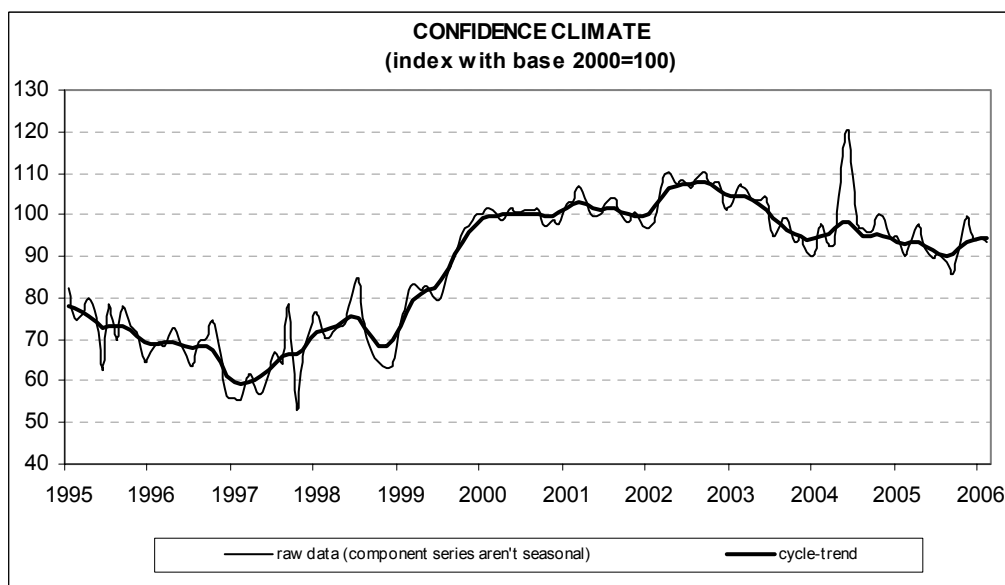




Date: March 30, 2006
TEL.: 06/444821

IN FEBRUARY CONSTRUCTION FIRMS' CONFIDENCE DECLINES

- According to the ISAE Survey, carried out on a panel of about 500 firms, in February the seasonally adjusted confidence index (2000=100) decreased to 93.7 from 94.3 in January. Prospects for employment started to worsen again, whereas the assessment on construction plans improved
- Among the other variables, the evaluation of business activity confirmed the downward trend, for the second month running, and also expectations for construction plans continued to deteriorate. The decline in the balance of the forecasts for prices charged in the sector moderated, continuing to hover around record low levels
- The proportion of respondents who considered that obstacles hindered their activity rose. Among the main constraints, firms quoted - in the order - insufficient demand, adverse weather conditions and shortage of labour force
- The worsening in confidence was not homogenous among sectors: for residential and non-residential building activity the indicator decreased by almost one point, whereas for civil engineering it improved slightly



Data on March shall be released on April 28, 2006

The next ISAE surveys are scheduled as follows:

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

April 20: ISAE Monthly Consumer Survey (reference period: April)

April 27: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (reference period: April)

April 28: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: March) and ISAE Monthly Business Services Survey (reference period: April)

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 construction firms, in February the seasonally adjusted confidence index (2000=100) declined to 93.7 from 94.3 in January. The worsening was not homogenous among sectors: in the residential and non-residential building sectors confidence declined by almost one point, whereas for civil engineering the indicator improved slightly, without compensating, though, the negative trend in building activity.

Among the variables included in the definition of confidence, expectations on employment developments resumed a downward path, while the assessment on construction plans was improving. Among the other variables, the appraisal of construction activity continued to worsen, for the second month running; expectations on construction plans also deteriorated, while the balance of the forecasts for prices charged in the sector showed a more moderate decline, remaining around record low levels. The number of firms which considered that obstacles hindered their activity rose. Among the main constraints, respondents quoted – in the order – insufficient demand, adverse weather conditions and shortage of labour force.

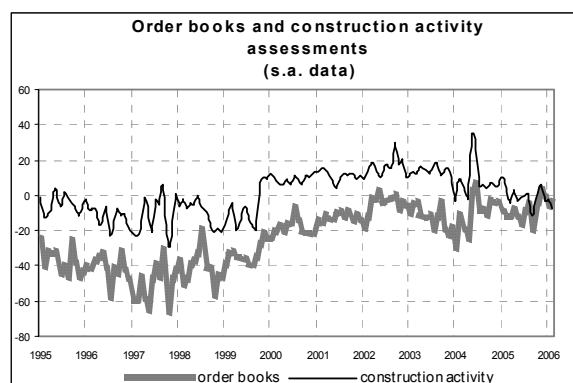
Situation in the reference period (February 2006)

Following the worsening recorded in the last two months, in February the assessment on construction plans recovered. The related balance rose from -6, in the previous month, to -5, hovering around record high levels. On the other hand, the number of firms that gave a negative judgement on construction activity continued to rise: the seasonally adjusted index declined to -7, staying around historical low levels. In accordance with the firms' negative appraisal of construction activity, the percentage of respondents who considered that obstacles hindered their activity rose (from 40% to 44%); firms indicated as major constraints insufficient demand (quoted by 20% of the respondents, a higher percentage than in the previous

month), followed by adverse weather conditions (the percentage rose from 0 to 5%), shortage of labour force (from 3% to 5%) and shortage of material (from 0 to 1%).

Forecasts for the following three months

Short-term forecasts confirmed the negative picture painted by the builders' appraisal of the current situation: expectations for construction plans have been on downward trend for virtually four months (in March the balance moved from 5 to 2), and the proportion of entrepreneurs who believed that their prices were declining increased: the balance moved from 11 to 10, stalling around historical low average levels. Also expectations on the future employment, after the improvement experienced in January, started to worsen again: the related balance decreased from 4 to 1, returning to the average level recorded at the end of 2004.



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

	Confidence climate (index base 2000=100)	Order books assessments	Employment Expectations
Nov. 2005	99.4	3	5
Dec. 2005	94.4	-1	-1
Jan. 2006	94.3	-6	4
Feb. 2006	93.7	-5	1