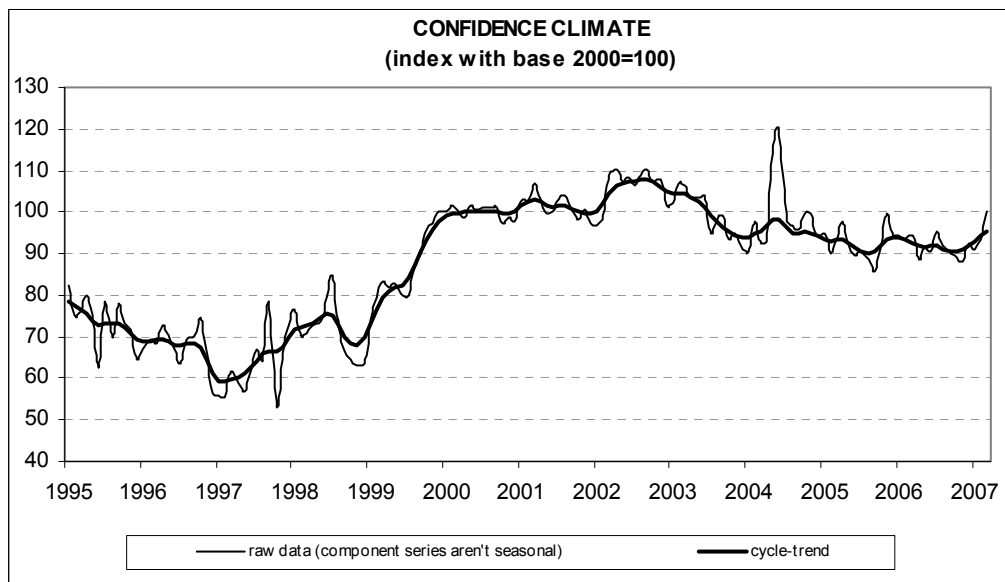




Date: May 2, 2007
TEL.: 06/444821

CONSTRUCTION FIRMS' CONFIDENCE FURTHER IMPROVES IN MARCH

- According to the ISAE Survey carried out on a panel of around 500 firms, the seasonally adjusted confidence index (2000=100) increased in March from 93.5 to 100.1, reaching one of the highest levels since June 2004
- Among the variables included in the definition of the confidence climate, assessments on construction plans continued to improve for the third month running, and prospects for employment turned positive again, following the pessimism which characterized the first two months of the year
- Surveyed entrepreneurs were decidedly optimistic about both opinions on construction activity and expectations for construction plans. However, the balance of the forecasts for prices charged in the sector declined, hovering however around the average of the last six months
- Compared to December 2006, optimism characterized the forecasts on the length of assured production (a seasonally adjusted variable, surveyed quarterly)
- The number of firms who did find obstacles limiting their construction activity was decidedly lower. As major obstacle firms cited insufficient demand
- The rise in the overall index distinguished all sectors: confidence increased markedly for residential and non-residential building activity, and it also rose, though more moderately, for civil engineering



Data on April shall be released on May 29, 2007

The next ISAE surveys are scheduled as follows:

May 8, 2007: *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)

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 93.5 to 100.1 in March, reaching one of the highest levels since 2004.

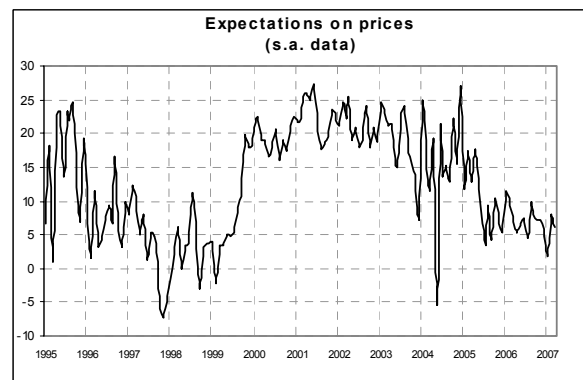
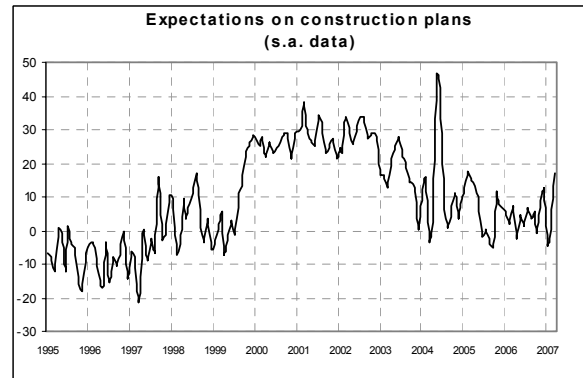
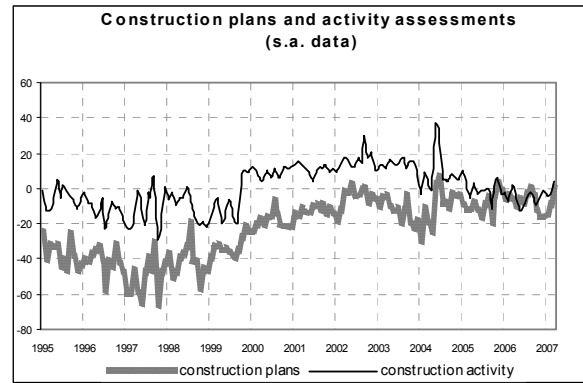
Among the underlying components of the confidence climate, the opinions on construction plans continued to improve for the third straight month. Moreover, employment prospects were again favourable, following the pessimism posted in the first two months of the year.

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Compared to December 2006, optimism characterized the forecasts on the length of assured production (a seasonally adjusted variable, surveyed quarterly).

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The rise in the overall index distinguished all sectors: confidence increased markedly for residential and non-residential building activity, and it also rose, though more moderately, for civil engineering.



Situation in the reference period (March 2007)

In March, for the third month running, assessments on construction plans improved: the related balance rose to 0 from -10 in the previous month, going back to the level recorded in August 2006. Surveyed entrepreneurs also gave an optimistic appraisal of construction activity: the seasonally adjusted balance rose from -4 to 4, regaining positive territory for the first time since March 2006. In line with the favourable trend for construction activity which emerged from the survey, the number of firms who did find obstacles limiting their activity was decidedly lower (the percentage moved from 44% to 39%). As major obstacles, firms cited insufficient demand, followed by the shortage of labour force and adverse weather conditions.

Forecasts for the following three months

Short-term prospects also confirmed the basically optimistic picture painted by the opinions of surveyed entrepreneurs. In fact, forecasts for construction plans gave favourable indications: the balance remained positive for the second consecutive month, posting a strong increase (from 3 to 17), while the balance of the forecasts for prices charged in the sector diminished (from 8 to 6, stagnating at historical low average level). Employment prospects (a variable included in the calculation of the confidence climate) started to improve once more: the related balance moved from 5 to 10, reaching one of the best results since April 2005. Lastly, as for expectations on the length of assured production (a seasonally adjusted variable, expressed in months) entrepreneurs forecast a rise with respect to the value stated in the previous survey (from 13 to 16 months).

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
December 2006	92.3	-16	9
January 2007	91.2	-15	6
February 2007	93.5	-10	5
March 2007	100.1	0	10

