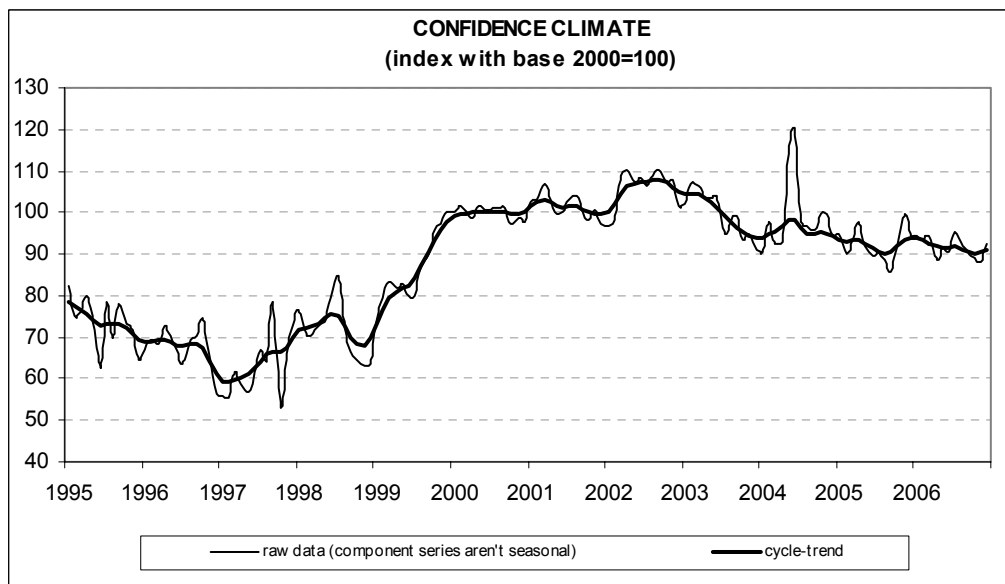




Date: **January 30, 2007**
TEL.: **06/444821**

IN DECEMBER CONSTRUCTION FIRMS' CONFIDENCE IMPROVES

- The seasonally adjusted confidence index (2000=100) rose from 88.1 to 92.3, continuing however to fluctuate around its year average level
- Among the underlying components of the indicator, assessments on construction plans remained virtually stable, whereas employment prospects clearly improved
- Surveyed entrepreneurs were optimistic about both the opinions on construction activity (the balance increased for the second month running) and the prospects for construction plans. The number of respondents anticipating an increase in prices charged in the sector diminished: the balance remained positive, around its last months' average value
- In the fourth quarter of 2006, the forecasts on the length of assured production (a seasonally adjusted variable, expressed in months) were pessimistic compared to the previous quarter
- The number of entrepreneurs who did not find obstacles limiting their construction activity increased for the second straight month: the percentage neared the highest levels recorded in the last two years. Furthermore, among those that stated that constraints actually hindered their activity, insufficient demand was still considered the major obstacle
- The recovery in the overall index was the result of diverging trends across sectors: confidence improved for building activity, whereas it worsened slightly for civil engineering



Data on January shall be released on February 27, 2007

The next ISAE surveys are scheduled as follows:

February 7, 2007: *ISAE International Comparison of Consumer and Business Surveys (reference period: January)*

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

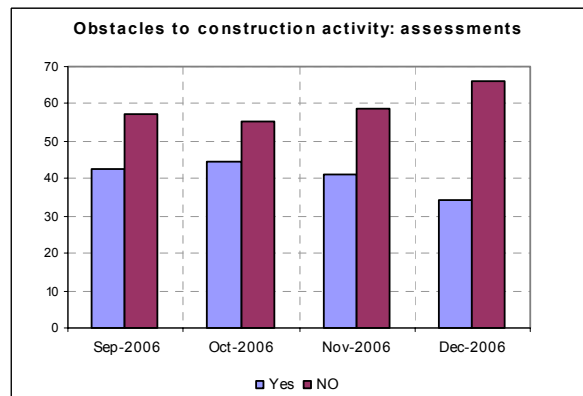
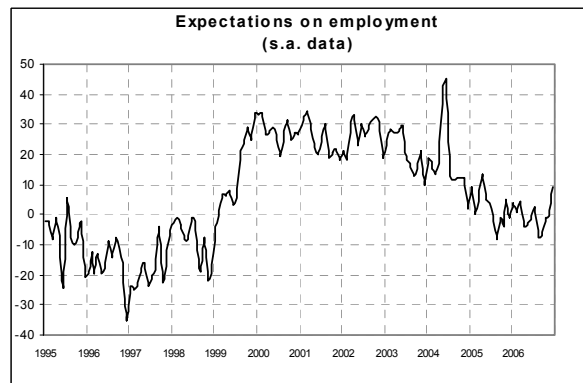
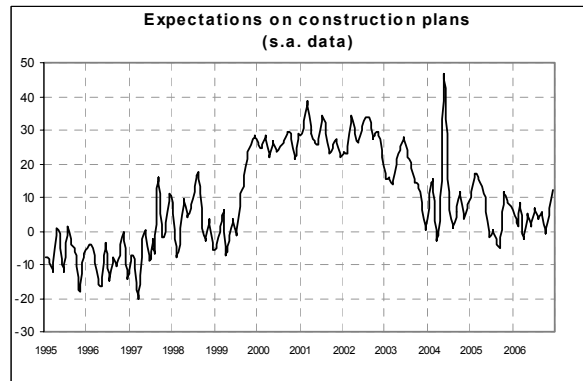
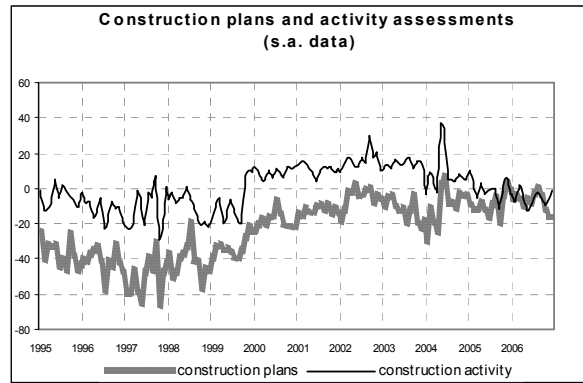
Confidence in the construction sector improved in December. According to the ISAE Survey carried out on a panel of around 500 firms, the seasonally adjusted confidence index (2000=100) increased from 88.1 to 92.3, continuing nevertheless to fluctuate around its year average level.

Among the underlying components of the indicator, the opinions on construction plans remained virtually unchanged, whereas employment prospects decidedly improved.

Surveyed entrepreneurs were optimistic about the opinions on construction activity (the balance increased for the second month running) as well as the prospects for construction plans. The number of respondents anticipating an increase in prices charged in the sector diminished: the balance remained positive, around its last months' average value. In the fourth quarter of 2006, the forecasts on the length of assured production (a seasonally adjusted variable, expressed in months) were pessimistic compared to the previous quarter.

The number of entrepreneurs who did not find obstacles limiting their construction activity increased for the second consecutive month: the percentage neared the highest level since December 2004. Furthermore, among the respondents that stated that constraints actually hindered their activity, insufficient demand continued to be the major obstacle.

The recovery in the overall index was the result of diverging trends across sectors: confidence improved for building activity, whereas it worsened slightly for civil engineering.



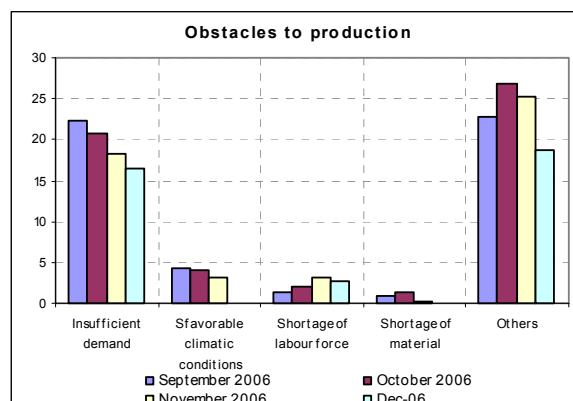
Situation in the reference period (December 2006)

Entrepreneurs' assessments for December sent positive signals: the opinions on construction activity improved (the balance rose from -6 to -2, returning to the level recorded in August 2006) and those on construction plans remained virtually stable.

For the second month in a row, the share of surveyed entrepreneurs declaring they did not find obstacles limiting their construction activity increased: the related percentage grew from 59% to 66%, reaching the level posted in December 2004. Furthermore, among the respondents that stated that constraints actually hindered their activity (in this case the percentage lowered from 41% to 34%), insufficient demand still prevailed as a major obstacle, even though the number of entrepreneurs that mentioned this factor diminished with respect to the previous month.

Forecasts for the following three months

Forecasts for main company variables only partially confirmed the generally optimistic picture painted by the opinions of surveyed firms on the current situation. Actually, expectations for construction plans continued to improve for the second straight month (the balance increased from 7 to 12). Also expectations for employment bettered: the related balance rose from 0 to 9, reaching for the first time the level posted in the first months of 2005. Furthermore, the forecasts for prices charged in the sector declined one point, moving from 7 to 6. Finally, as for expectations on the length of assured production (a variable which is measured in months and surveyed quarterly), in the fourth quarter of 2006 entrepreneurs anticipated a slight reduction compared to the previous survey (from 15 to 13 months).



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
September	90.3	-4	-7
October	89.1	-12	-1
November	88.1	-16	0
December	92.3	-16	9