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Date: **December 27, 2006**
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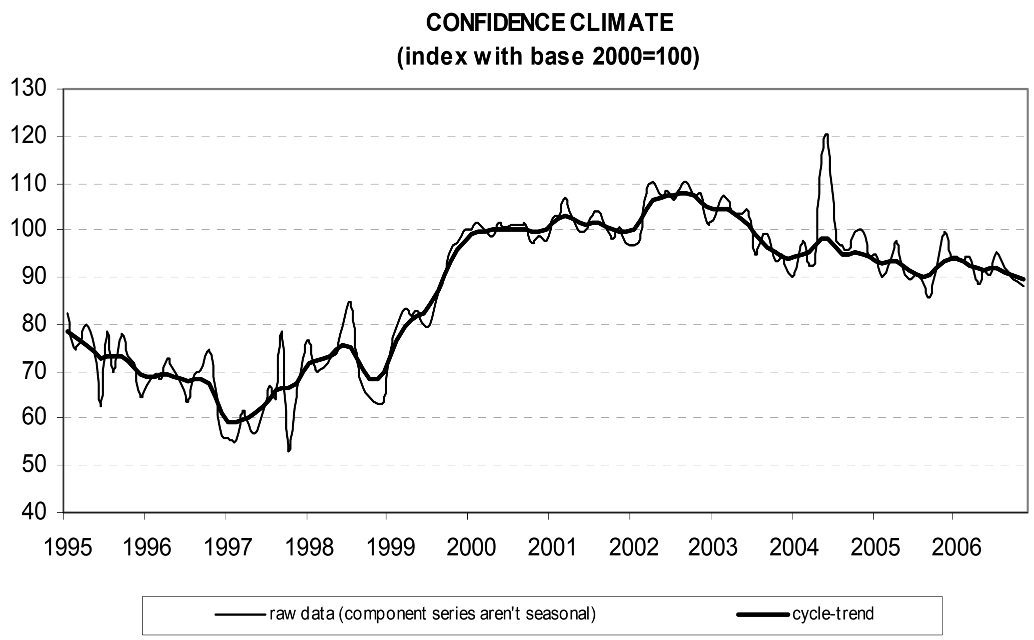
IN NOVEMBER CONSTRUCTION FIRMS' CONFIDENCE CONTINUES TO DECLINE

- **The seasonally adjusted confidence index (2000=100) decreased for the fourth month in a row, moving from 89.1 to 88.1 and reaching the lowest level since September 2005**
- **Among the underlying components of the indicator, assessments on construction plans worsened for the third consecutive month, whereas employment prospects slightly improved**
- **The opinions on construction activity and the prospects for construction plans also bettered. Finally, the balance for the trend in prices charged in the sector remained virtually stable, at historical low levels**
- **The number of entrepreneurs who did not find obstacles limiting their construction activity started to increase again, and among those that stated that constraints actually hindered their activity insufficient demand was still considered the major obstacle**
- **The breakdown of data by industry pointed to a sharp deterioration in confidence for building activity, whereas the indicator for civil engineering improved**



Data on December shall be released on January 30, 2007

The next ISAE surveys are scheduled as follows:
January 10, 2007: *ISAE International Comparison of Consumer and Business Surveys (reference period: December)*

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

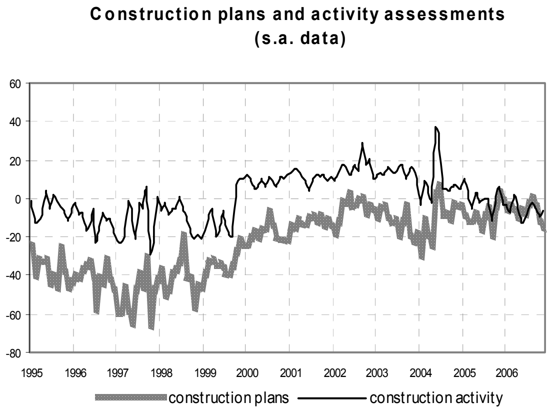
Confidence continued to worsen in the construction sector: according to the ISAE Survey carried out on a panel of around 500 firms, the seasonally adjusted confidence index (2000=100) declined in November for the fourth month running, moving from 89.1 to 88.1. The index thus reached the lowest level since September 2005.

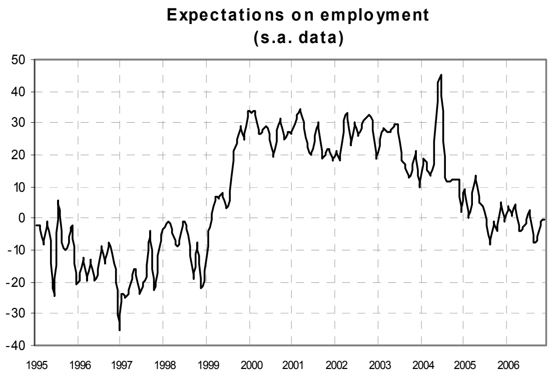
Among the underlying components of the indicator, the opinions on construction plans continued to worsen for the third consecutive month, whereas employment prospects slightly improved.

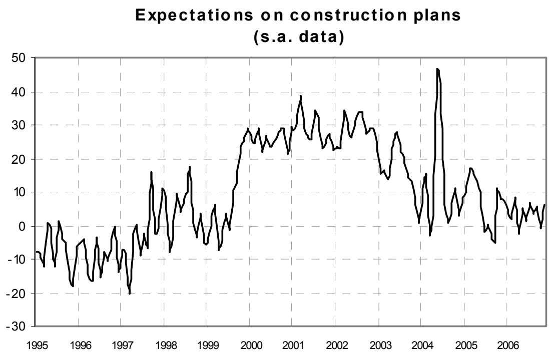
Among the other surveyed variables, both assessments on construction activity and prospects for order books started to improve once more. Finally, the balance for the trend in prices charged in the sector remained virtually stable, at historical low levels.

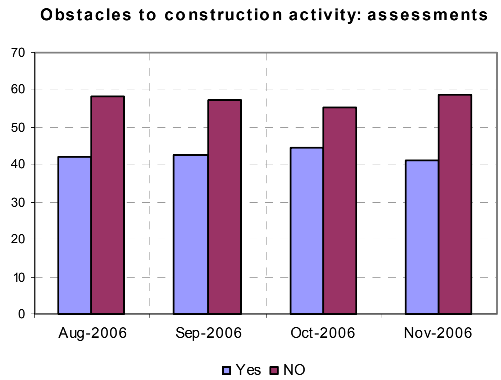
The number of entrepreneurs who did not find obstacles limiting their construction activity started to rise again. Among the respondents that stated that constraints actually hindered their activity, insufficient demand continued to be the major obstacle.

The breakdown of data by industry pointed to a sharp deterioration in confidence for building activity, while the indicator for civil engineering improved.









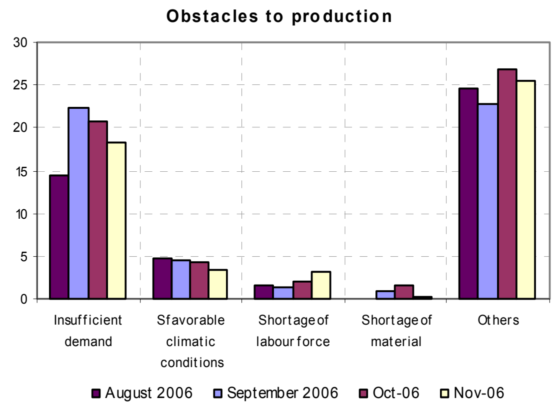
Situation in the reference period (November 2006)

Contrasting signals characterized entrepreneurs' assessments in November: the opinions on construction plans deteriorated (the balance lowered from -12 to -16, returning to the level posted in September 2005), whereas those on construction activity improved (the balance rose from -9 to -6).

Nevertheless, the share of surveyed entrepreneurs declaring they did not find obstacles limiting their construction activity increased (the related percentage grew from 55% to 59%). Furthermore, among the respondents that stated that constraints actually hindered their activity (in this case the percentage lowered from 45% to 41%), insufficient demand still prevailed as a major obstacle, even though the number of entrepreneurs that mentioned this factor diminished with respect to the previous month.

Forecasts for the following three months

The forecasts for main company variables did not confirm the uncertainties characterizing the opinions of surveyed firms on the current situation. Actually, expectations on construction plans markedly improved (the balance increased from -1 to 6, returning to the average value posted in the second half of 2006). The balance related to the forecasts for prices charged in the sector remained virtually stable at 7, the level recorded on average in the first half of 2006. Employment prospects sent positive signals: the balance recovered from -1 to 0, though remaining at a record low level.



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
August	91.8	0	-7
September	90.3	-4	-7
October	89.1	-12	-1
November	88.1	-16	0