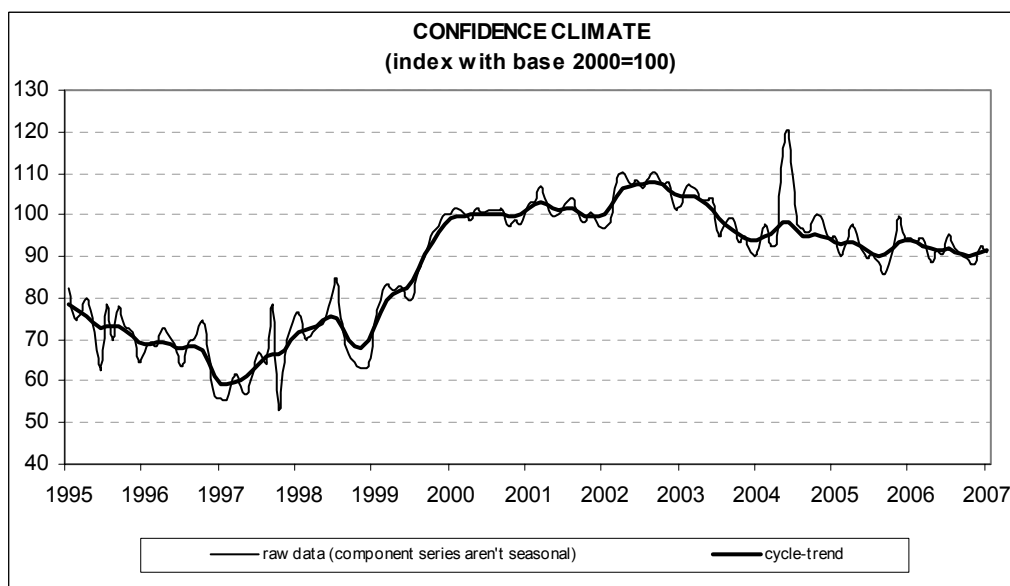




Date: February 27, 2007
TEL.: 06/444821

IN JANUARY CONSTRUCTION FIRMS' CONFIDENCE STARTS TO DECLINE AGAIN

- The seasonally adjusted confidence index (2000=100) lowered from 92.3 to 91.2, continuing to fluctuate around its 2006 yearly average
- Among the underlying components of the indicator, assessments on construction plans slightly recovered, but employment prospects worsened following the surge recorded in the previous month
- A deterioration characterized both the opinions on construction activity and mainly the prospects for construction plans, which reached the lowest values since August 2005. Moreover, the number of respondents anticipating an increase in prices charged in the sector diminished further
- The share of entrepreneurs who did find obstacles limiting their construction activity started to rise once more, mainly because of insufficient demand and “other unspecified factors”
- The decrease in the overall index was the result of diverging indications across sectors: confidence improved for building activity, whereas it worsened markedly for civil engineering



Data on February shall be released on March 28, 2007

The next ISAE surveys are scheduled as follows:

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

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 went on fluctuating around its trend, confirming the uncertainty prevailing in the sector: according to the ISAE Survey carried out on a panel of around 500 firms, the seasonally adjusted confidence index (2000=100) declined in February from 92.3 to 91.2, continuing to swing around its 2006 yearly average.

Among the underlying components of the indicator, the opinions on construction plans slightly recovered, whereas employment prospects worsened, following the surge posted in the previous month.

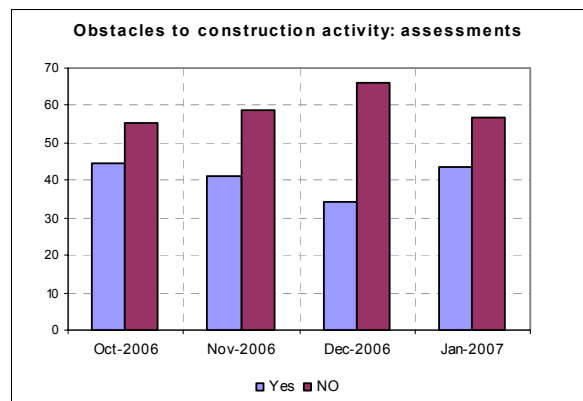
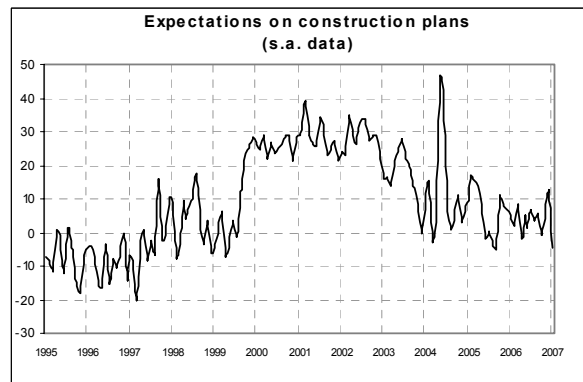
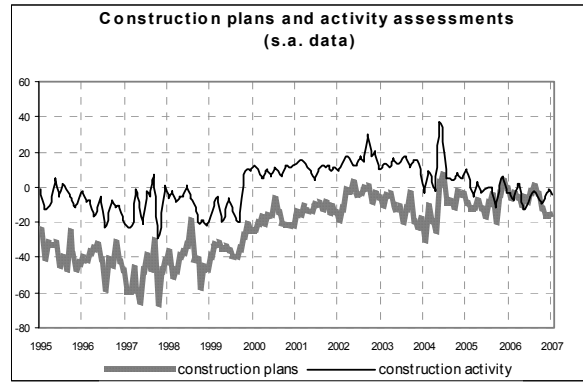
A deterioration characterized both assessments on construction activity and, mostly, prospects for construction plans, which reached the lowest level since August 2005.

Moreover, the share of respondents anticipating an increase in prices charged in the sector further diminished. The number of entrepreneurs who did find obstacles limiting their construction activity started to increase again mainly because of insufficient demand and “other unspecified factors”.

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

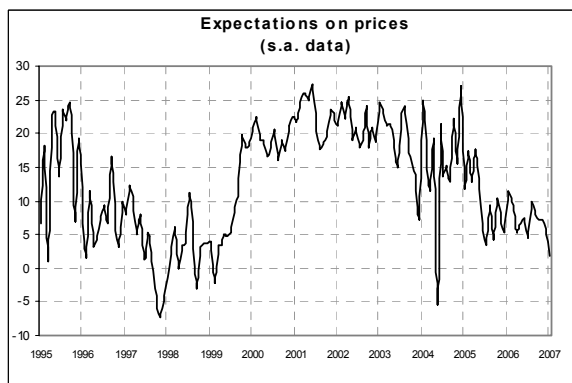
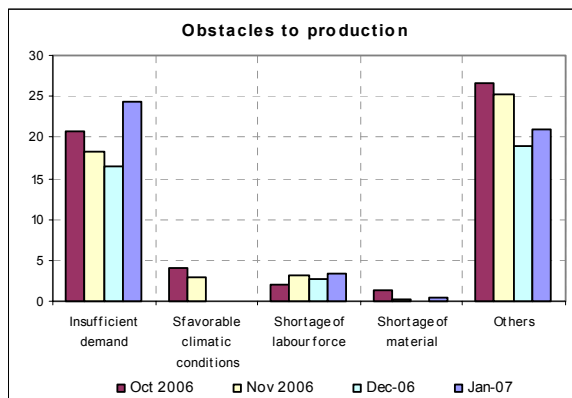
Situation in the reference period (January 2006)

On the whole, entrepreneurs’ assessments for January sent negative signals: the opinions on construction activity started to worsen once more (the balance lowered from -2 to -4), whereas those on construction plans slightly recovered (the balance rose from -16 to -15). Nevertheless, the share of entrepreneurs declaring they did find obstacles limiting their construction activity suddenly surged (from 34% to 43%), mainly because of an increase in the number of those who considered demand to be “insufficient”.



Forecasts for the following three months

Forecasts for main company variables also posted unfavourable results. Expectations for construction plans actually slumped in January: the balance moved from 12 to -4, a level unseen since September 2005. Expectations for employment worsened to a lesser extent. The related balance in this case lowered from 9 to 6, remaining all the same at a high level, following the strong improvement posted in the previous month. Finally, the slowdown in inflation continued: the balance for prices charged in the sector declined from 6 to 2, the lowest level since May 2004.



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
October 2006	89.1	-12	-1
November 2006	88.1	-16	0
December 2006	92.3	-16	9
January 2007	91.2	-15	6