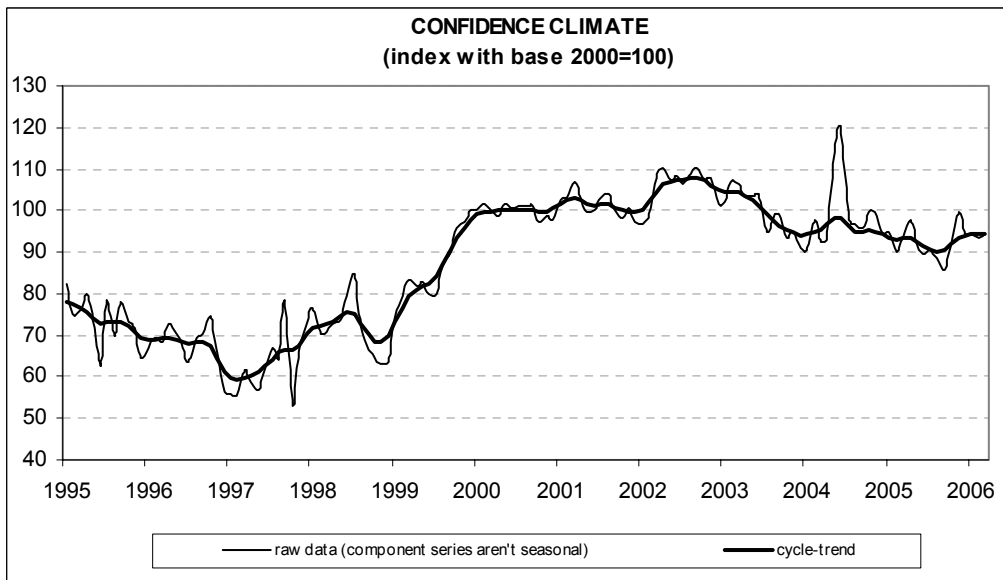




Date: April 28, 2006  
TEL.: 06/444821

## IN MARCH CONSTRUCTION FIRMS' CONFIDENCE IMPROVES

- According to the ISAE Survey carried out on a panel of about 500 firms, in March the seasonally adjusted confidence index (2000=100) increased from 93.7 to 94.3: prospects for employment started to improve again, whereas the assessment on construction plans worsened
- Among the other variables, the evaluation of current business activity posted an upturn, along with expectations for construction plans. Instead, the balance of the forecasts for prices charged in the sector continued to decline for the second month running, thus still hovering around record low levels. The length of building activity assured by work in hand or already contracted for (a seasonally adjusted variable, surveyed quarterly) edged down from 14 to 12 months
- The proportion of entrepreneurs who did not find obstacles limiting their construction activity rose. Among the respondents that believed that constraints actually hindered their activity, the percentage of those considering insufficient demand and adverse weather conditions as main constraints increased
- The improvement in confidence was not homogenous among sectors: for residential and non-residential building activity, the confidence indicator started to rise again, gaining almost one point, whereas for civil engineering the indicator edged down slightly



**Data on April shall be released on May 30, 2006**

The next ISAE surveys are scheduled as follows:

**May 4:** *ISAE International Comparison of Consumer and Business Surveys (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](http://www.isae.it))

## General results

According to the ISAE Survey carried out on a panel of around 500 construction firms, in March the seasonally adjusted confidence index (2000=100) rose from 93.7 to 94.3: prospects for employment started to improve again, whereas the balance of the assessment on construction plans declined. Among the variables not included in the definition of confidence, the appraisal of current activity improved, along with short term expectations on construction plans. Instead, the balance of the forecasts for prices declined for the second straight month, remaining at record low levels. Furthermore, the length of building activity assured by work in hand or work already contracted for (a seasonally adjusted variable, surveyed quarterly) edged down, moving from 14 to 12 months. Finally, the number of entrepreneurs that did not find obstacles hindering construction activity rose, and among those that considered meeting constraints, the share of those that quoted insufficient demand and adverse weather conditions as main obstacles to business activity increased.

The improvement in confidence was not homogenous among sectors: for residential and non-residential building activity, the confidence indicator started to rise again, gaining almost one point, whereas for civil engineering it edged down slightly.

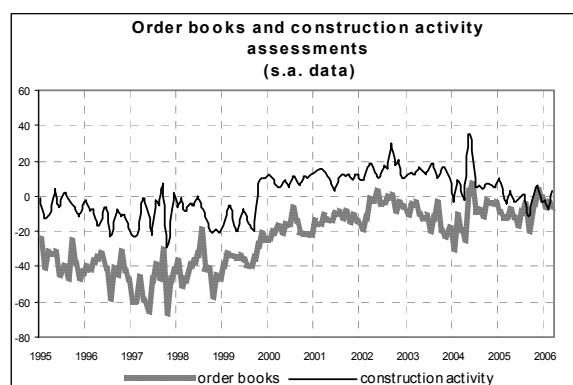
## Situation in the reference period (March 2006)

Following the improvement recorded in February, in March the assessment on construction plans started to worsen again. The related balance declined to -7 from -5 in the previous month. Instead, the number of firms that gave a positive assessment on construction activity continued to improve: the seasonally adjusted balance came in at 3, compared to -7 in the previous month, returning in positive territory for the first time since November 2005. In accordance with the improvement in the appraisal of construction activity, the percentage of firms that did not find obstacles limiting their activity increased (from 56% to 59%).

Moreover, among the firms that declared meeting constraints (in this case, the percentage moved from 44% to 41%), insufficient demand was considered the main obstacle to production, followed by adverse weather conditions and labour shortage.

## Forecasts for the following three months

Short-term forecasts confirmed the favourable picture painted by the builders' appraisal of business conditions: expectations on construction plans improved (the balance rose from 2 to 8 in March), and the proportion of entrepreneurs who forecast an increase in employment for their own firm also picked up (the balance moved from 1 to 4). Finally, expectations of a rise in prices worsened for the third month in a row, and the related balance fell from 10 to 7, returning near its 2005 year-end average.



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

	Confidence climate (index base 2000=100)	Order books assessments	Employment Expectations
Dec 2005	94.4	-1	-1
Jan 2006	94.3	-6	4
Feb 2006	93.7	-5	1
Mar 2006	94.3	-7	4