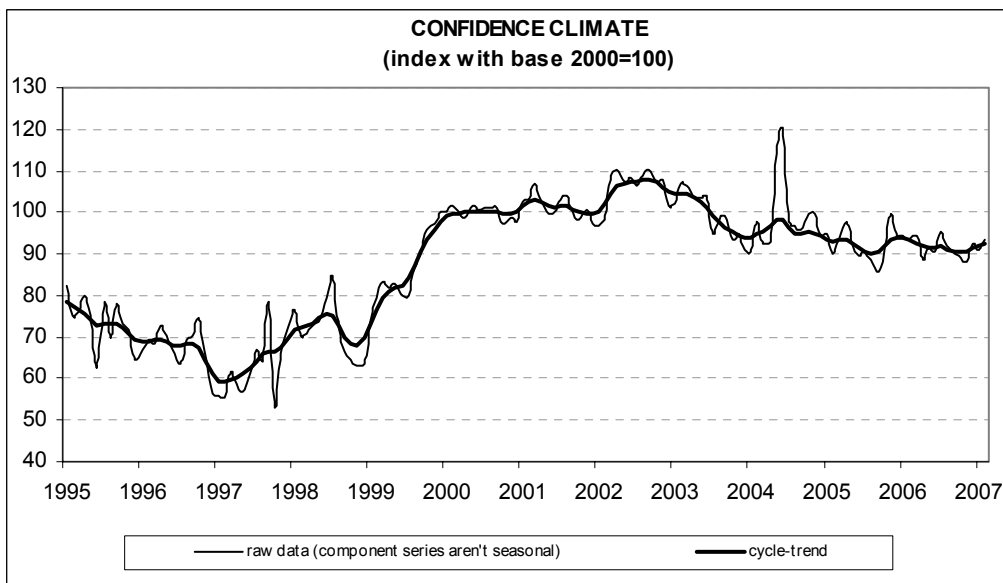




Date: March 28, 2007
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CONSTRUCTION FIRMS' CONFIDENCE IMPROVES IN FEBRUARY

- The seasonally adjusted confidence index (2000=100) increased from 91.2 to 93.5, regaining the level reached in February 2006
- Assessments on construction plans improved once more, but employment prospects continued to worsen
- The opinions on construction activity remained basically unchanged, whereas optimism characterized prospects for construction plans. The balance for the forecasts on prices charged in the sector markedly increased, remaining nevertheless at a historical low value
- The percentage of entrepreneurs who did find obstacles limiting their construction activity rose, remaining nevertheless lower than the share of those stating there were no constraints. Among major obstacles, firms cited, in decreasing order, insufficient demand, unfavourable weather conditions and labour force shortages
- The rise in the overall index was not homogeneous across sectors: confidence slightly edged down for residential and non-residential building activity, whereas it improved markedly for civil engineering



Data on March shall be released on April 30, 2007

The next ISAE surveys are scheduled as follows:

April 5, 2007: *ISAE International Comparison of Consumer and Business Surveys (reference period: March)*

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 firms, the seasonally adjusted confidence index (2000=100) increased from 91.2 to 93.5 in February, regaining the level recorded in February 2006.

Among the underlying components of the confidence climate, the opinions on construction plans improved once more, whereas employment prospects continued to worsen.

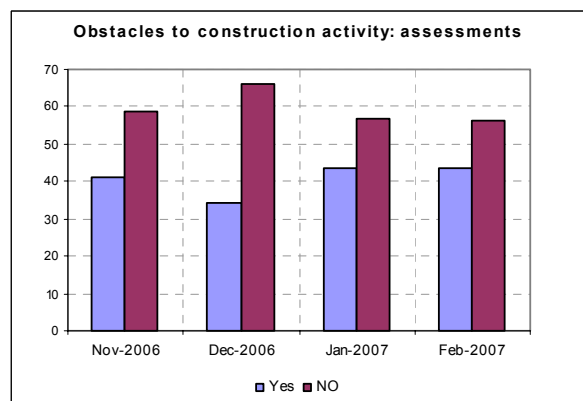
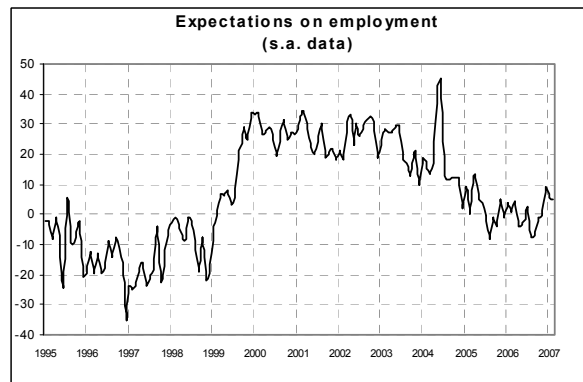
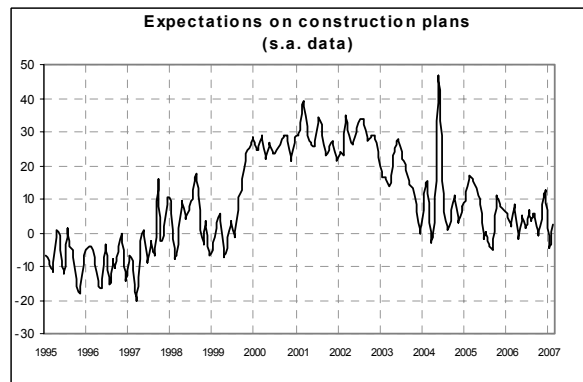
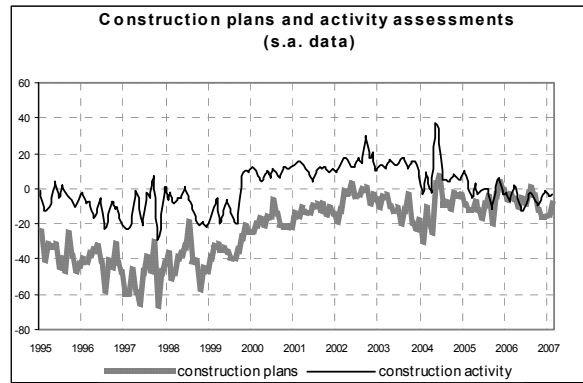
The assessment on construction activity stayed practically unchanged, while expectations for construction plans were optimistic. The balance for prices charged in the sector markedly increased, remaining nonetheless at a historical low value.

The percentage of respondents who did find obstacles limiting their construction activity rose, remaining nevertheless lower than the share of those stating there were no constraints. Among major obstacles, firms cited, in decreasing order, insufficient demand, unfavourable weather conditions and labour shortages.

The improvement in the overall index was not homogenous across sectors: confidence slightly worsened for residential and non-residential building activity, whereas it improved markedly for civil engineering.

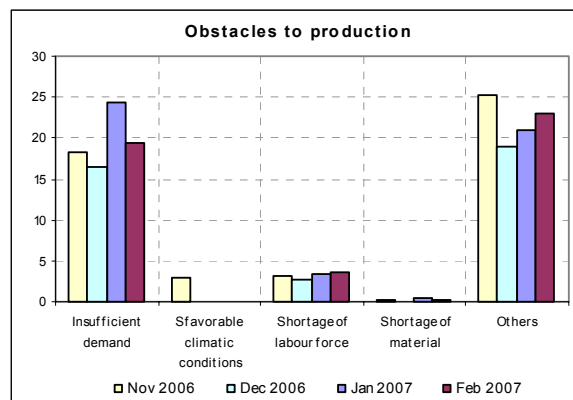
Situation in the reference period (February 2007)

In February, for the second straight month, assessments on construction plans improved: the related balance rose to -10 from -15 in the previous month, thus remaining at a record high level. The opinions on construction activity, instead, remained basically stable: the seasonally adjusted balance of the variable stayed at -4, a historical low level. The data on the existence of factors limiting building activity sent less favourable signals: the share of entrepreneurs declaring they did find obstacles actually increased from 43% to 44%. Among major obstacles firms cited, in decreasing order, insufficient demand, unfavourable weather conditions and labour and material shortages.



Forecasts for the following three months

Short-term forecasts for construction plans gave favourable indications: in February, the balance went back in positive territory, moving from -4 to 2. The number of entrepreneurs considering an increase in prices charged in the sector rose (the balance rose from 2 to 8, remaining nevertheless at a historical low level). Finally, employment prospects (a variable included in the calculation of the confidence climate) continued to worsen for the second month running: the related balance lowered from 6 to 5, returning to the valued posted in November 2005.



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
Nov. 2006	88.1	-16	0
Dec. 2006	92.3	-16	9
Jan. 2007	91.2	-15	6
Feb. 2007	93.5	-10	5