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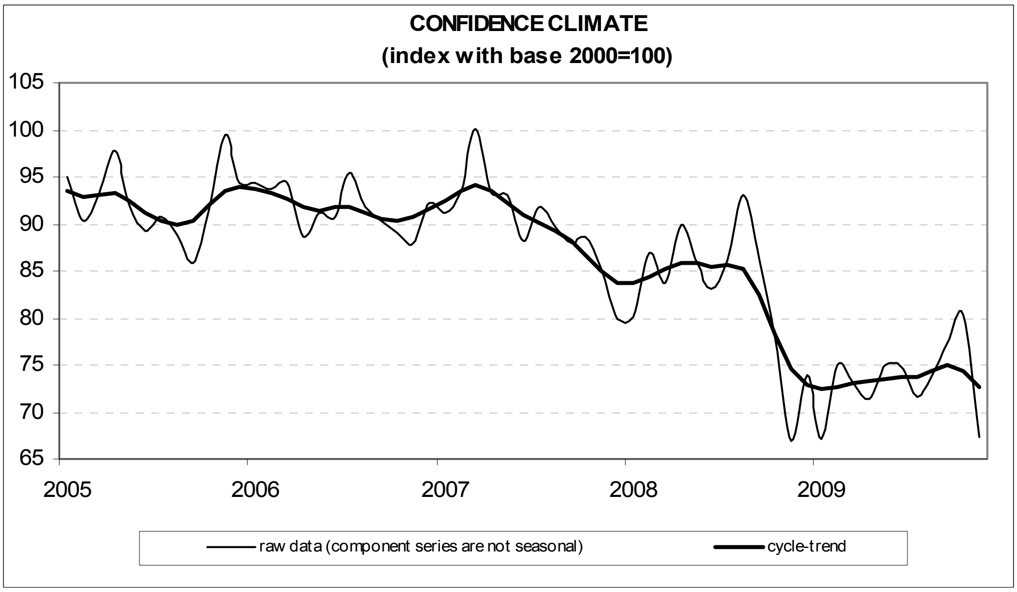
THE CONFIDENCE CLIMATE IN THE CONSTRUCTION SECTOR STRONGLY RECEDED IN NOVEMBER

- **The seasonal adjusted confidence climate, calculated on a 2000=100 basis, strongly receded in November moving from 80.4 to 67.4, hitting back the values of November 2008**
- **Among the indicator-building variables, the assessments on the construction plans and, most of all, on job prospects returned to worsen**
- **As to the other variables, the assessments on the ongoing construction activity, the balance of which was still negative, deteriorated; a strong worsening in the prospects related to construction plans and prices was also observed**
- **Most survey participants underlined the existence of obstacles limiting their production activity: the share of manufacturers affirming to find obstacles to the firm's activity exceeded 50% of the total number of participants (trend in progress since June 2008)**
- **According to the survey participants, the insufficient demand and the unfavourable climatic conditions were the prevailing obstacles to their activity**
- **A decrease in the general confidence index was evenly spread across sectors. The general reduction in confidence was, in fact, observed both with regard to civil engineering and, mostly to the residential and non residential building where a sharp index reduction was recorded**



Data on December shall be released on 28 January 2010

The next ISAE surveys are scheduled as follows:
26 January: *ISAE Monthly Consumer Survey (Reference period: January)*

The full text of ISAE Surveys (either hardcopy or electronic format) is available for sale (for further information see the website www.isae.it)

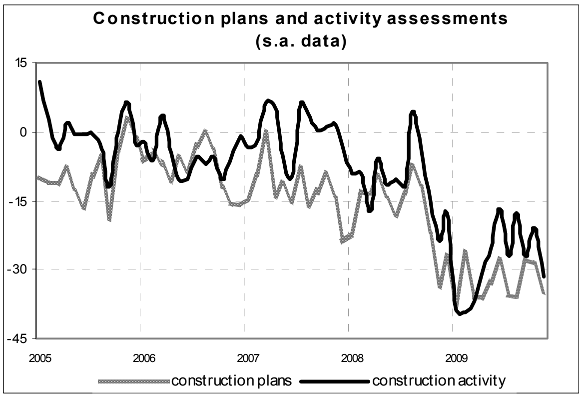
General results

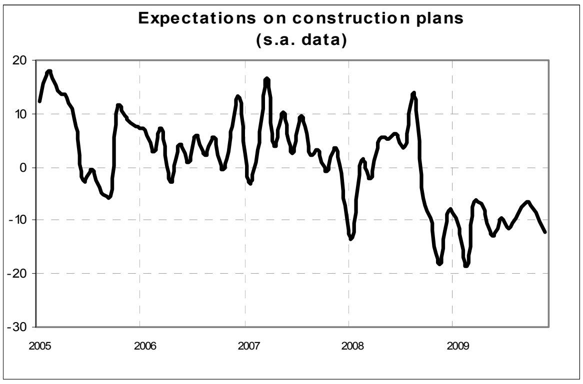
According to the ISAE survey carried out on a panel of approximately 500 firms, the seasonal adjusted confidence climate, calculated on a 2000=100 basis, strongly receded in November, moving from 80.4 to 67.4; the index hit the level recorded in November 2008 (period in which the indicator recorded the most deteriorated value since 1998). As to the indicator-building variables, the assessments on the construction plans and, most of all, on job prospects returned to worsen.

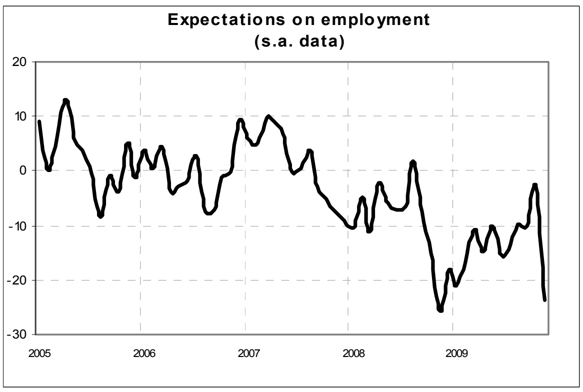
As to the other variables, the assessments on the construction activity, the balance of which was still negative, deteriorated; a strong worsening in the construction plans and prices was also observed.

Most survey participants lamented the existence of obstacles limiting their production activity: the share of manufacturers who affirmed to find obstacles to the company's activity exceeded 50% (trend in progress since June 2008). As to the reasons, most survey participants declared that the insufficient demand and the unfavourable climatic conditions were the prevailing obstacles to their activity.

A decrease in the general confidence index was evenly spread across sectors. A general reduction in confidence was, in fact, observed for both civil engineering and, mostly for the residential and non residential building, where a sharp index reduction was recorded.







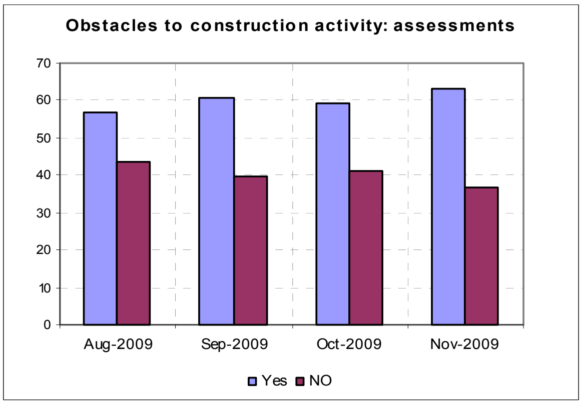
Situation in the reference period (November 2009)

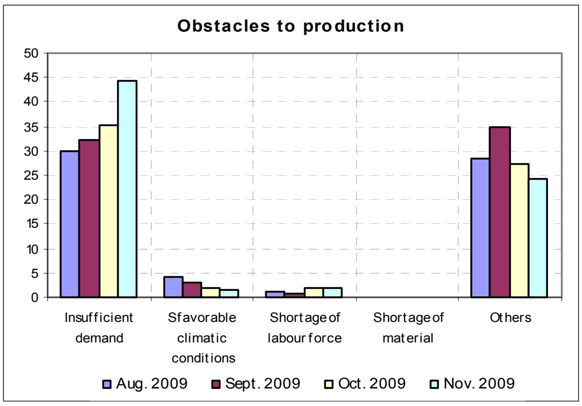
The situation resulting from the opinions expressed by the survey participants highlighted a strong reduction in the production activity; both the assessments on the construction plans (balance from -29 to -3, slightly above the low levels recorded in July-August 2009) and those on the construction activity (balance from -21 to -31 hitting back the levels of April 2009) deteriorated.

Most manufacturers included in the survey declared to find obstacles limiting their construction activity: the percentage moved from 59% to 63% confirming the trend in progress since June 2008; moreover, the insufficient demand followed by unfavourable climatic conditions prevailed as the main obstacles.

Outlook for the following three months

Pessimism prevailed also across the expectations on the company's main variables. In fact, expectations on construction plans receded (balance from -9 to -12 hitting the values of June 2009) as well as those on job prospects (balance down from -3 to -24), reaching the lowest level since December 2008. Finally, the balance of forecasts on sector prices also deteriorated moving from -11 to -18: the value slumped for the second consecutive month causing the balance to hit historically low values.





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
Aug. 2009	73.7	-36	-10
Sept. 2009	77.4	-28	-10
Oct. 2009	80.4	-29	-3
Nov. 2009	67.4	-35	-24