

Construction Profile in ITC Group Countries

N. 1 – April 3rd 2012

Highlights

Country Focus

Main Construction Indicators

Countries:

United States
Canada
France
Italy
Spain
Belgium
Greece
Bulgaria
Morocco
Egypt
China
India
Thailand

Key to Abbreviations

ar	annual rate
bn	billion
ch	change
d	day
lhs	left hand side
m	month
ma	moving average
mn	million
mom	month-on-month
nsa	not seasonally adjusted
Q	quarter
rhs	right hand side
sa	seasonally adjusted
saar	seasonally adjusted at annual rate
tn	trillion
wda	working days adjusted
y	year
yoy	year-on-year

Based on all information up to April, 3rd 2012
Available in i.like

HIGHLIGHTS

- Differentiation is the key word to explain how construction activity is evolving across the Group, both within its advanced economies and across its emerging countries. As a matter of fact, the US construction sector is now slightly recovering – also thanks to a favourable policy mix – while most of the Group euro countries are still in the doldrums. Italy is a case in point, as fiscal austerity measures implemented by the new government together with particularly adverse weather conditions in the first two months of 2012 have combined to further downgrade construction activity prospects for the full year.
- The environment remains by far more promising in the Group emerging area; however early signs of slowing down have started to emerge in China (and not only, see also below); on the other hand construction activity has so far held up fairly well in Egypt, particularly when the strains induced by the complex political transition that the country is experiencing are taken into account.

COUNTRY FOCUS

- In **France**, the construction sector returned positive in yoy terms in Q4 11 (+1%) after 14 consecutive quarters of contraction, mainly due to a better than expected performance of the non residential sector (+1.9% yoy). However, a full-speed recovery is unlikely in the next few months. As a matter of fact, leading indicators show that the residential investment rebound should unfold moderately as a consequence of the declining impact of tax and mortgage incentives and the very slow decline in unemployment. In addition, building starts in industrial, office-space and shops sub-segments are slowing down. As for public investment, confidence indicators point to a weakening as a consequence of fiscal budget constraints.
- The slump in the **Spanish** housing market deepened in Q4 11, reflecting increasing pressure on households' financial position and tight credit conditions. Latest sector indicators are all heading south. House prices fell for the 15th successive quarter at end-2011 (-11.2% yoy), the steepest annual drop since the series began in 2007. House sales declined by 26.3% yoy in January 2012. In addition, depressed mortgage lending and falling household income is making it increasingly difficult to reabsorb the housing glut, with the Bank of Spain estimating that roughly 1.1mn new homes remain unsold. In the non residential sector, investment intentions are also sluggish as companies are confronted with shrinking profits and still disrupted credit markets. Also public investment is set to remain subdued in the next few months due to the expected painful public spending cuts.
- Economic momentum in **India** has somewhat decelerated in H2 11. As a matter of fact, GDP slowed down to its weakest pace in nearly three years in Q4 11 (+6.9% yoy), as sustained monetary tightening, policy-making gridlock, and weak business sentiment dragged down investment and manufacturing. On the other hand, construction value added surprised on the upside, accelerating to 7.3% yoy (up from +4.3% yoy in Q3 11). However, according to Fitch, construction activity should slow down in the next few months – despite a likely looser monetary stance – following a decrease in new orders and lack of equity funding for build-operate-transfer (BOT) projects, in turn caused by structural and policy related bottlenecks (such as delays in environmental approvals for some large projects and other procedural delays), and by land acquisition issues.

MAIN CONSTRUCTION INDICATORS

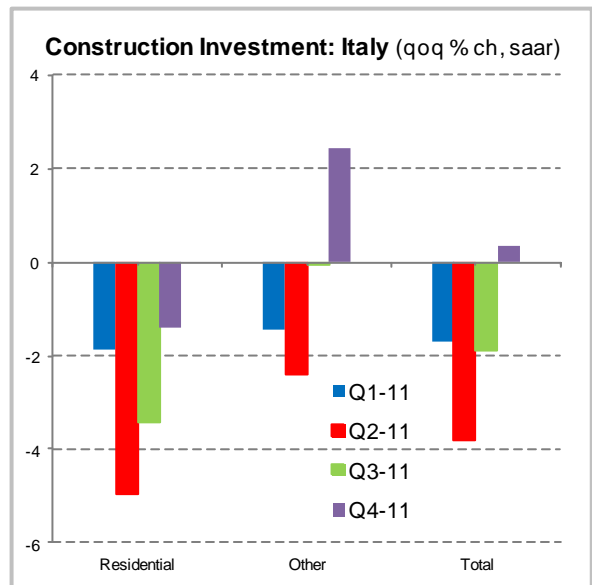
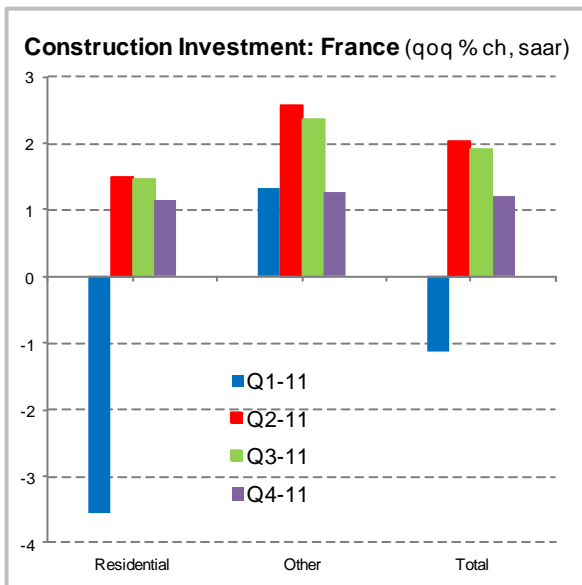
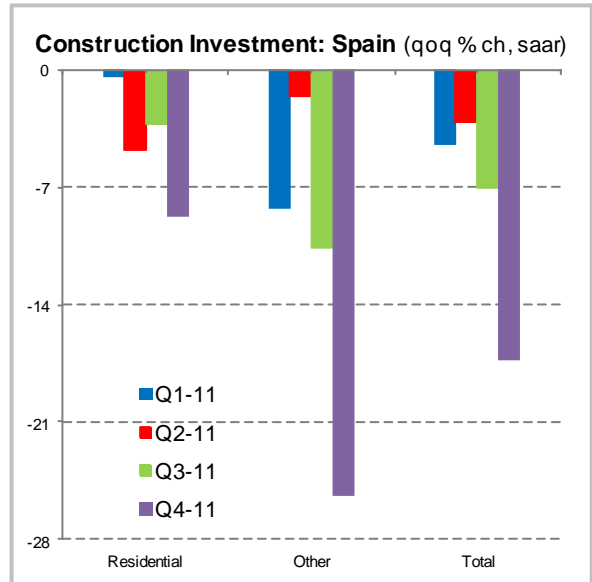
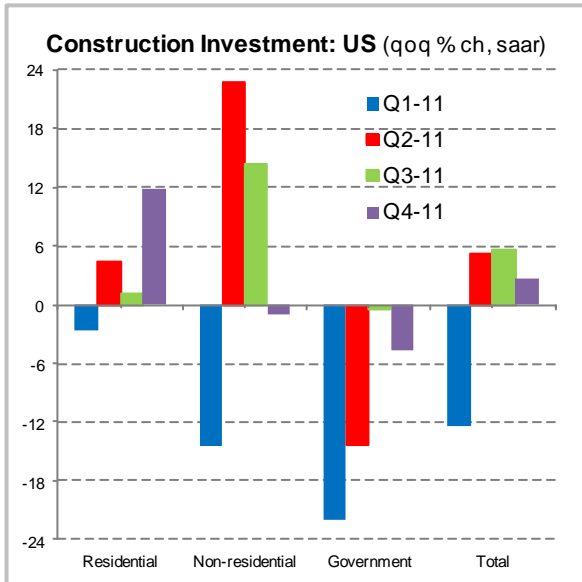
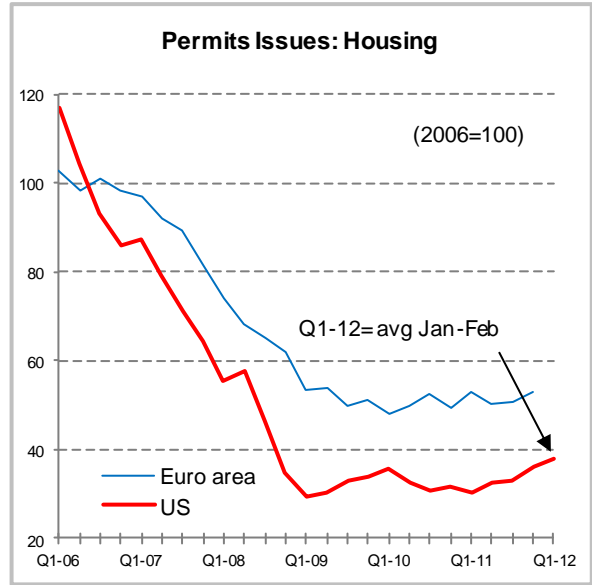
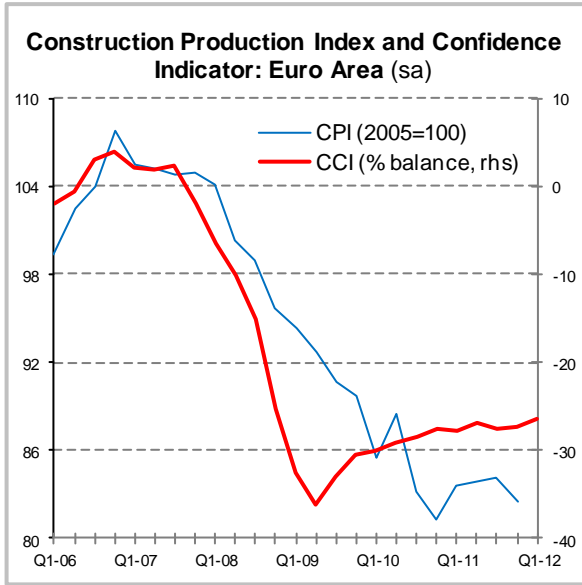
Indicators*	Construction Production				Construction Investment				House Prices			
	2009	2010	2011	Latest	2009	2010	2011	Latest	2009	2010	2011	Latest
USA	-28.5	-3.2	-2.6	5.4 Jan ⁽¹⁾	-17.3	-8.6	-1.6	-0.1 Q4	-13.3	1.2	-3.9	-3.8 Jan
Canada	-9.0	7.8	4.1	3.4 Dec	-10.9	9.2	4.7	2.9 Q4	-3.0	3.4	2.4	2.8 Jan
France	-5.1	-5.1	2.1	-0.8 Jan	-5.8	-4.9	-0.2	1.0 Q4	-7.1	5.1	6.1	4.3 Q4
Italy	-11.5	-3.3	-2.5	-10.5 Jan	-8.8	-4.9	-2.3	-3.2 Q4	-0.4	0.1		0.9 H1 11
Spain	-11.9	-19.9	-20.6	5.0 Jan	-15.4	-10.1	-8.1	-8.1 Q4	-6.7	-2.0	-7.4	-11.2 Q4
Belgium	-4.2	-1.5	6.0	9.1 Jan	-1.9	0.5	3.2	1.9 Q4 ⁽²⁾	-0.3	5.4		4.0 Q3
Greece	-17.5	-31.6	-28.0	-34.6 Q4	-10.0	-12.2	-21.4	-22.1 Q4 ⁽⁶⁾	-3.7	-4.7	-5.0	-5.9 Q4
Bulgaria	-13.9	-14.3	-13.1	0.1 Jan	-17.6	-18.3	-9.7	-9.7 Q4 ⁽³⁾	-21.4	-10.1	-6.1	-6.2 Q4
Morocco			-		3.4	2.1		7.1 Q3 ⁽²⁾	-	-	-	2.9 Q4
Egypt			-		14.2	12.9	-2.9	-0.6 Q4 ⁽²⁾				-
China			-		38.7	27.4	29.3	17.4 Feb ⁽⁴⁾	2.9	6.5	1.3	0.0 Feb ⁽⁵⁾
Thailand			-		0.6	6.6	-5.3	-5.6 Q4 ⁽⁶⁾	-9.3	-1.4		12.2 Q2
India			-		5.7	7.9	5.2	7.2 Q4 ⁽²⁾				-

Notes:

* yoy % ch, sa, unless otherwise indicated; ⁽¹⁾ Production of dwellings ; ⁽²⁾ Gross value added; ⁽³⁾ Gross fixed capital formation; ⁽⁴⁾ Nominal investment in fixed assets: new construction; ⁽⁵⁾ Shanghai second-hand index; ⁽⁶⁾ nsa

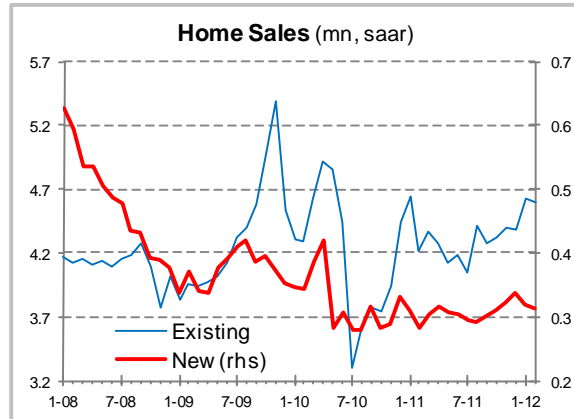
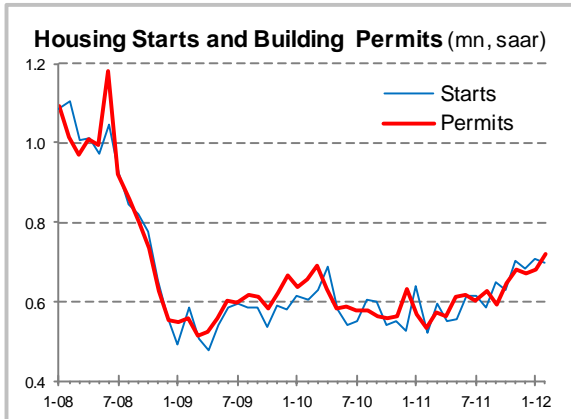
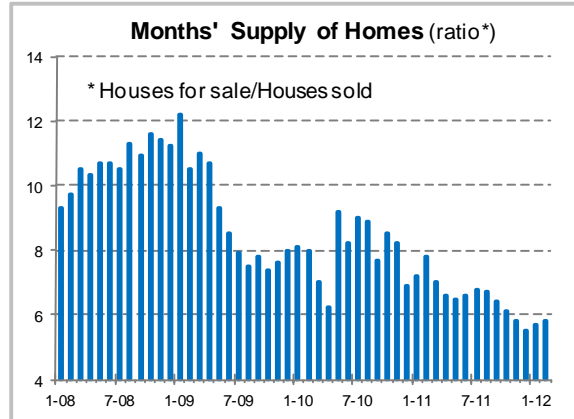
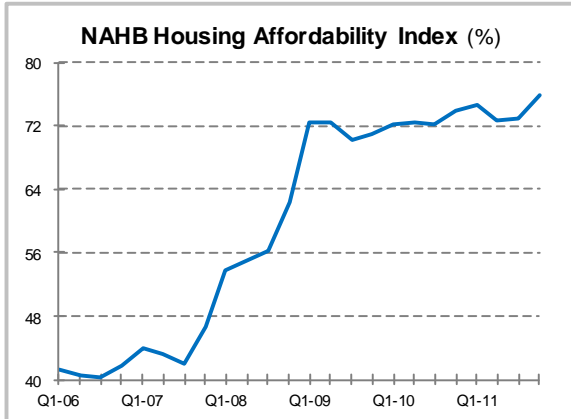
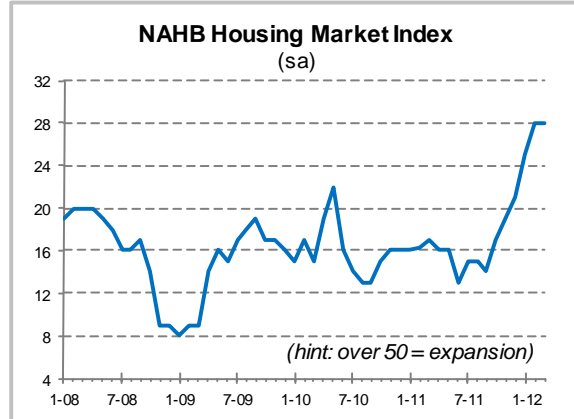
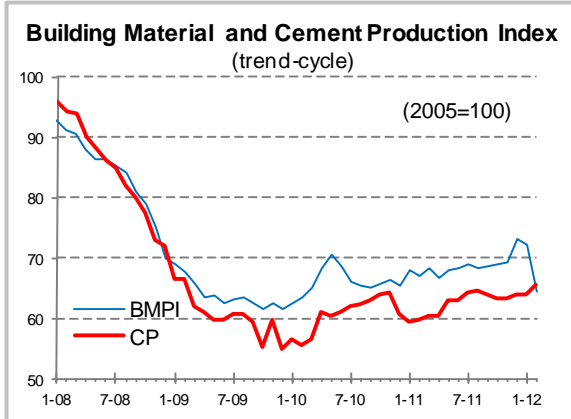
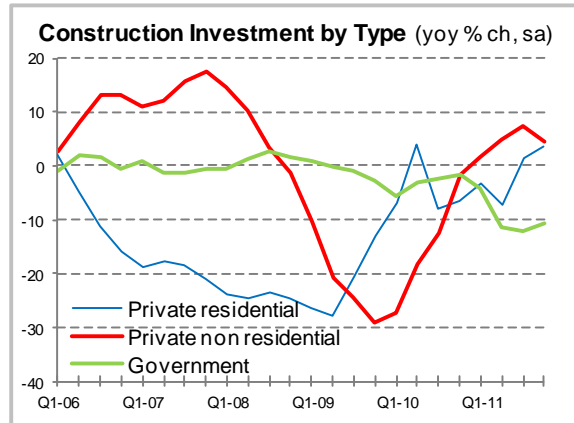
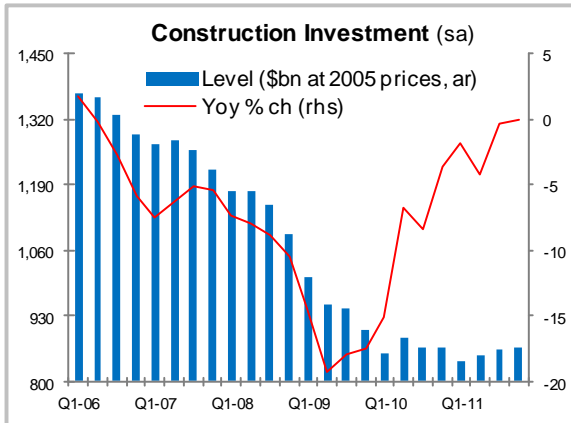
Sources: Eurostat, OECD, National Statistics

MAIN CONSTRUCTION INDICATORS

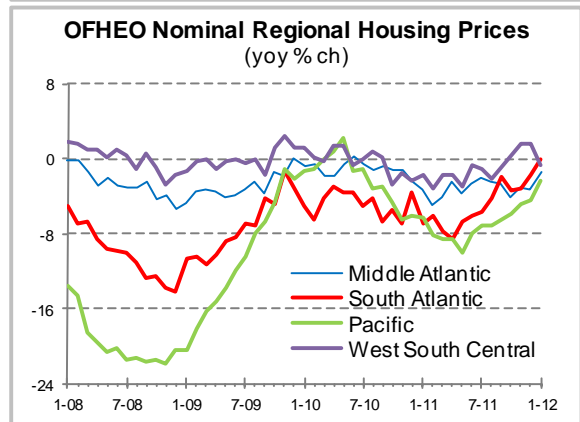
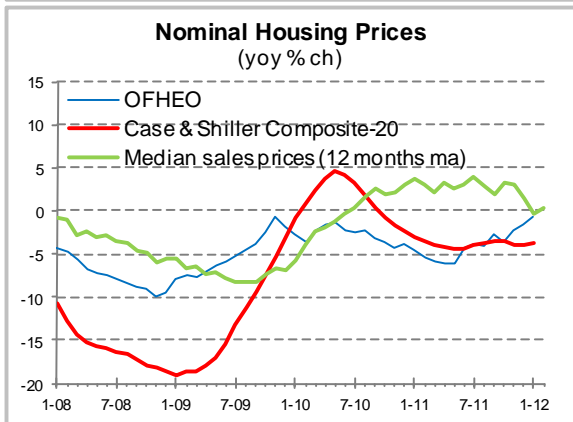
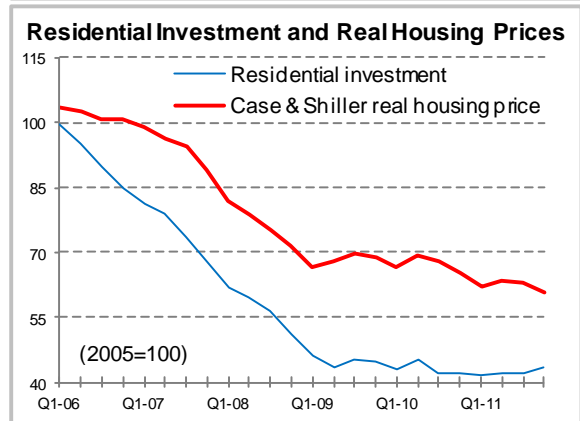
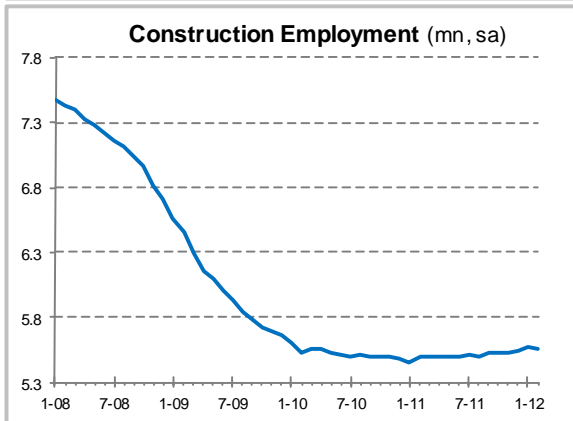
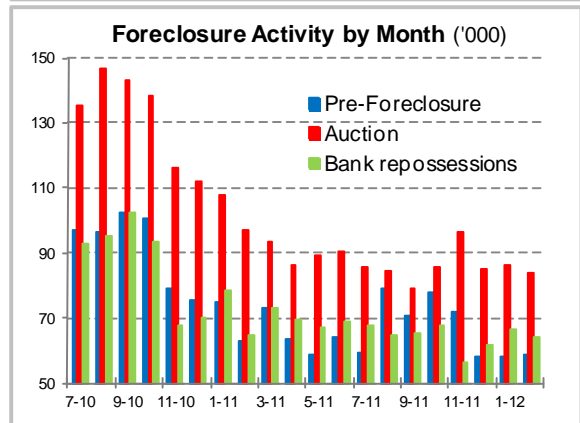
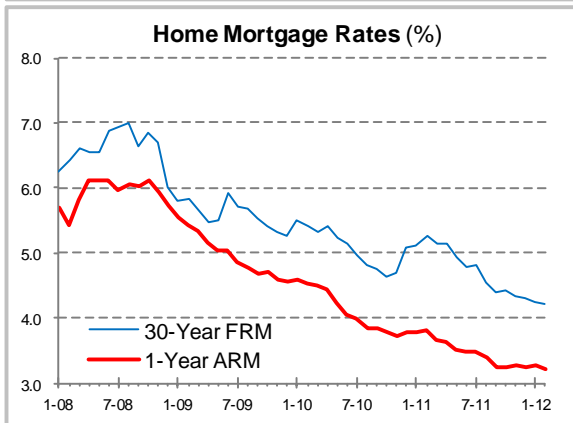
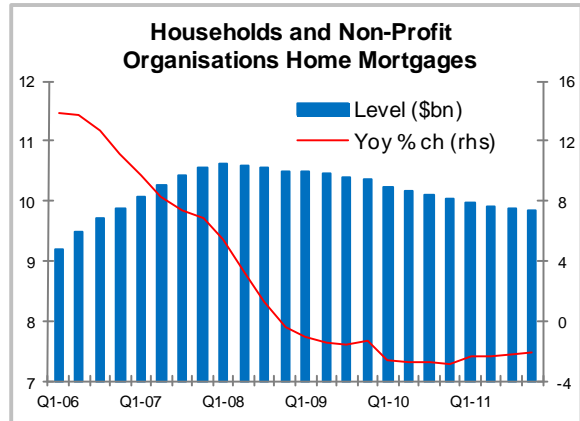
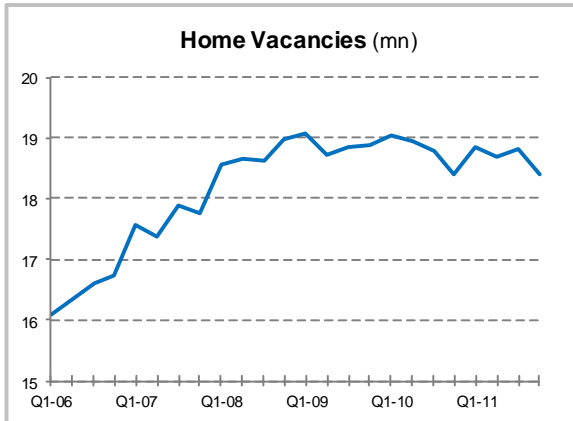


Sources: BEA, Eurostat, US Census, OECD

UNITED STATES

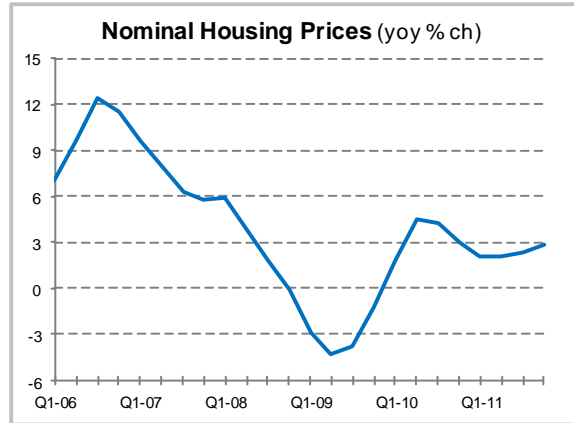
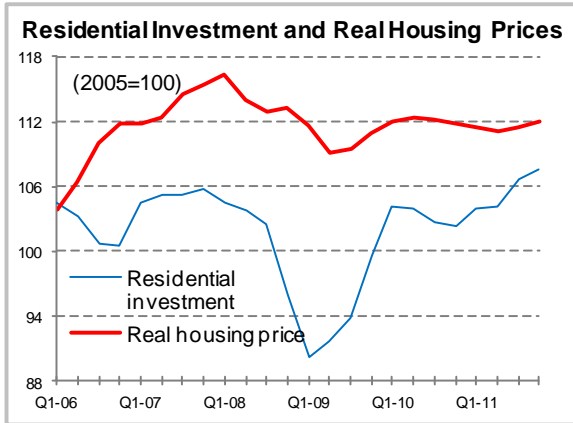
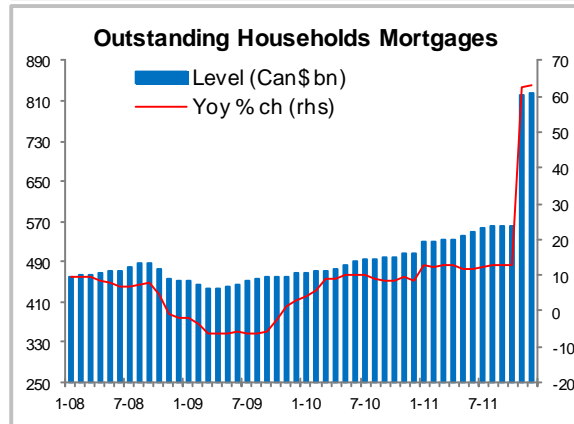
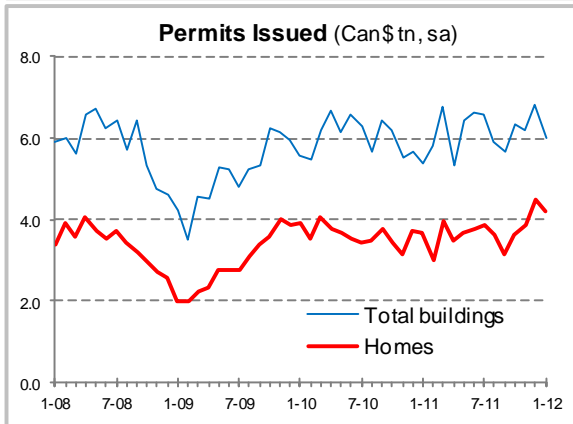
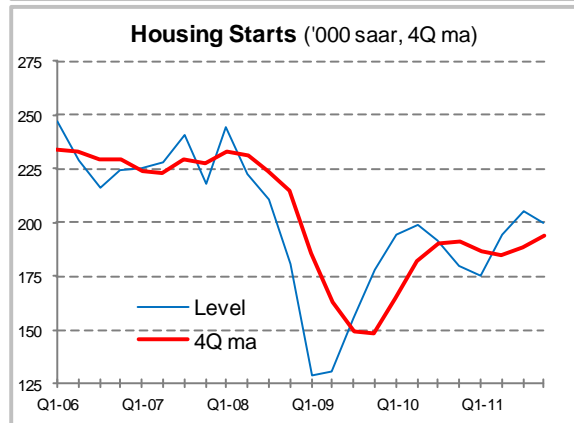
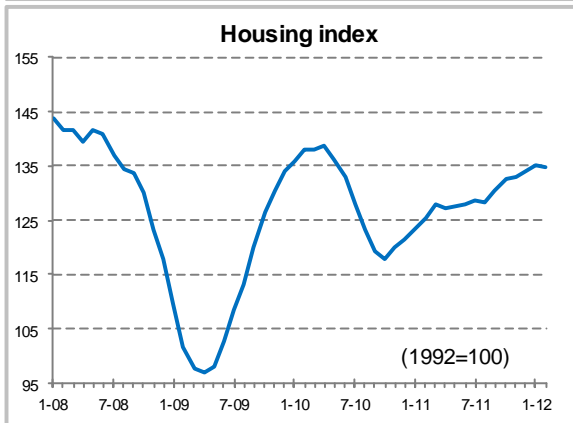
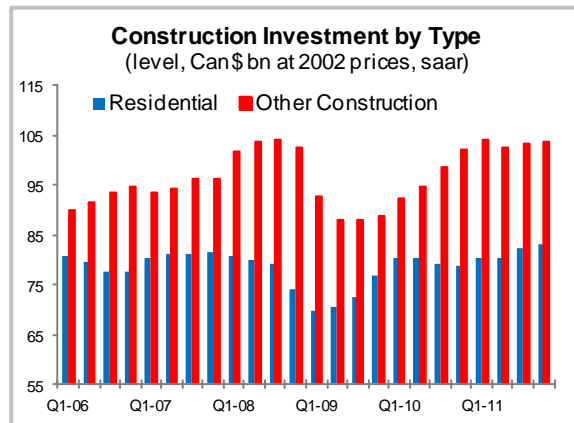
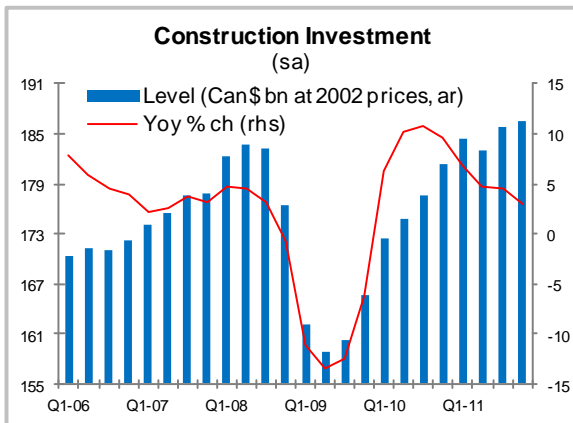


UNITED STATES



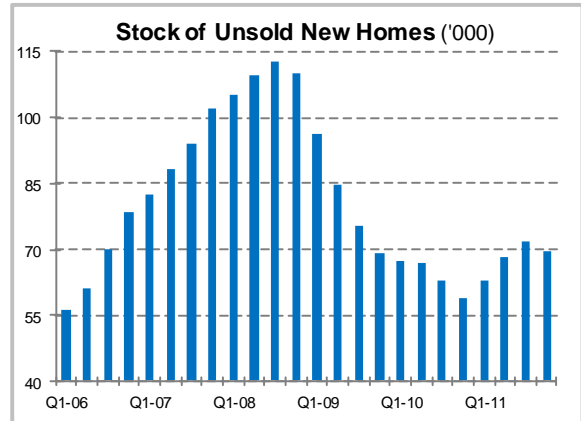
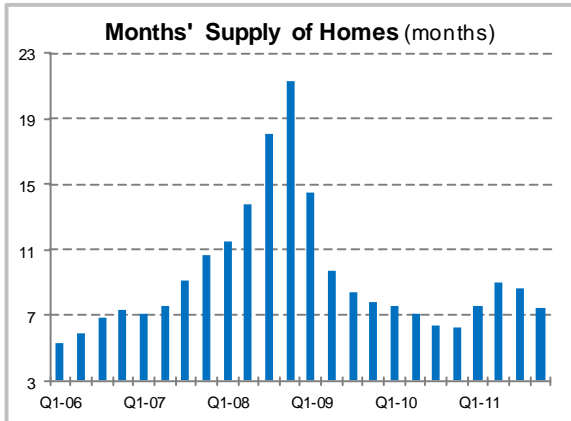
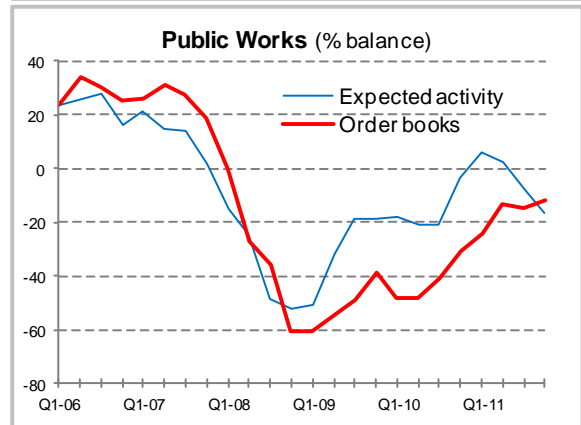
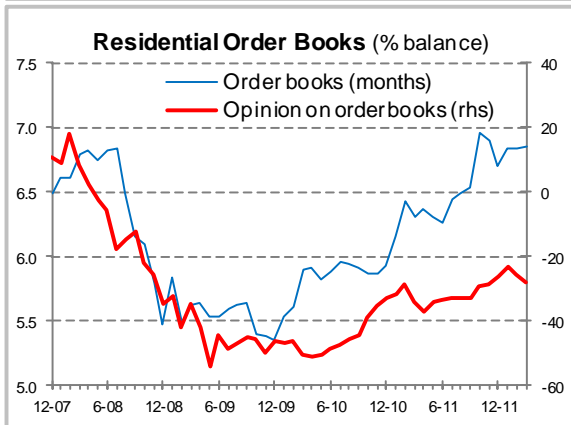
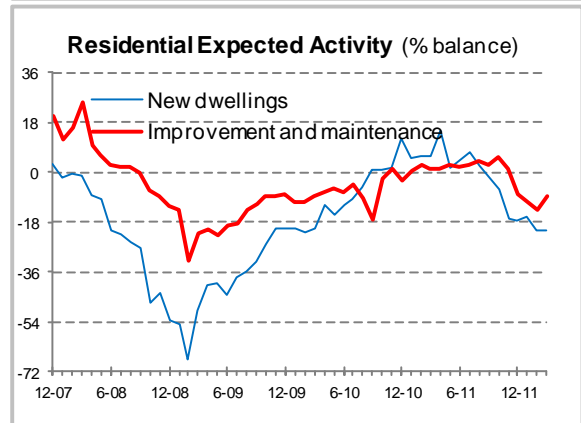
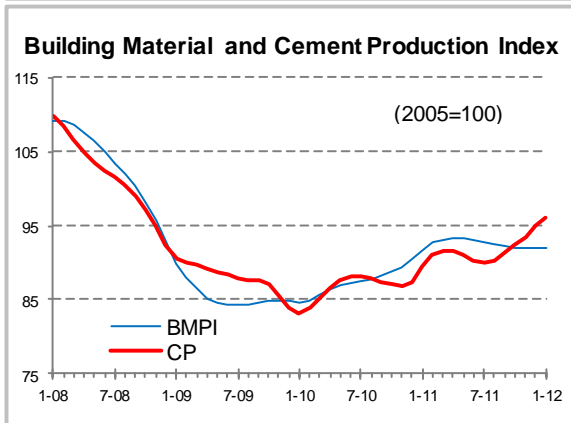
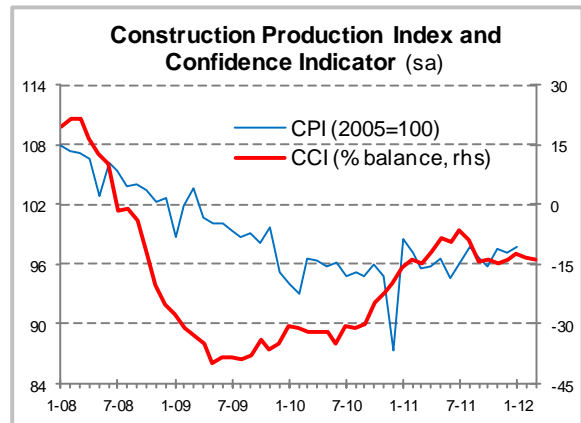
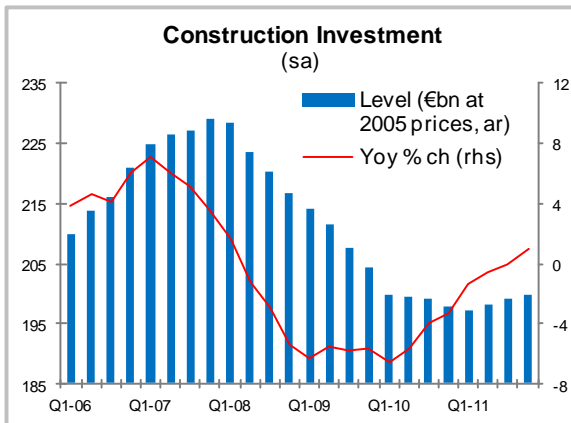
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CANADA

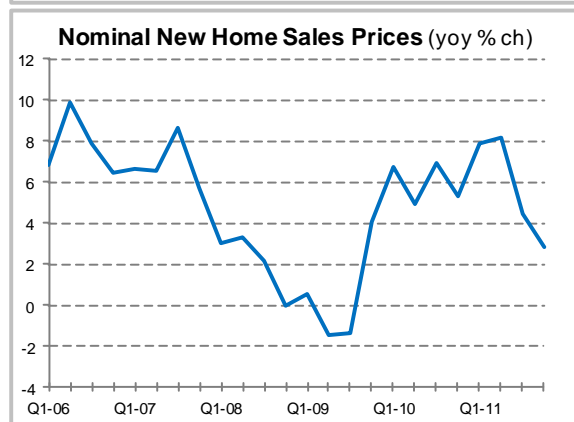
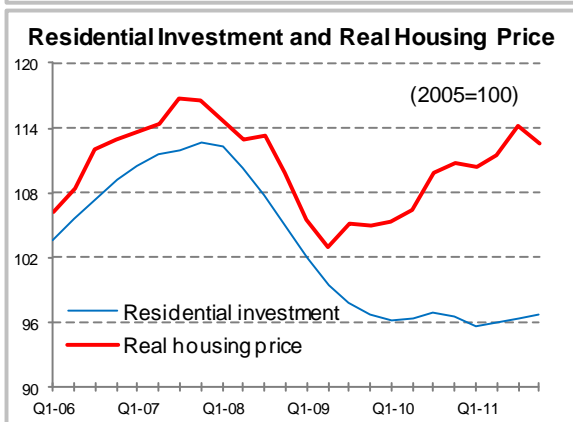
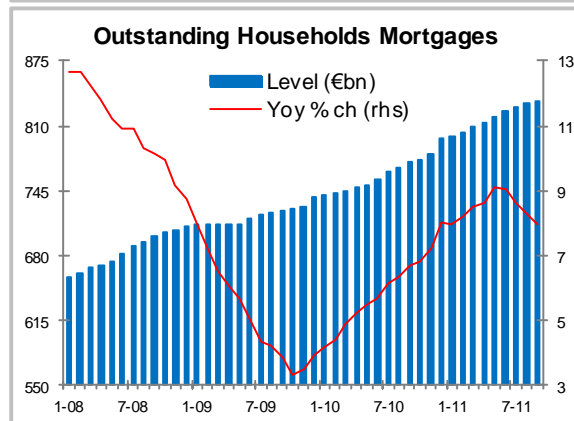
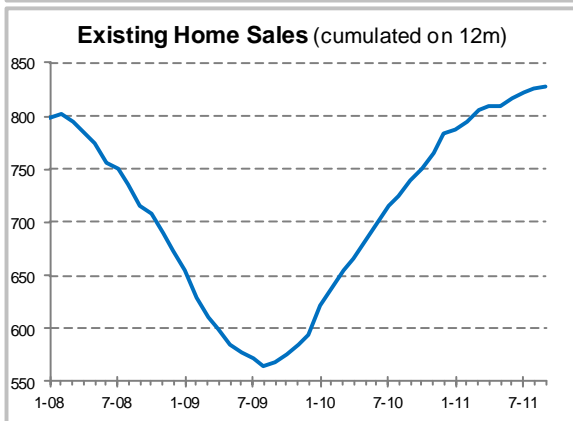
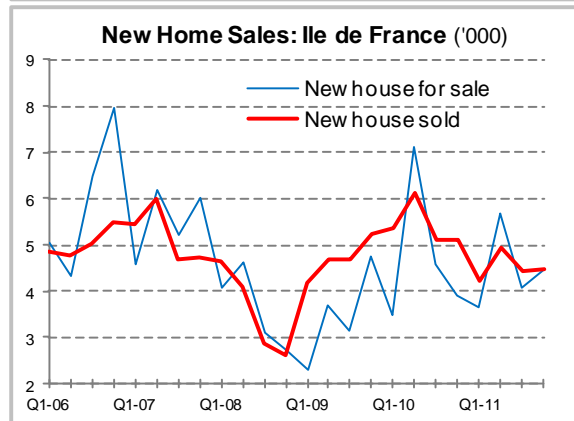
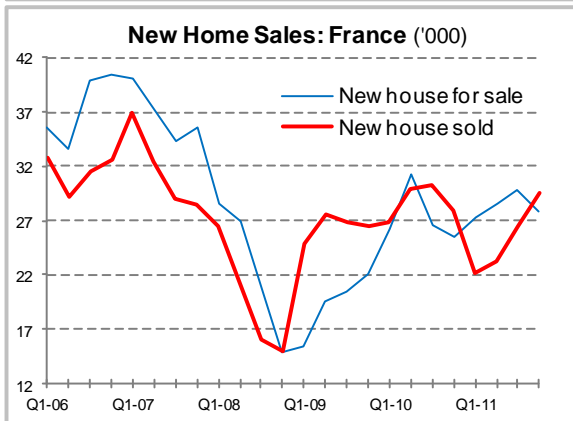
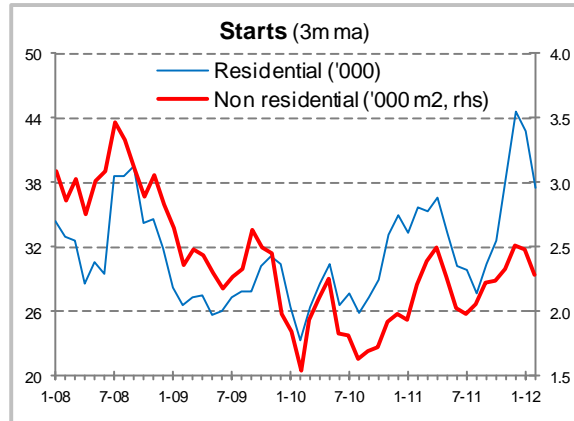
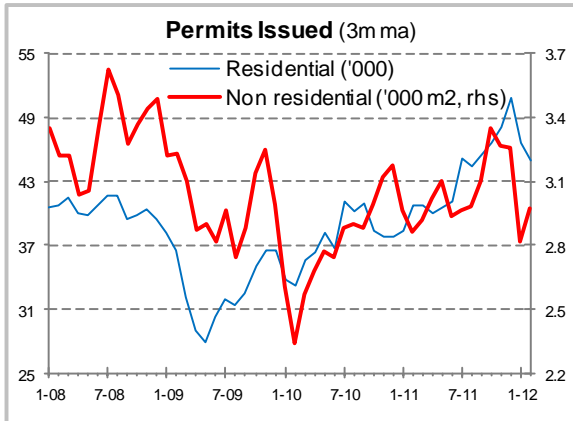


Sources: OECD, Canada's Statistics Agency, CMHC, Bank of Canada

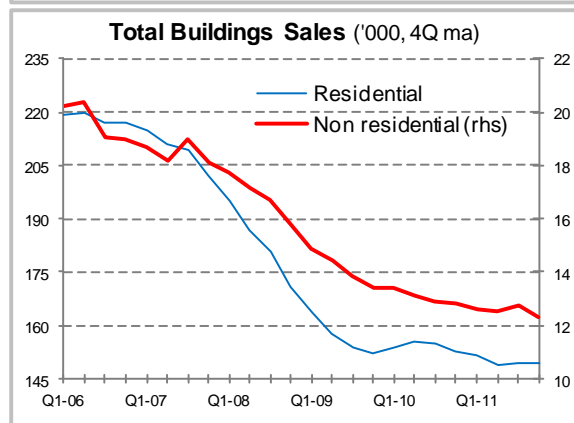
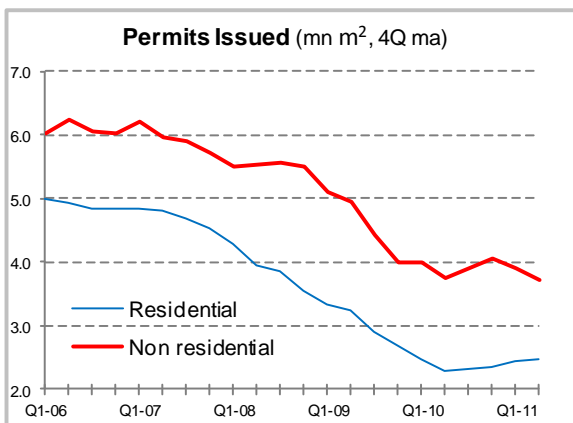
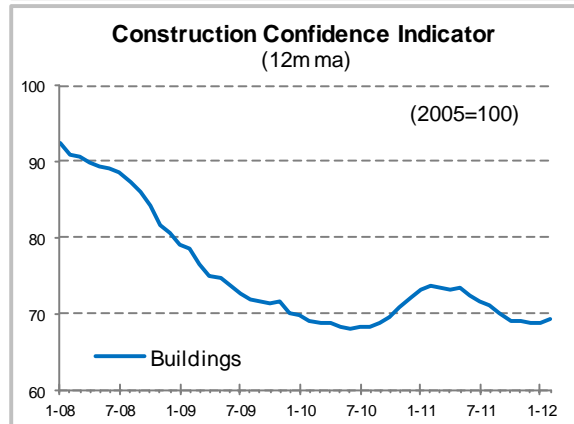
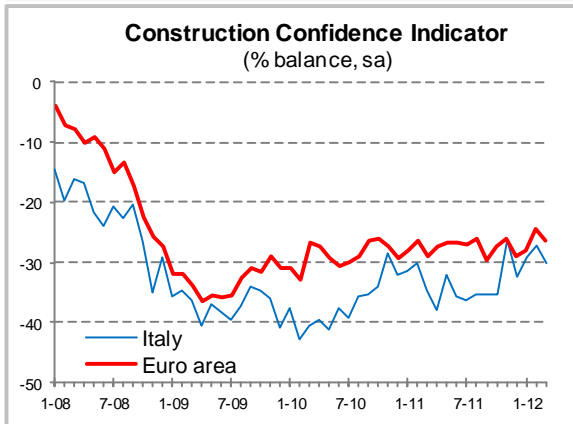
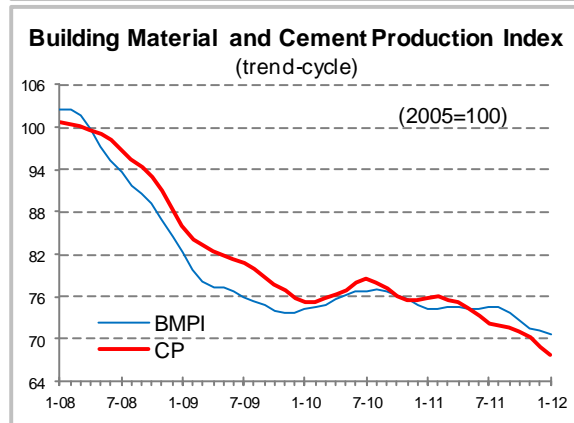
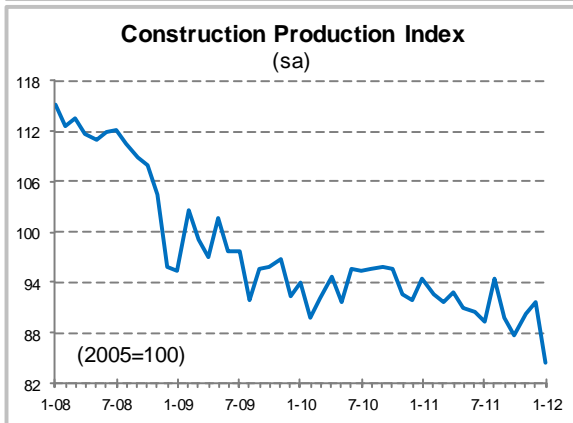
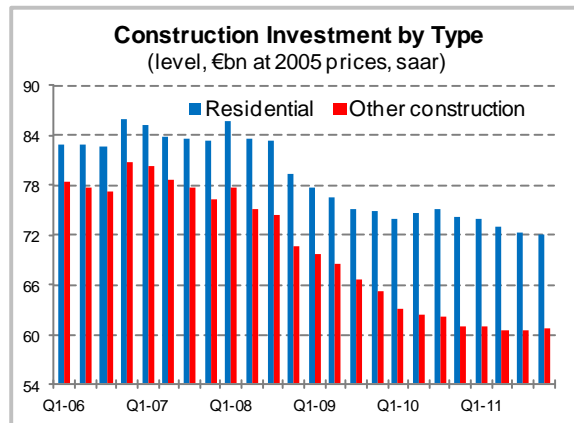
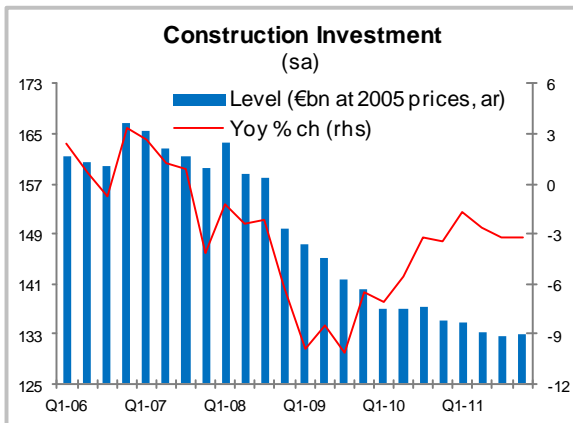
FRANCE



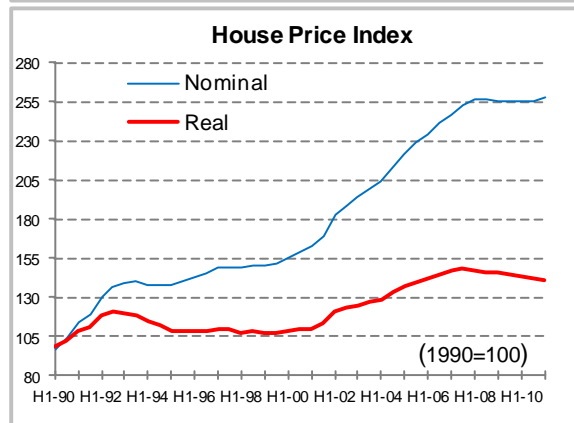
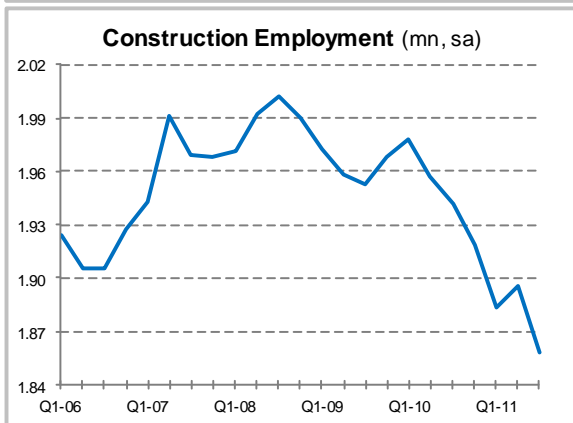
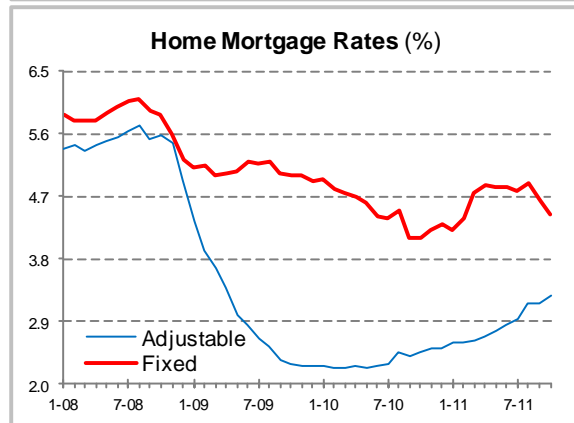
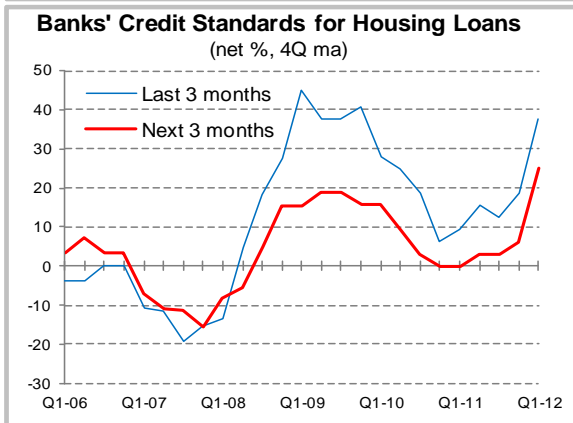
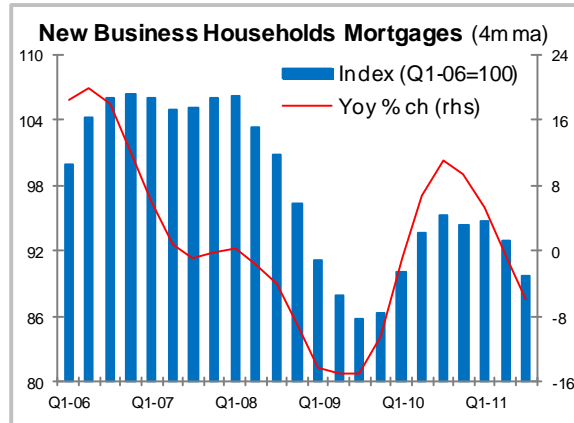
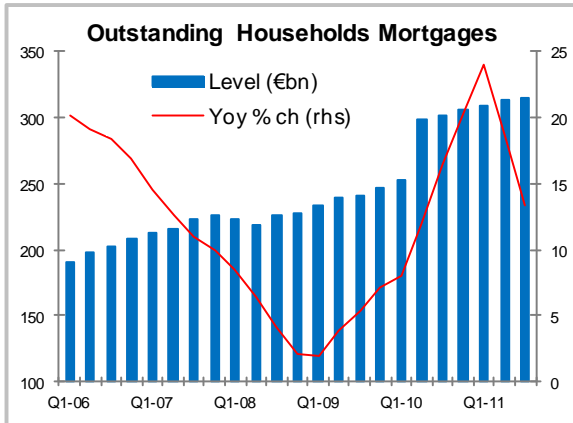
FRANCE



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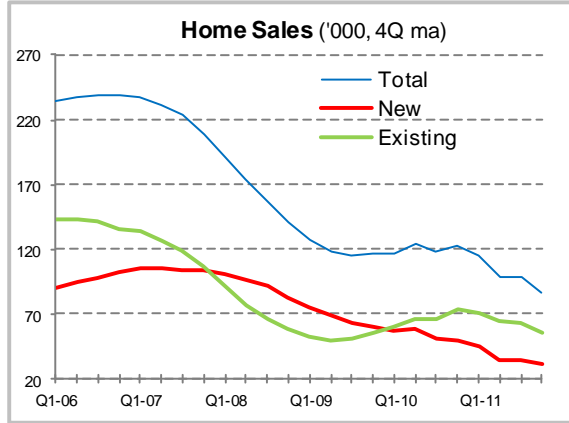
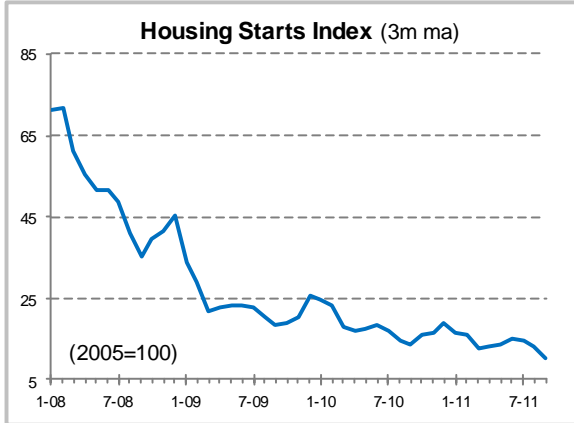
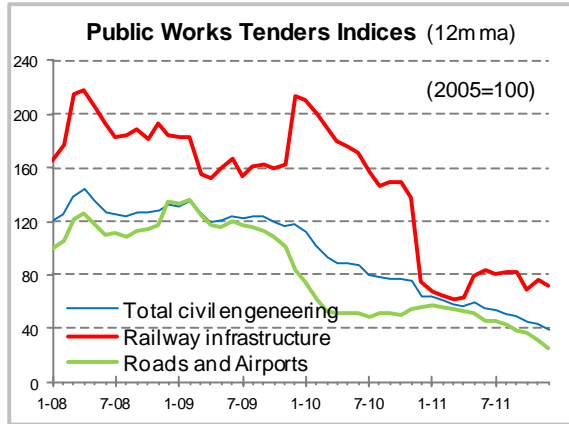
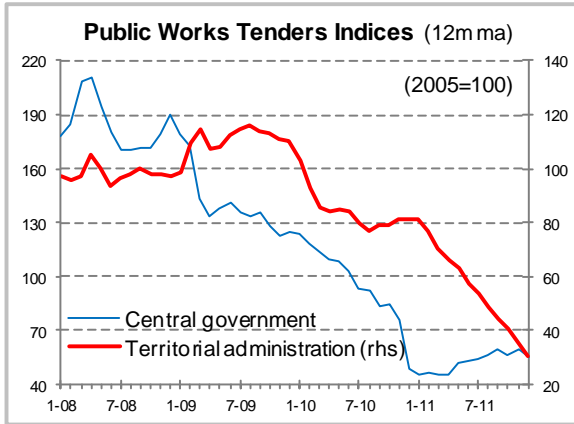
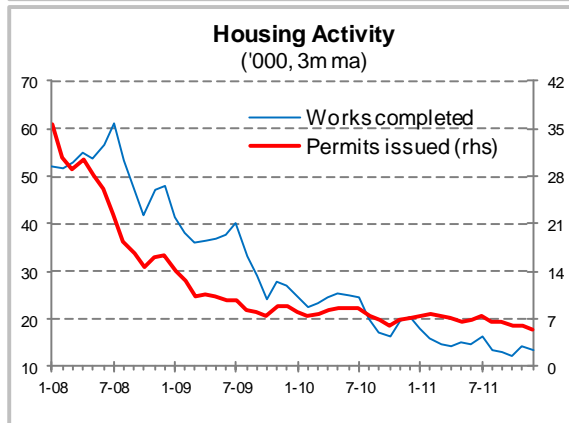
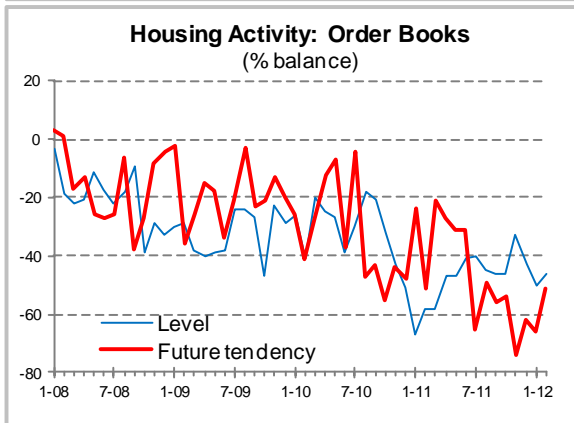
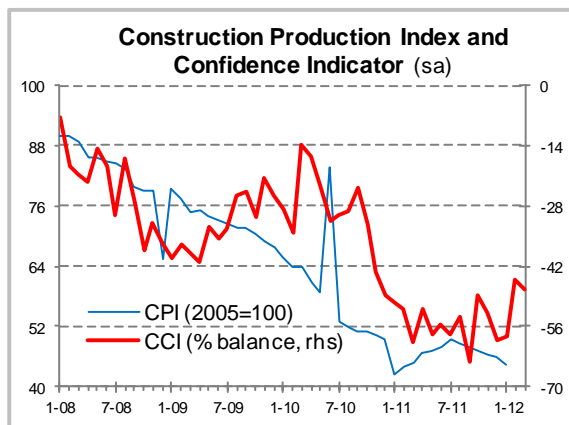
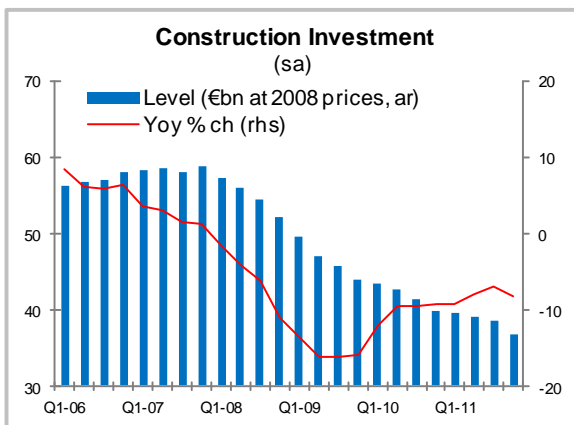


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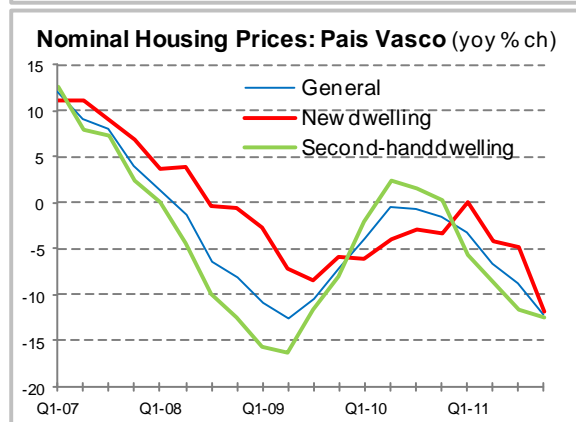
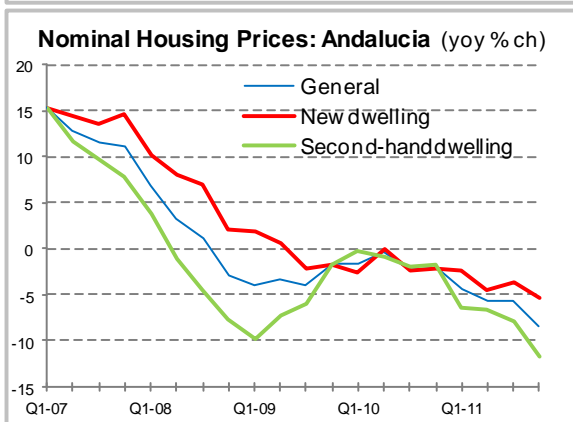
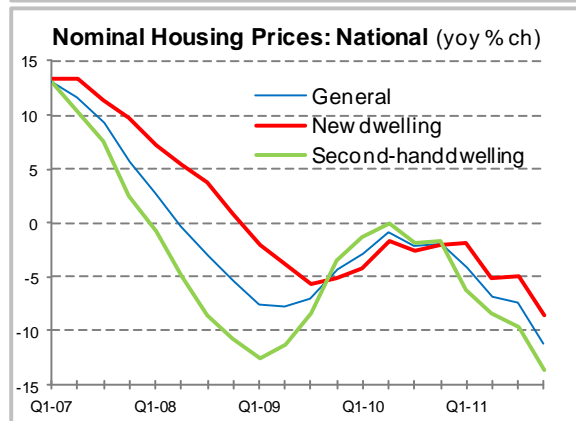
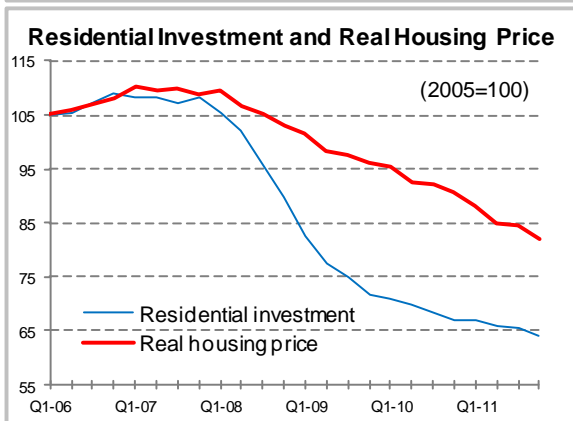
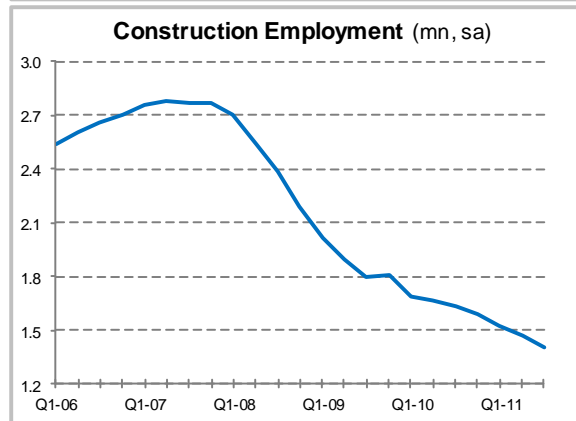
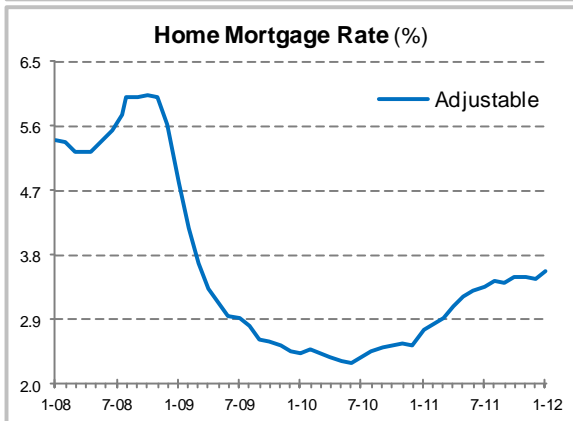
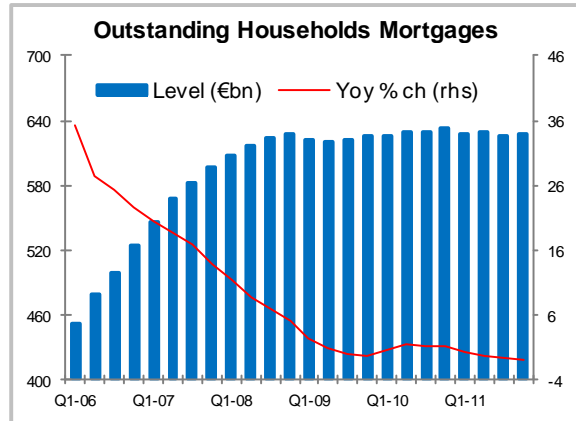
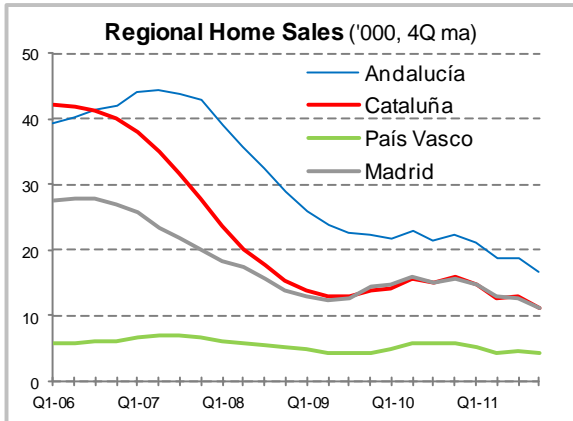


Sources: ISTAT, European Commission, Banca d'Italia, Eurostat, Agenzia del Territorio, Agenzia delle Entrate

SPAIN

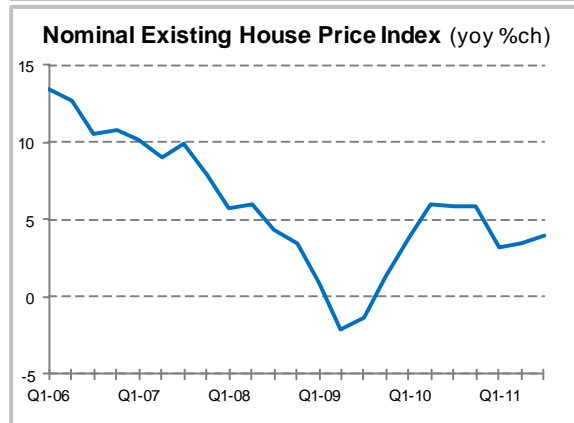
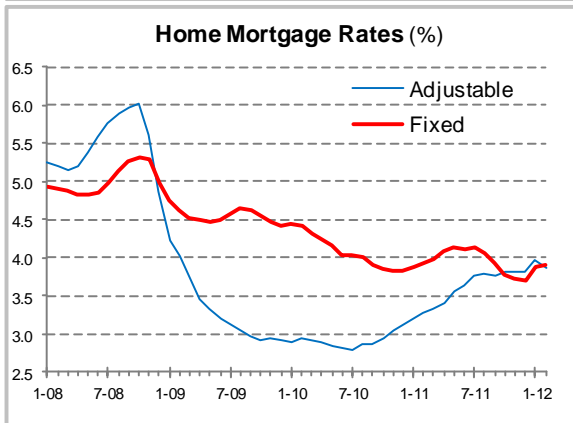
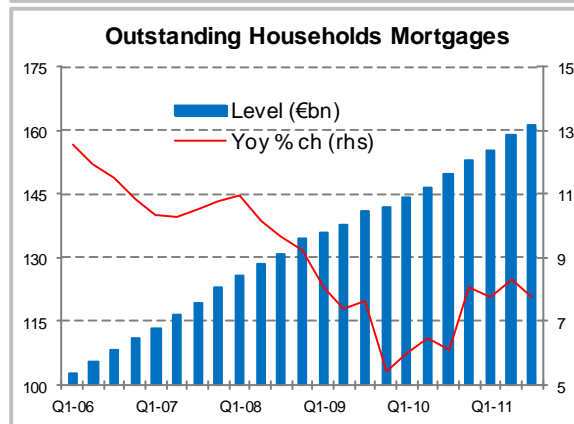
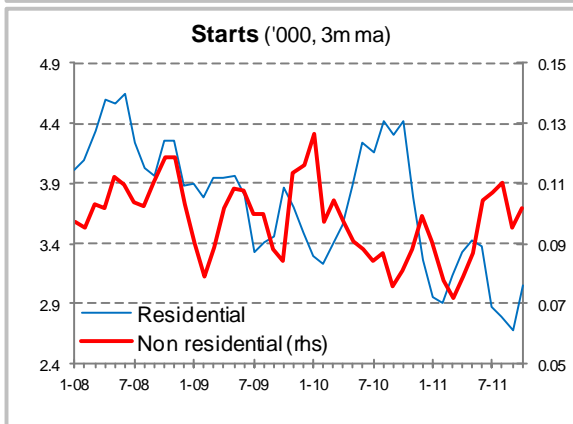
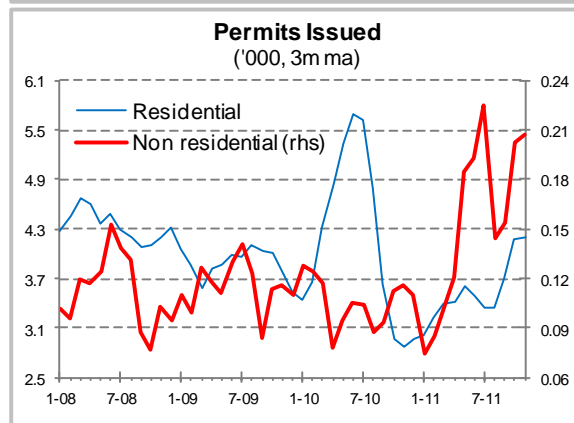
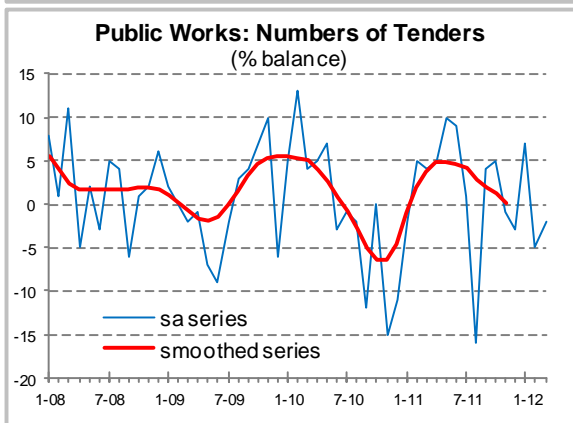
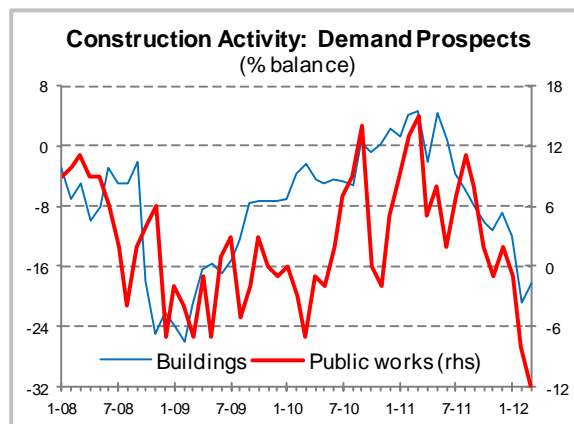
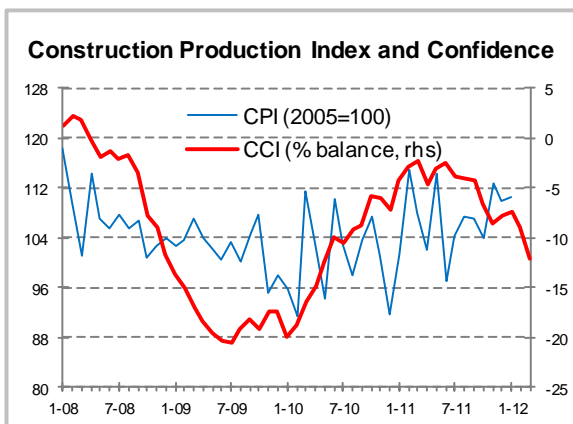


SPAIN



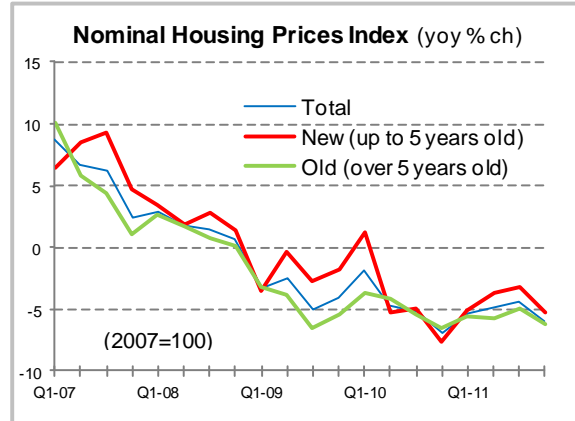
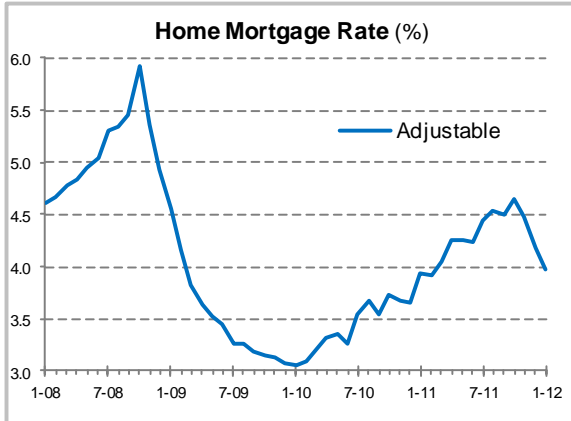
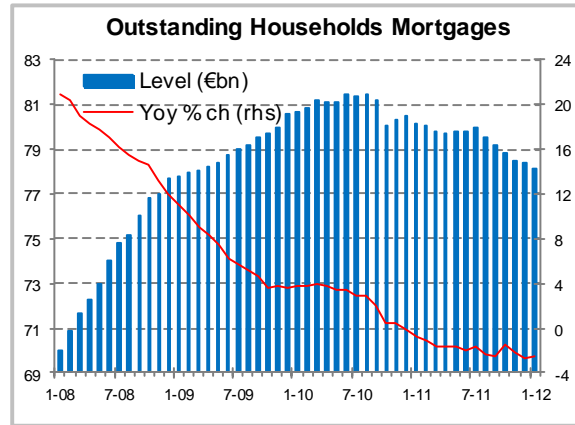
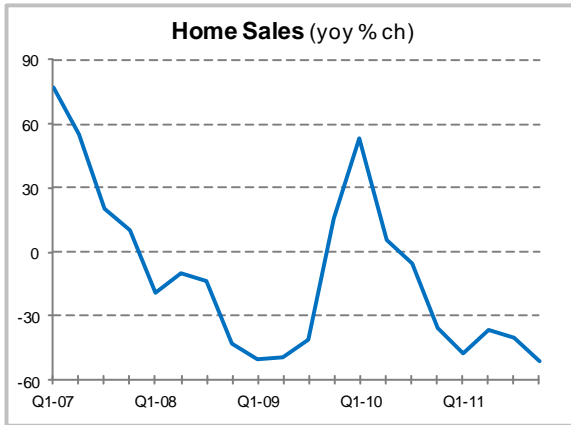
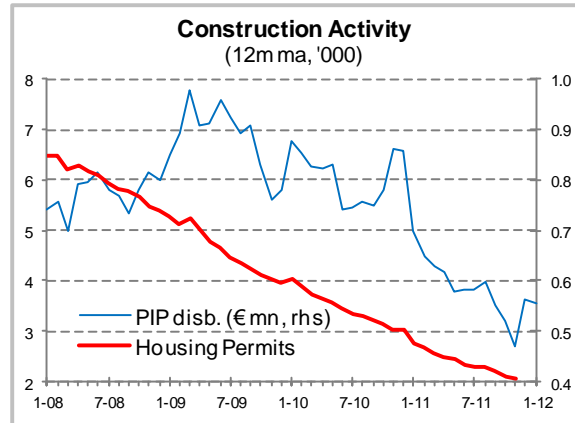
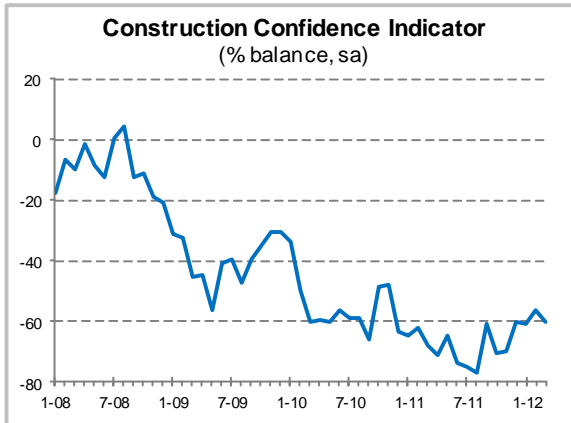
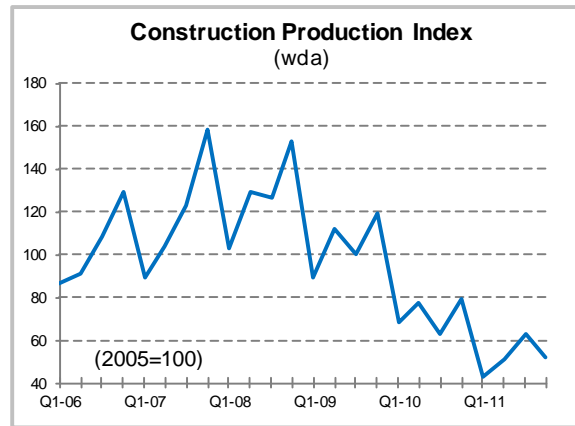
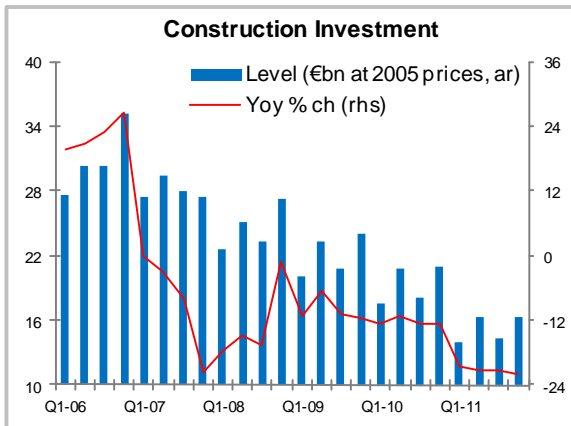
Sources: INE, European Commission, Banco de Espana, OECD, Ministerio de Fomento

BELGIUM



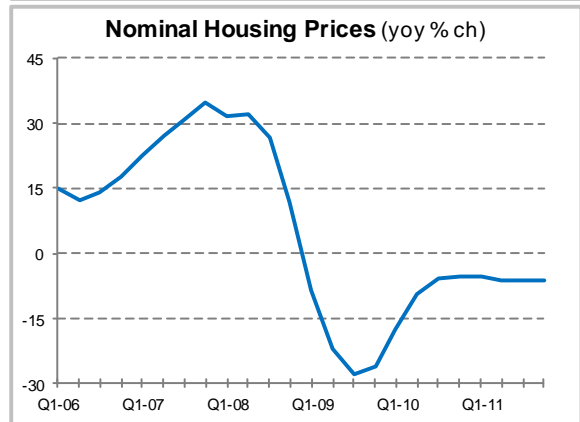
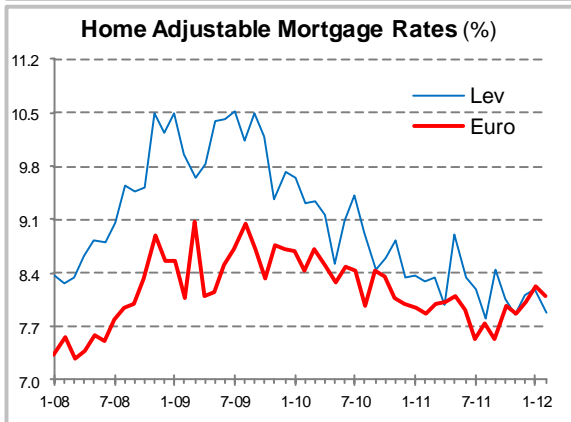
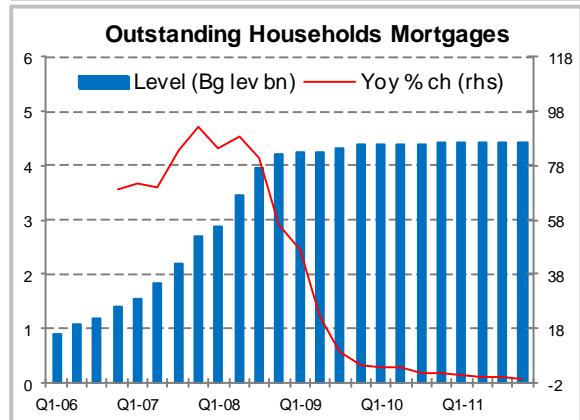
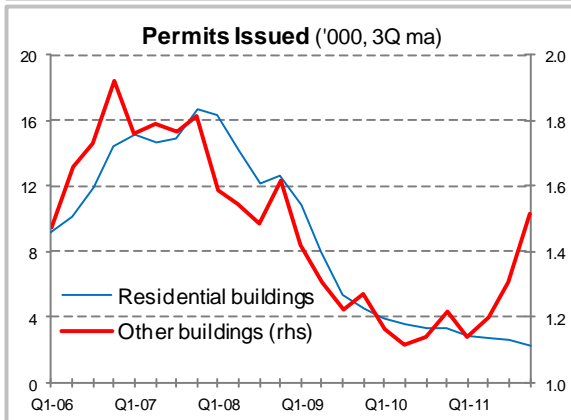
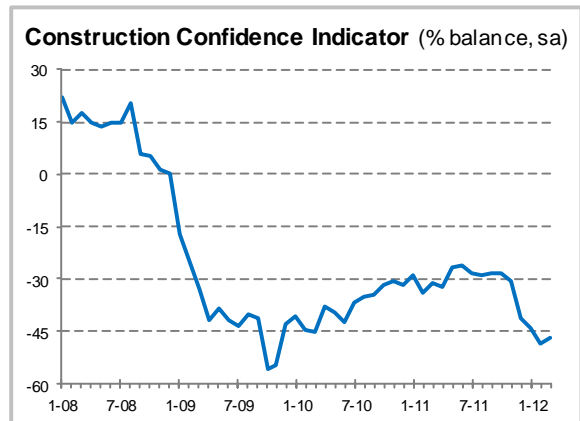
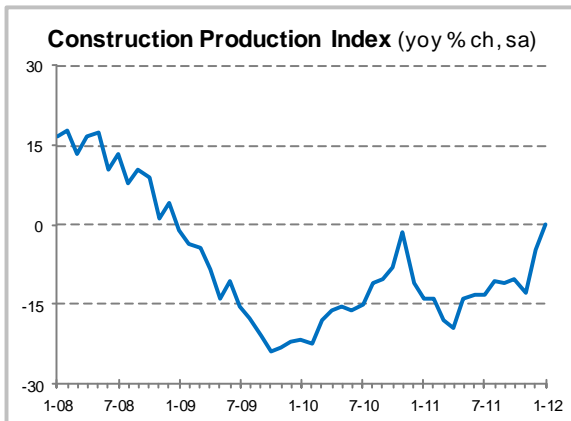
Sources: European Commission, Belgostat

GREECE



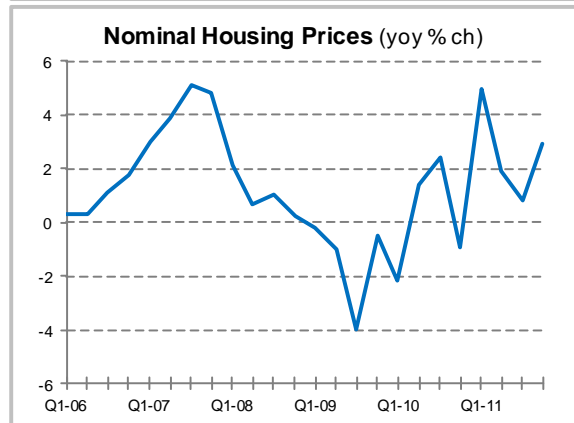
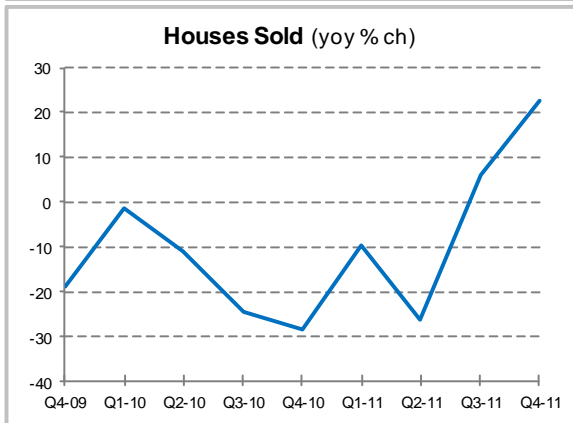
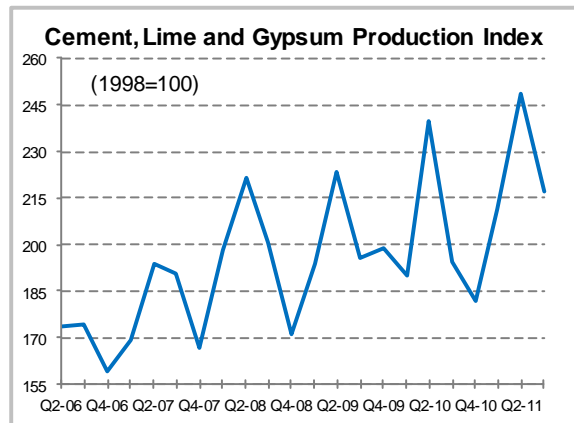
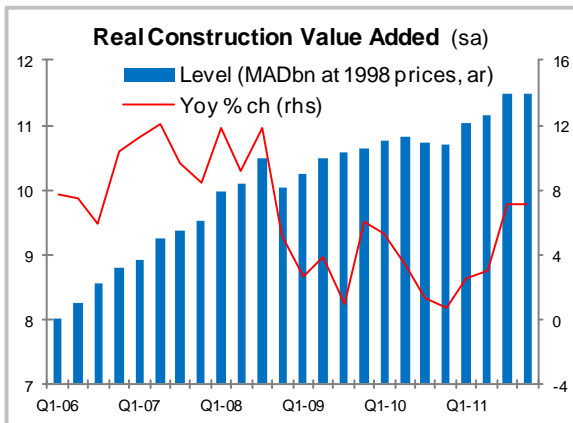
Sources: European Commission, Bank of Greece, National Statistical Service

BULGARIA



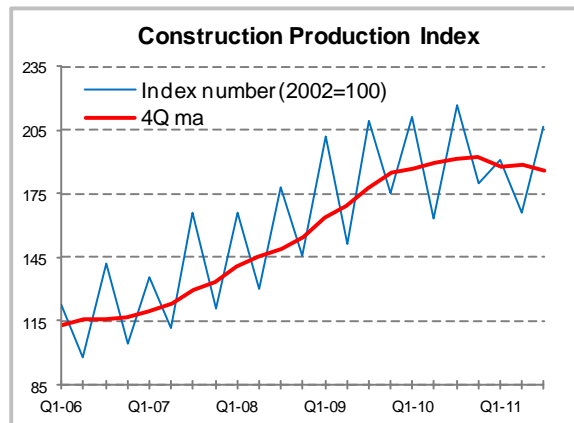
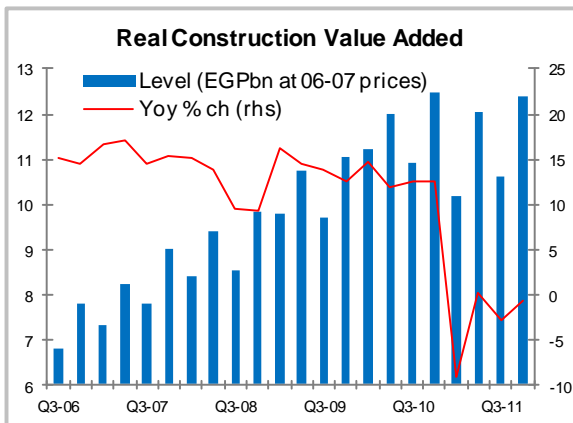
Sources: Eurostat, European Commission, National Institute of Statistics, Bulgarian National Bank

MOROCCO

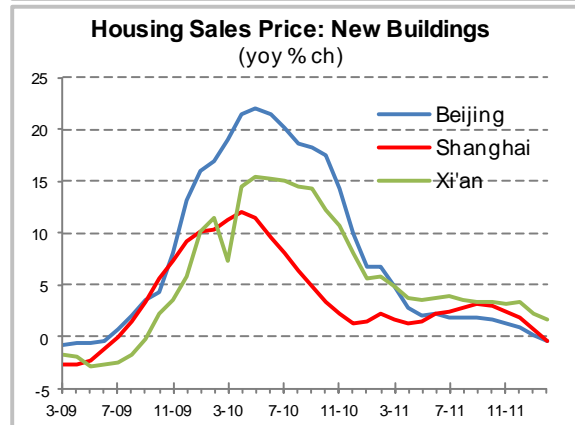
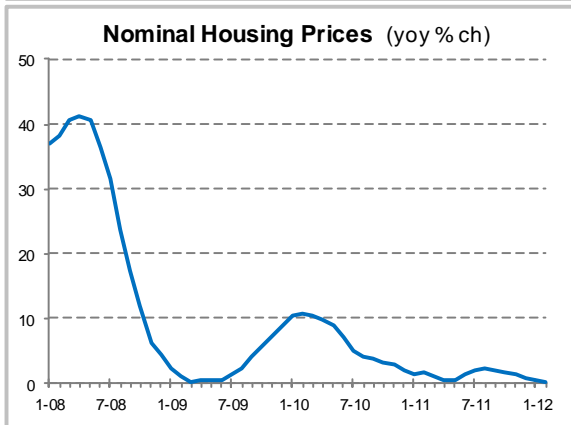
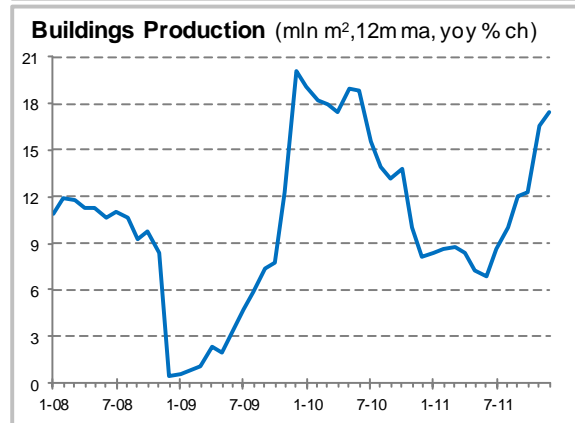
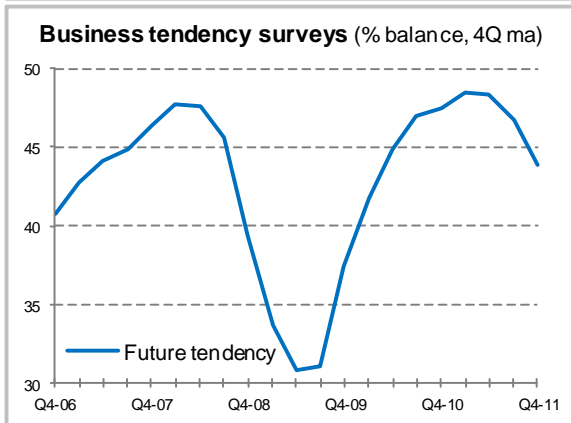
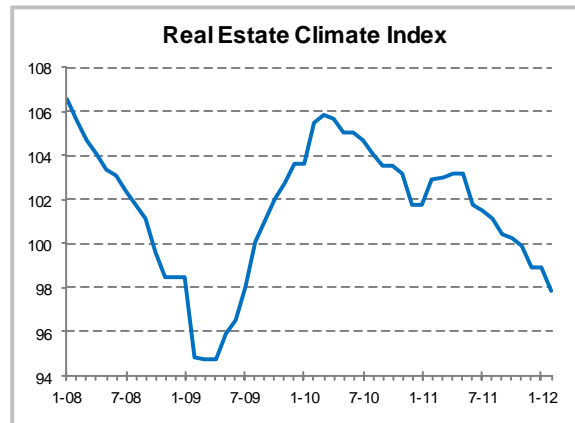
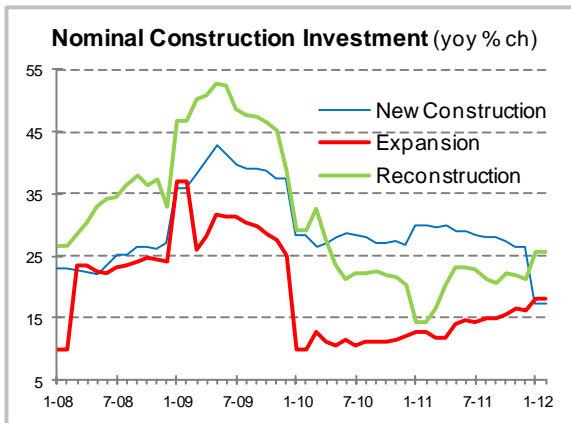


Source: Haut-Commissariat au Plan, ANCFCC

EGYPT

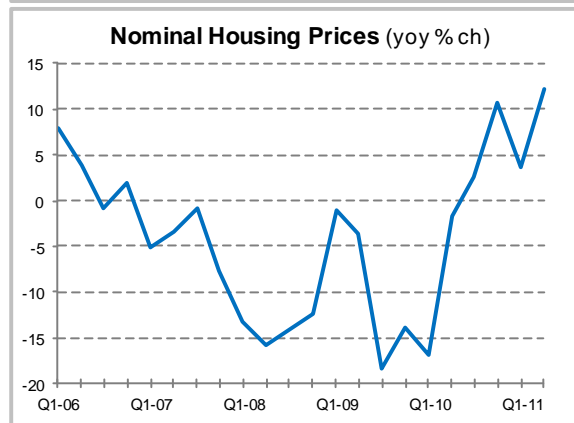
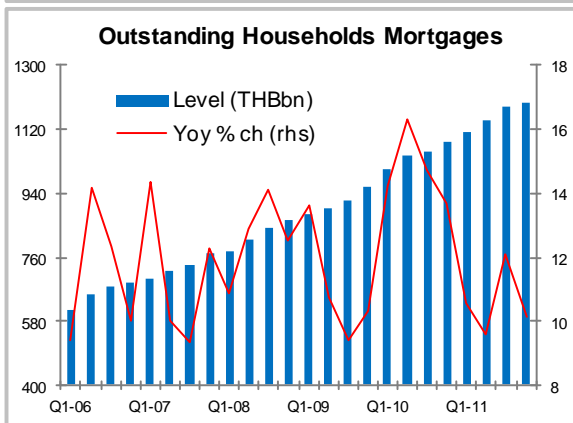
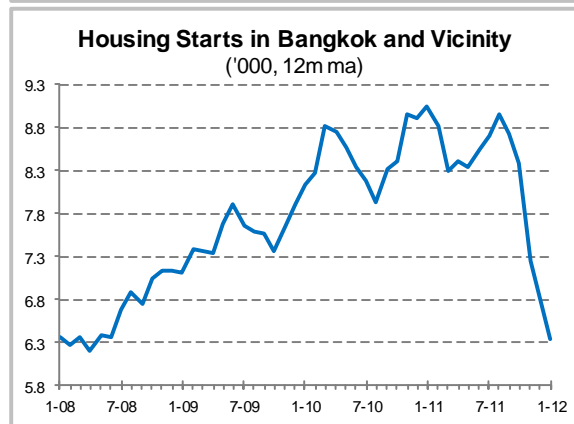
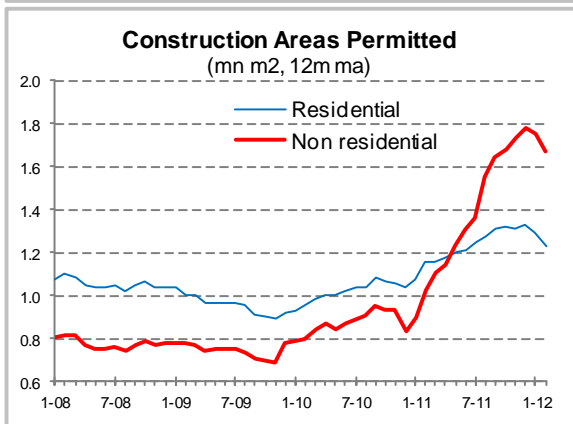
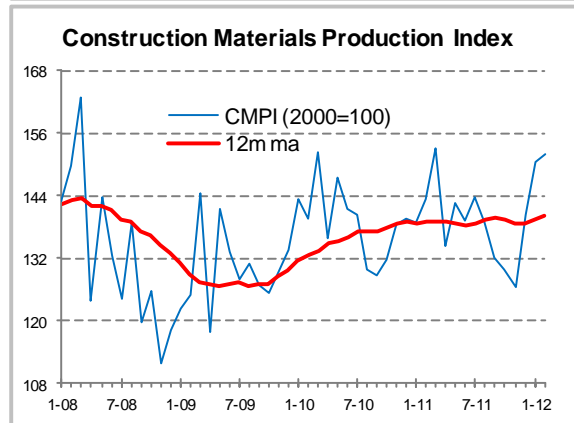
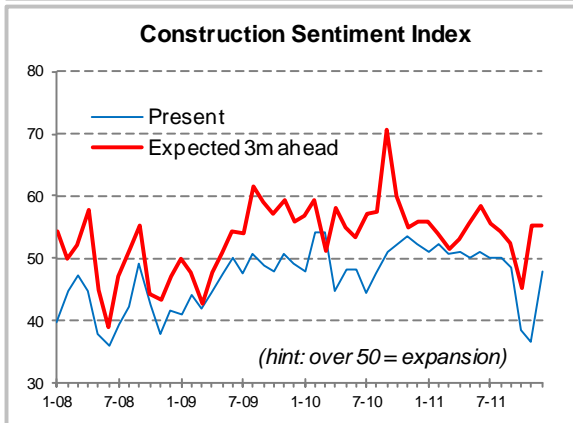
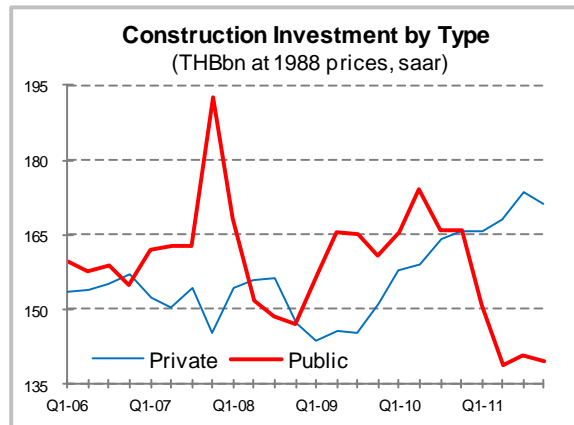
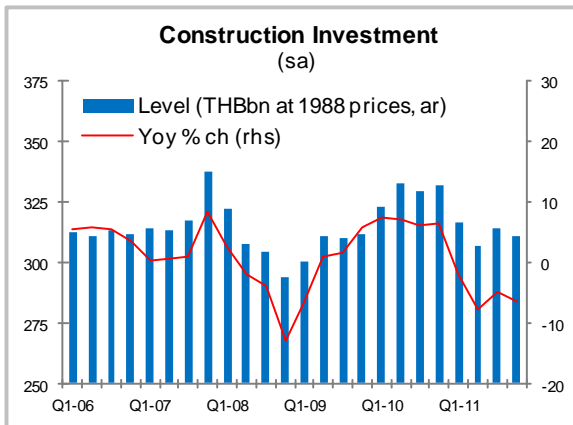


Source: Ministry of Finance

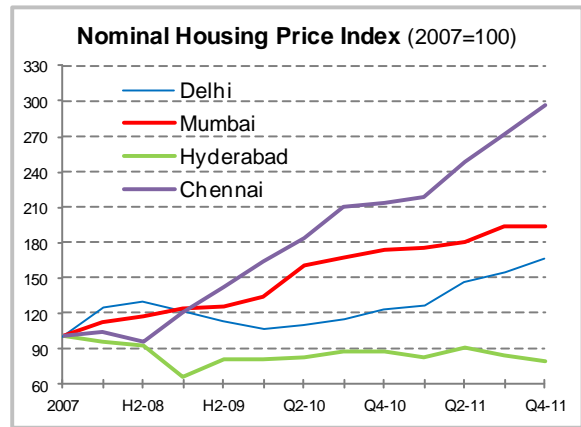
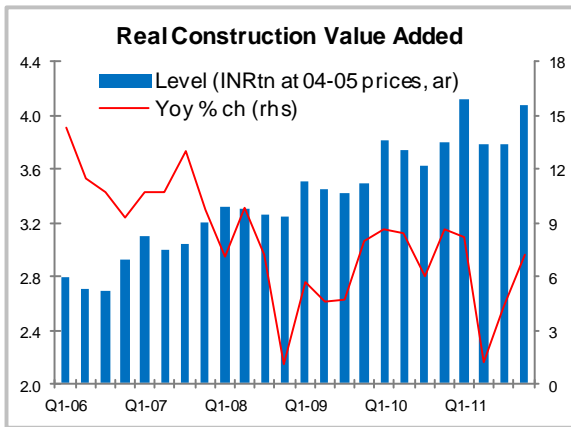


Sources: OECD, National Bureau of Statistics, Ehomeday

THAILAND



Source: Bank of Thailand



Sources: OECD, Office of Economic Advisor, National Housing Bank