indicator, noticeable deterioration distinguished both the opinions on construction plans and employment prospects. Among the other surveyed variables, entrepreneurs also gave increasingly negative assessments on construction activity, for which the balance remained negative for the third consecutive month. Forecasts for construction plans, prices and employment also significantly worsened.

Most respondents also complained about the existence of factors limiting their construction activity. For the third month in a row, the number of entrepreneurs who stated they found constraints continued to increase. Among declared obstacles, insufficient demand followed by adverse weather conditions were considered the main limitations.

At the sector level, deterioration in the overall confidence indicator homogeneously affected both civil engineering and, above all, residential and non-residential building, for which the index plunged.

Situation in the reference period (November 2008)

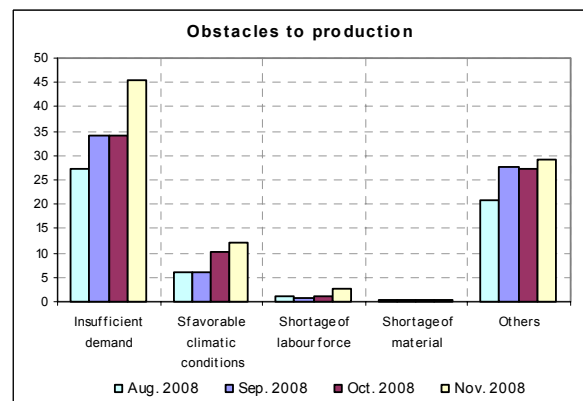
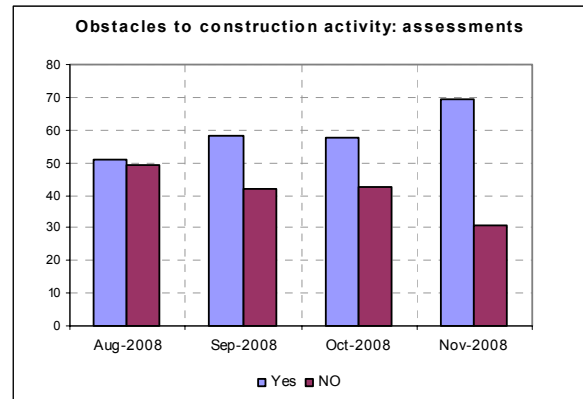
The picture emerged from respondents' opinions showed a significant downsizing of productive activity in November. Deterioration characterized both assessments on construction plans (the balance lowered from -22 to -34, hitting a low last seen in September 1999) and the evaluation of construction activity (the balance moved from -14 to -24, remaining negative for the third straight month).



Most surveyed entrepreneurs stated they found obstacles limiting their construction activity. The percentage rose from 58% to 69%, confirming the trend started last June. Moreover, among declared obstacles, insufficient demand was again considered the major constraint, followed by adverse weather conditions.

Forecasts for the following three months

Short-term prospects for main company variables confirmed the overall negative picture painted by the opinions on the current situation. Indeed, expectations on construction plans worsened (the balance fell from -9 to -19, settling at a low last seen in March 1997). Employment prospects deteriorated as well. The related balance dropped from -15 to -26, now declining for the third month in succession and hitting its December 1996 trough. Lastly, also the balance related to forecasts for prices charged in the sector fell for the second month running, decreasing from -4 to -8 and reaching a historically low level.



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 2008	93.0	-7	2
Sept. 2008	86.3	-12	-7
Oct. 2008	77.8	-22	-15
Nov. 2008	67.0	-34	-26