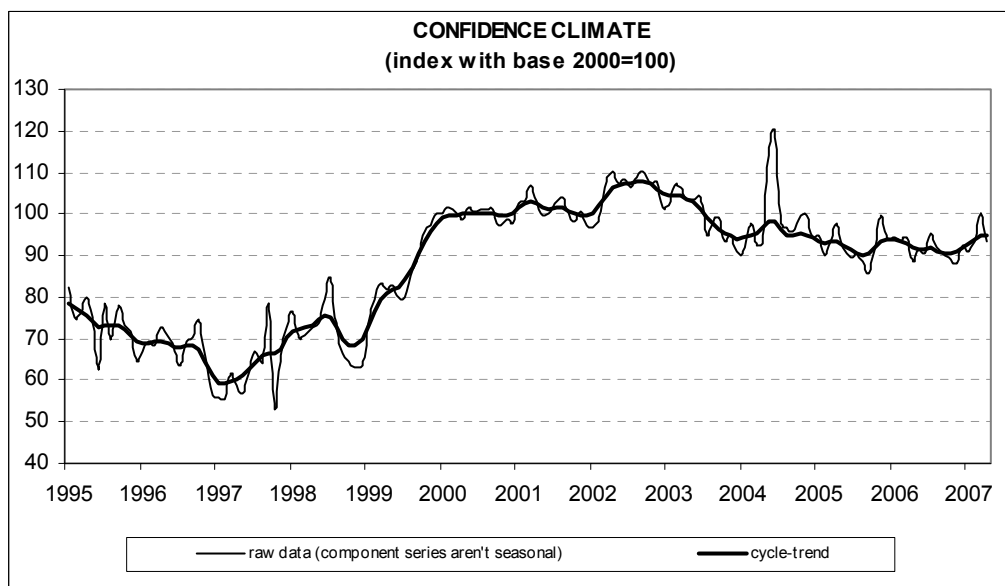




Date: May 29, 2007
TEL.: 06/444821

CONSTRUCTION FIRMS' CONFIDENCE WORSENS IN APRIL

- According to the ISAE Survey carried out on a panel of around 500 firms, the seasonally adjusted confidence index (2000=100) declined in April to 93.3 (from 100.1 in March), matching the level posted last February
- The deterioration in confidence was mainly prompted by the plunge in opinions on current construction plans and by the deterioration in employment developments
- Prospects for construction plans and employment also decidedly worsened. The balance for the predictions on prices charged in the sector declined, though still hovering around the average of the last six months. Only the opinions on construction activity sent positive signals, showing a rise in the related balance
- The number of firms that did find obstacles limiting their construction activity increased. As major obstacle firms mainly cited insufficient demand
- The decline in the overall index was homogeneous across sectors: confidence markedly diminished for civil engineering, as well as for residential and non-residential building activity



Data on May shall be released on June 27, 2007

The next ISAE surveys are scheduled as follows:

June 6, 2007: ISAE International Comparison of Consumer and Business Surveys (reference period: May)

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, in April the seasonally adjusted confidence index (2000=100) decreased to 93.3 (from 100.1 in March), matching the level posted last February.

The deterioration in confidence was mainly prompted by the plunge in opinions on construction plans and by the deterioration in employment developments.

Prospects for construction plans and employment also decidedly worsened. The balance of the predictions for prices charged in the sector declined, though still hovering around the average of the last six months. Only the opinions on construction activity sent positive signals, showing a rise in the related balance.

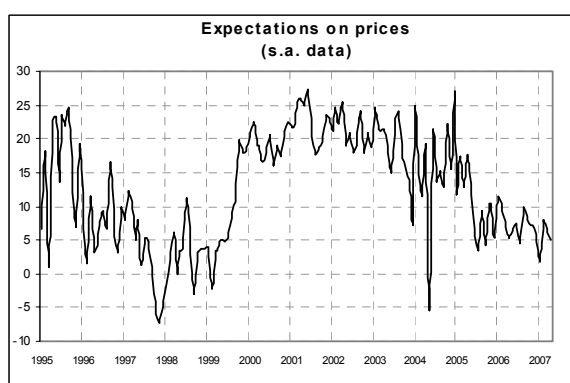
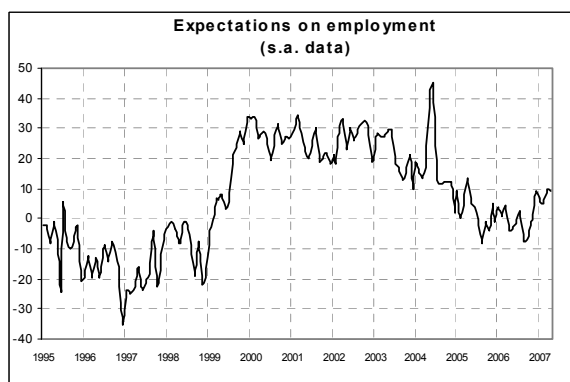
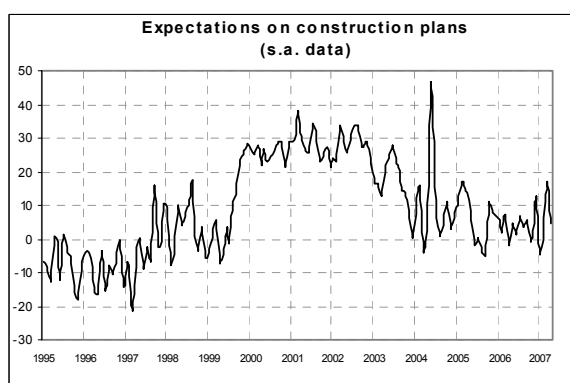
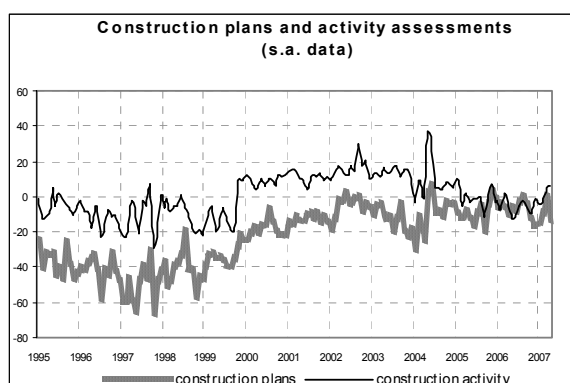
The number of firms that did find obstacles limiting their construction activity increased. As major obstacle firms mainly cited insufficient demand.

The decline in the overall index was homogeneous across sectors: confidence markedly diminished for civil engineering, as well as for residential and non-residential building activity.

Situation in the reference period (April 2007)

Following the strong improvement posted in March, firms markedly scaled down their opinions on construction plans: the related balance lowered to -14 from 0 in the previous month, going back to the value recorded in December 2006-January 2007. In line with the negative scenario emerged for surveyed firms' assessments on construction plans, the share of firms that did find obstacles limiting their construction activity increased (the percentage rose from 39% to 42%). Moreover, as major obstacles firms cited insufficient demand, followed by the shortage of labour force and adverse weather conditions.

Only the opinions on construction activity sent positive signals: the seasonally adjusted balance continued to improve, for the second month running, remaining in positive territory.



Forecasts for the following three months

Short-term prospects also confirmed the basically pessimistic picture painted by the opinions of surveyed entrepreneurs. In fact, forecasts for construction plans sent unfavourable indications: the balance sharply declined (from 17 to 4), remaining however positive and matching the level posted last February. The balance of the forecasts for prices charged in the sector diminished as well (from 6 to 5, stagnating at historical low average level). The employment trend (a variable included in the calculation of the confidence climate) started to worsen once more: the related balance moved from 10 to 9, remaining nevertheless among the best results since April 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
January	91.2	-15	6
February	93.5	-10	5
Mar ch	100.1	0	10
April	93.3	-14	9

