

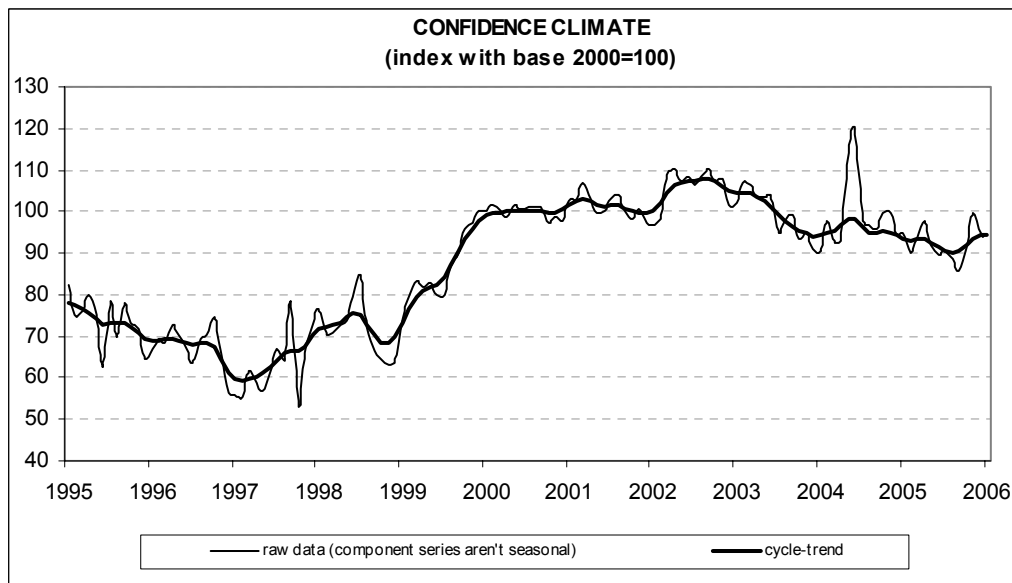


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IN JANUARY CONSTRUCTION FIRMS' CONFIDENCE REMAINS STABLE AROUND ITS YEAR-END AVERAGE 2005

- From the current month, ISAE started issuing tendency survey results for construction firms. The Survey is carried out, according to a joint harmonized EU questionnaire, on a sample of about 500 construction operators. Results are published on a monthly basis and refer to the previous month
- The construction firms' confidence is computed monthly - according to the methodology established by the European Commission - as the average of the balances of the answers to the questions on order books assessments and on employment expectations. The indicator is then calculated as an index with base 2000=100
- According to the ISAE Survey, the seasonally adjusted confidence index (2000=100) remained virtually unchanged in January (at 94.3, compared to 94.4 in December 2005)
- The proportion of entrepreneurs forecasting a growth in employment in their firm over the following three months increased, while the number of those reporting a rise in current overall order books (and/or new orders) lowered for the second month running
- With regard to the variables excluded from the definition of confidence, the judgment on building activity remained stable in negative territory; expectations on order books (and/or new orders) markedly worsened, while the balance of forecasts on prices charged in this sector increased
- The proportion of respondents who considered that no obstacles hindered their activity rose. Among those who believed meeting some limits, the percentage of those judging insufficient demand to be the main obstacle to business activity diminished



Data on February shall be released at the end of March 2006

The next ISAE surveys are scheduled as follows:

March 6: ISAE International Comparison of Consumer and Business Surveys (reference period: February 2006)

March 22: ISAE Monthly Consumer Survey (reference period: March 2006)

March 28: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: March 2006)

March 29: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: February 2006) and ISAE Monthly Business Services Survey (reference period: March 2006)

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, in January the seasonally adjusted index (2000=100) remained virtually stable at 94.3, compared to 94.4 in the previous month. The number of entrepreneurs that forecast an increase in employment in their firm over the following three months increased, while the proportion of those judging that current overall order books were rising dropped for the second month running. Among the variables excluded from the definition of confidence, the assessment on business activity remained stable, in negative territory; expectations on overall order books posted a steep decline, while the balance for prices charged by firms in the building sector increased. The number of entrepreneurs who considered facing no obstacles to their building activity was back on an upward path. Among those who declared meeting some limits, the percentage of those who judged insufficient demand to be the main hindrance to business activity diminished.

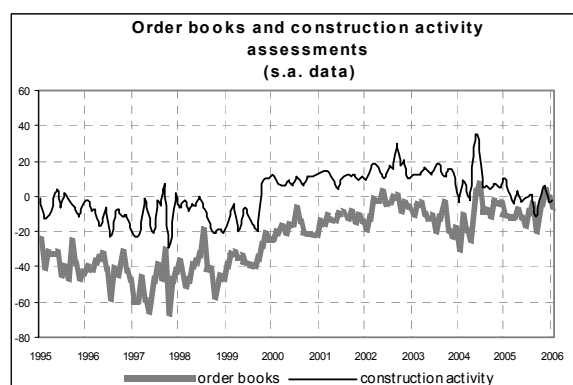
Situation in the reference period (January 2006)

In January, order book assessments worsened: the balance declined from -1 to -6, but still hovered around its historical peak; the proportion of firms giving a pessimistic appraisal of construction activity remained virtually unchanged: the seasonally adjusted balance amounted to -3, staying negative for the second month running. Whereas the percentage of firms that saw no obstacles to their building activity increased (from 53% to 60%), even though insufficient demand was still considered one of the main factors limiting activity (though less than in the previous month).

Forecasts for the following three months

Construction firms surveyed by ISAE were pessimistic about order book expectations: the balance moved from 8 to 5, thus falling for the second month in a row. Whereas the number of entrepreneurs who considered that their prices were rising increased from 5 to 11, on balance, reaching the level posted in

September 2005. The future trend for employment (a variable that is included in the calculation of the index), following a deterioration in December, improved once more: the related balance rose from -1 to 4, reverting to the level recorded on average in the May-June 2005 period.



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

	Confidence climate (index base 2000=100)	Order books assessments	Employment Expectations
Oct. 2005	91.7	-4	-4
Nov. 2005	99.4	3	5
Dec. 2005	94.4	-1	-1
Jan. 2006	94.3	-6	4