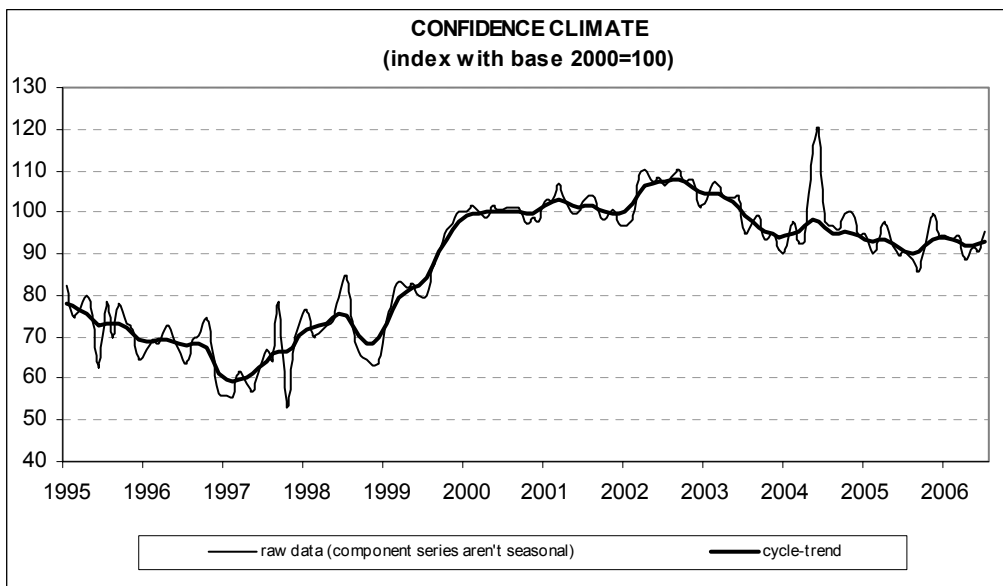




Date: September 5, 2006
TEL.: 06/444821

IN JULY CONSTRUCTION FIRMS' CONFIDENCE IMPROVES

- According to the ISAE Survey carried out on a panel of about 500 firms, in July the seasonally adjusted confidence index (2000=100) increased from 90.7 to 95.4, continuing nevertheless to fluctuate around its year average level. Among the underlying components of the indicator, both the assessment on order books and employment prospects improved
- Surveyed entrepreneurs were optimistic about both the evaluation of construction activity (the balance rose for the second month running) and prospects for construction plans. The number of respondents forecasting a rise in prices charged in the sector declined: the balance remained positive, close to the average level of the last five months
- The proportion of entrepreneurs who did not find obstacles limiting their construction activity continued to increase. Among the respondents that stated that constraints actually hindered their activity, the number of those that considered insufficient demand an obstacle markedly declined
- In July the recovery in the overall confidence index was the result of diverging trends at the industry level: confidence worsened for civil engineering, while it decisively bettered for building activity, particularly for the non-residential sector



Data on August shall be released on September 28, 2006

The next ISAE surveys are scheduled as follows:

September 6, 2006: ISAE International Comparison of Consumer and Business Surveys (reference period: August)

September 18, 2006: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (reference period: July)

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)

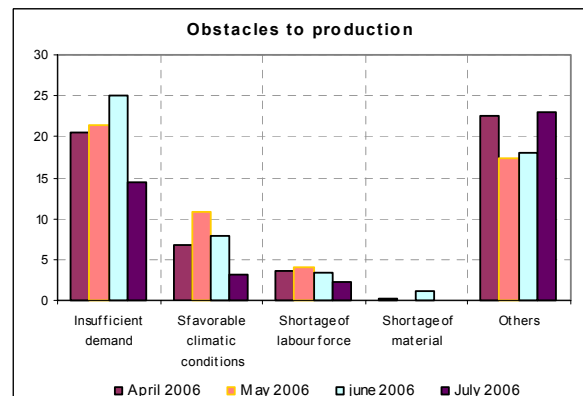
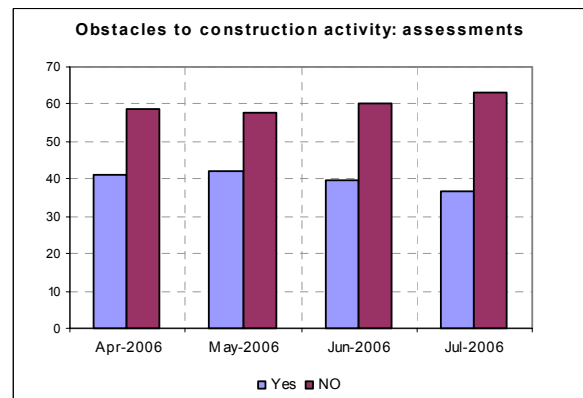
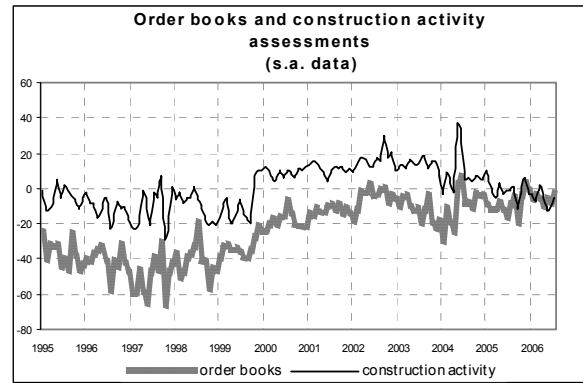
General results

According to the ISAE Survey carried out on a panel of around 500 construction firms, in July the seasonally adjusted confidence index (2000=100) increased from 90.7 to 95.4. The indicator also adjusted for random factors moved from 92.3 in the previous month to 93. Though the index sharply grew, it continued to fluctuate around its year average level. Among the underlying components of the indicator, both the assessment on construction plans and employment prospects improved. For the latter variable, the balance reverted to positive territory, after staying negative for three months in a row.

Surveyed entrepreneurs were optimistic with respect to both the evaluation of construction activity (the balance increased for the second straight month) and prospects for construction plans (even though the balance stayed at historically low levels).

The number of entrepreneurs who forecast a rise in prices charged in the sector declined: the balance remained positive, staying around the average level posted in the last five months. The number of entrepreneurs who did not find obstacles limiting their construction activity extended its upward trend. Among the respondents that stated that constraints actually hindered their activity, the share of those considering insufficient demand an obstacle markedly declined.

The recovery in the overall confidence indicator was the result of diverging trends at the industry level: confidence worsened for civil engineering, whereas it significantly improved for building activity. Particularly, with regard to the latter sector, confidence recovered markedly for non-residential building activity and more moderately, instead, for residential building.



Situation in the reference period (July 2006)

Positive signals characterized the assessment on construction plans: the related balance reached -3 from to -8 in the previous month, returning to its 2005 year end average. The evaluation of construction activity decisively improved as well: the seasonally adjusted balance moved to -5 from -11 in the previous month, though still remaining at historically low levels. The number of entrepreneurs who did not find obstacles limiting their construction activity increased for the fourth consecutive month (the percentage moved from 60% to 63%). Furthermore, among the respondents that stated that constraints actually hindered their activity (in this case the percentage lowered from 40% to 37%), insufficient demand prevailed as a major obstacle.

Forecasts for the following three months

The forecasts for developments in main company variables added to the positive picture painted by entrepreneurs' opinions. Expectations on construction plans were improving (the balance moved from 2 to 7), and the number of entrepreneurs who forecast a rise in employment for their firm increased for the third month running: the balance grew from -2 to 3, reverting to positive territory and regaining the level posted last March. Finally, the balance for the forecasts on prices charged in the sector diminished: it lowered from 7 to 5, confirming the stagnation ongoing since the end of 2005.

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

	Confidence climate (index base 2000=100)	Assessments on order books	Expectations on employment
April	88.5	-11	-4
May	91.3	-6	-3
June	90.7	-8	-2
July	95.4	-3	3