

Construction Profile in ITC Group Countries

N. 1 – April 12th 2013

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, 12th 2013
Available in i.like

HIGHLIGHTS

- In Europe, sluggish activity at the macroeconomic level is not helping construction to come out from depression. Particularly in the euro Mediterranean countries large mass unemployment, declining real income, credit shortage and severe fiscal austerity make up a mix that – once compounded with the large stock of overconstruction of the previous years still to be reabsorbed – prevents for the time being any recovery. On the other hand, good news stem from the US, where the construction recovery is gaining traction, especially as far as the private sector is concerned. In the Group emerging countries construction dynamics is widely diverging with the Asian countries performing overall fairly well while in the North African ones (Egypt and Morocco) construction conditions have kept deteriorating.

COUNTRY FOCUS

- In **France**, the construction sector turned negative in Q4 12 (-0,5% qoq) after recovering since Q1 10, mainly thanks to supportive public incentives. The real estate market entered recession with volume of sales down by 15% for existing dwellings, and by 25% for the new ones. In 2012, the economic climate has deteriorated significantly and the fiscal rules concerning housing have been tightened, which has severely affected buy-to-let investment. The residential sector is thus heading towards a fairly long period of correction; however, a hard landing scenario is not in the cards given structurally strong demand as a result of demographics, family break-ups, and the safe haven effect; in addition, neither an oversupply of housing, nor a credit bubble are reported and the level of non-performing loans is low. In the non residential segment, building starts in industrial, office-space and shops sub-segments are slowing down, while 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 12 (-2.5% qoq), reflecting increasing pressure on the households' financial position and tight credit conditions. Five years after the residential property bubble burst, prices are still tumbling and have much further to go, with 1mn properties still unsold. Mortgages fell by 27% from the peak, 10% of which last year. Spanish banks' profits fell as they sold off or wrote down property in 2012, and developers still owe them €270bn – with a third of that considered to be “toxic”. Analysts say the housing stock should take three to four years to sell, so that it will be a long time before residential construction activity recovers. In the non residential sector, investment intentions remain sluggish as companies are confronted with shrinking profits and still disrupted credit markets. Also public investment is set to remain subdued due to the ongoing severe spending cuts for infrastructure.
- In **Morocco**, construction value added contracted markedly in H2 12 (-4% yoy) and sectoral indicators are all heading south. Cement sales dropped by 1.6% in 2012 (against a +7.5% growth average in the 5 years before). The number of social-housing units completed decreased by 9.6% (to 122,000 units) in 2012, mainly due to public spending cuts. Sentiment among builders is also worsening and bad demand conditions in the residential sector are witnessed by the fall of both sales and housing prices. Most recent surveys show that the ongoing trend is set to continue also this year, given the government's efforts to pursue fiscal consolidation and the gloomy economic prospects in the euro area, which represents a crucial source of export demand, tourist receipts, and remittances flows.

MAIN CONSTRUCTION INDICATORS

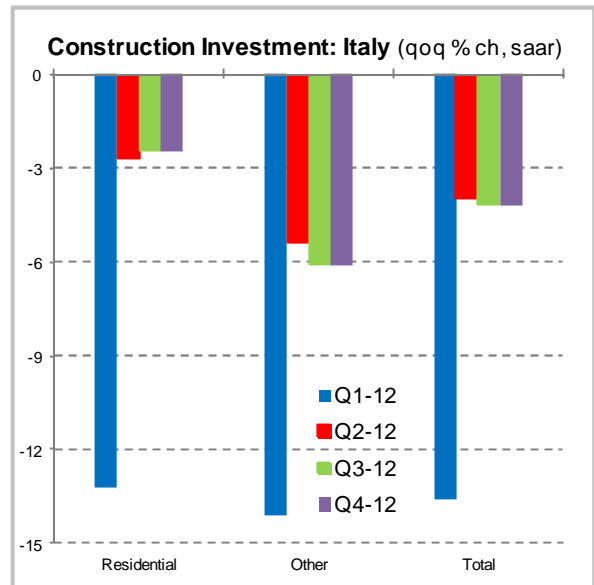
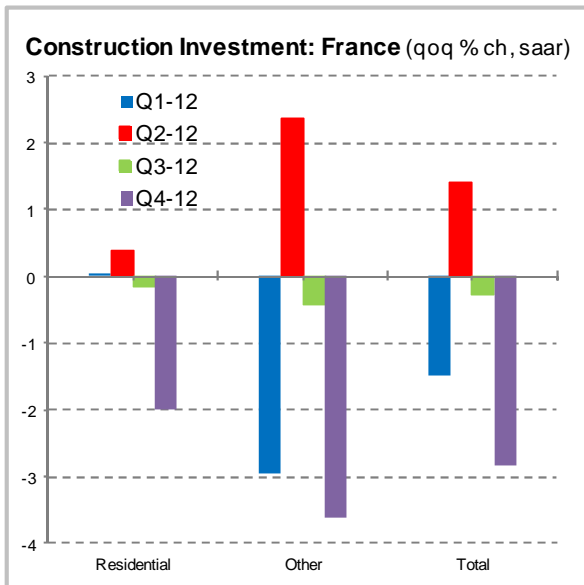
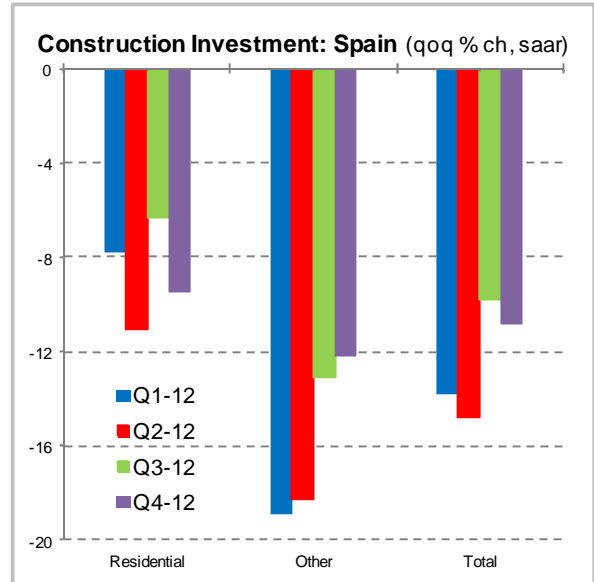
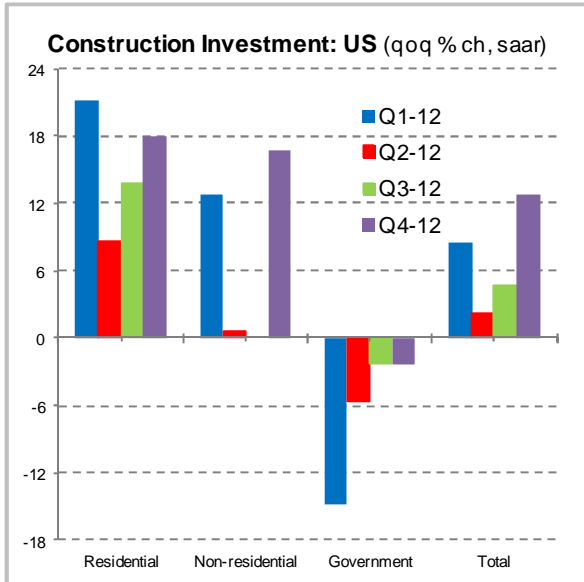
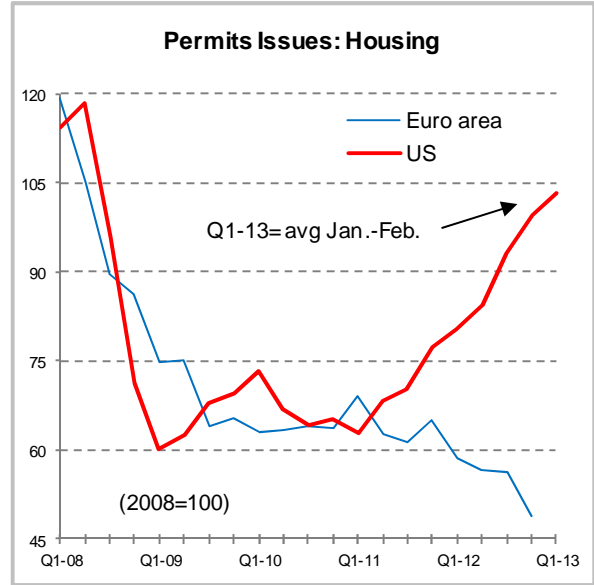
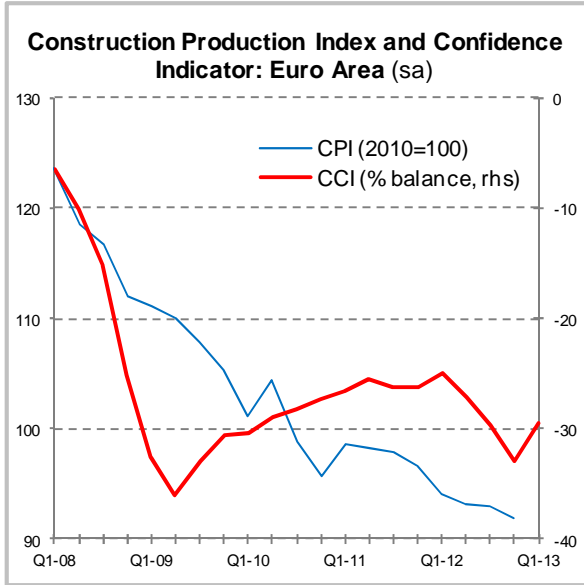
Indicators*	Construction Production				Construction Investment				House Prices			
	2010	2011	2012	Latest	2010	2011	2012	Latest	2010	2011	2012	Latest
USA	-3.1	-2.4	14.9	19.2 Feb ⁽¹⁾	-8.1	-2.5	6.5	7.0 Q4	1.2	-3.9	0.9	8.1 Jan
Canada	8.0	3.0	4.0	3.4 Jan	11.3	3.3	4.1	4.2 Q4	3.4	2.4	2.6	2.6 Feb
France	-4.9	2.1	-3.0	-8.9 Jan	-3.4	2.0	0.9	-0.8 Q4	5.1	5.9	-0.4	-1.6 Q4
Italy	-3.4	-3.7	-14.0	-12.0 Jan	-4.6	-2.1	-6.4	-6.6 Q4	0.1	0.8		-0.9 H1 12
Spain	-20.7	-21.0	-3.4	1.7 Jan	-9.8	-8.9	-11.3	-12.1 Q4	-2.0	-7.4	-13.7	-12.8 Q4
Belgium	-1.8	5.7	4.0	2.7 Dec	0.5	4.8	0.4	-1.6 Q4 ⁽²⁾	5.4	3.1		2.0 Q3
Greece	-29.2	-28.1	-26.1	-19.0 Q4	-19.2	-21.0	-22.7	-22.2 Q4 ⁽⁶⁾	-4.7	-5.5	-11.6	-13.2 Q4
Bulgaria	-14.9	-12.8	-0.5	-4.4 Jan	-18.3	-6.5	-1.0	1.5 Q4 ⁽³⁾	-10.1	-6.1	-2.7	-1.4 Q4
Morocco			-		2.6	4.2	0.4	-5.7 Q4 ⁽²⁾	-	-	-	0.9 Q4
Egypt			-		12.9	-2.9	8.0	9.3 Q4 ⁽²⁾			-	
China			-		27.4	29.3	23.8	22.7 Feb ⁽⁴⁾	6.5	1.3	-0.3	3.3 Mar ⁽⁵⁾
Thailand			-		6.6	-5.3	8.9	17.2 Q4 ⁽⁶⁾	1.0	3.1	1.2	3.9 Feb
India			-		9.3	6.5	7.0	5.8 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

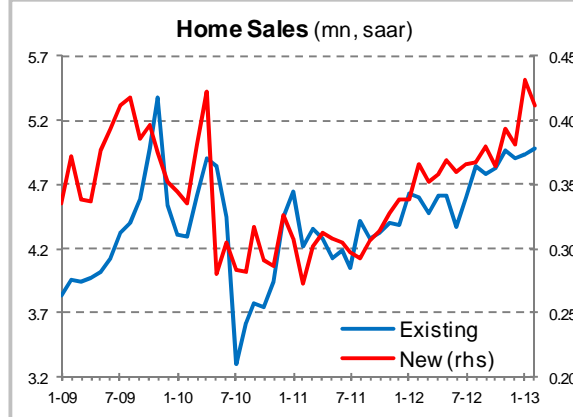
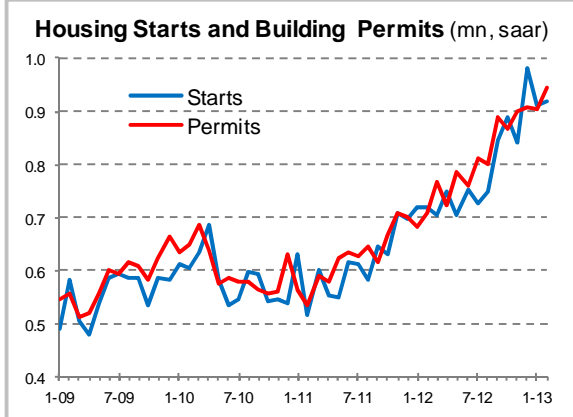
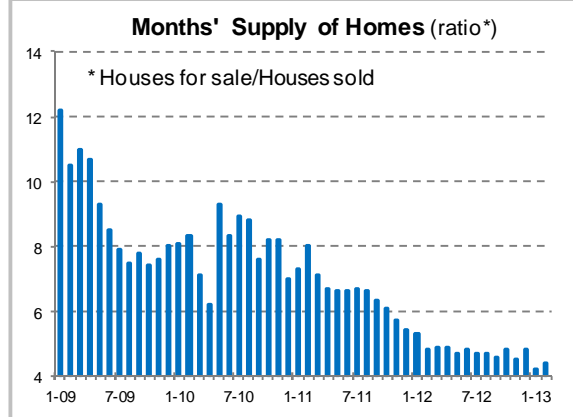
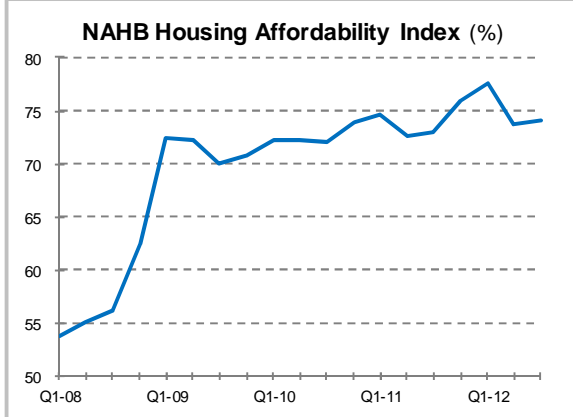
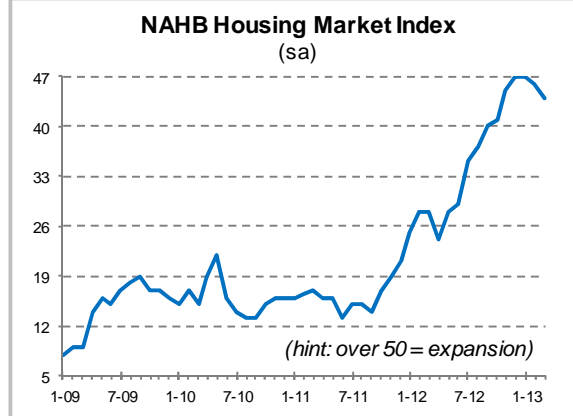
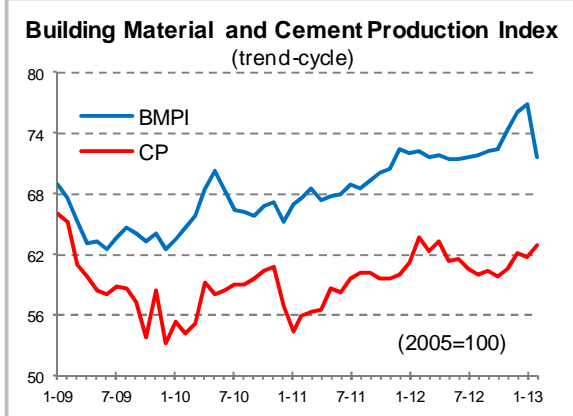
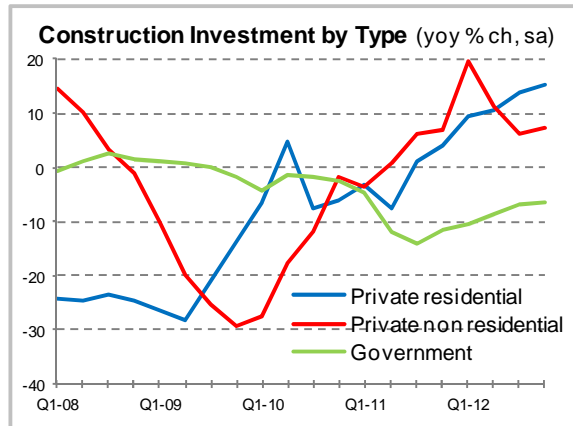
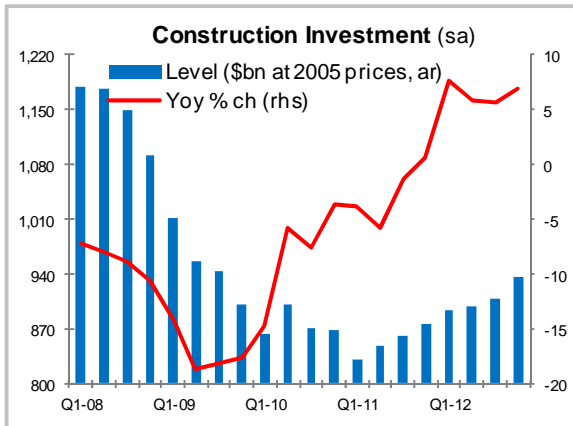
Sources: Eurostat, OECD, National Statistics

MAIN CONSTRUCTION INDICATORS

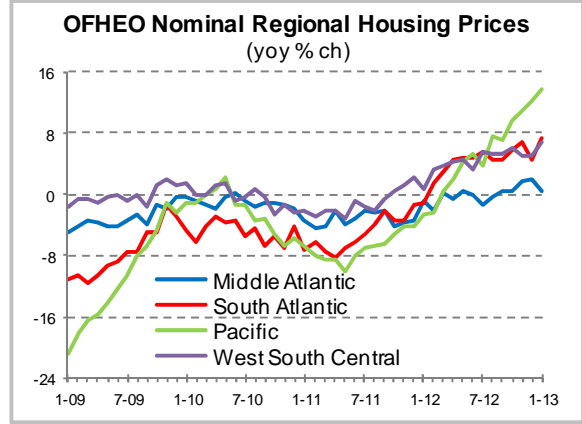
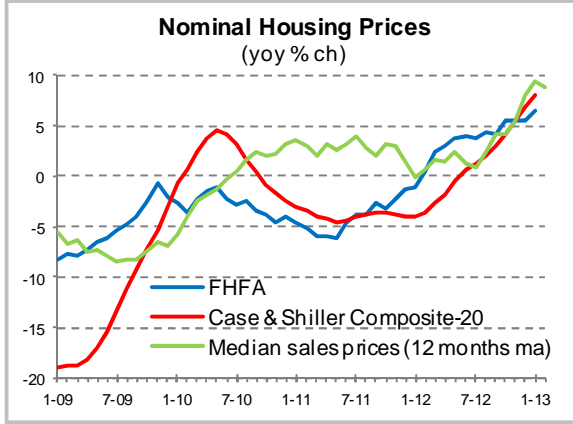
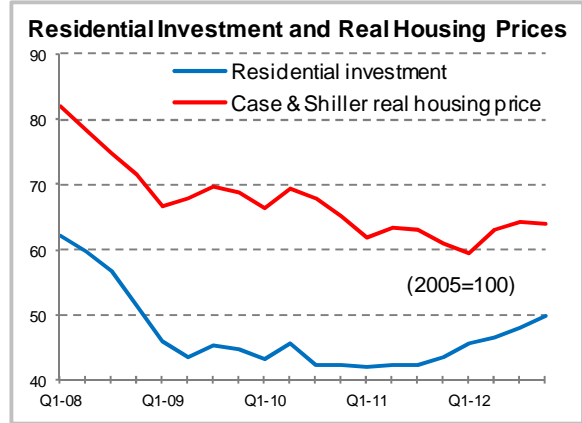
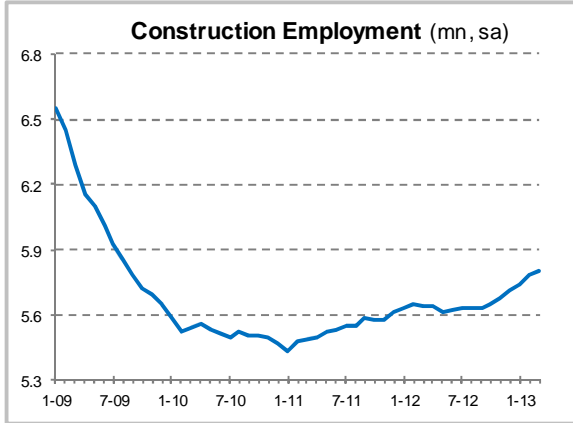
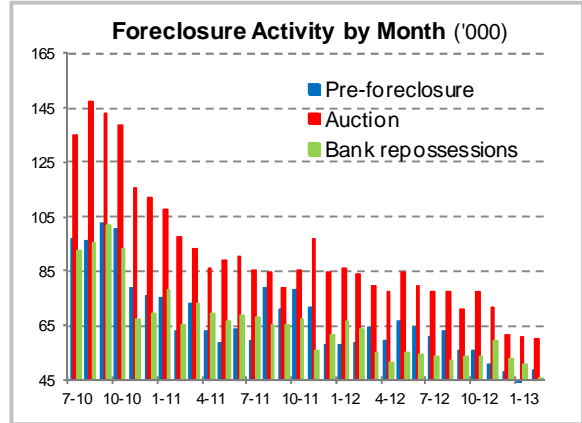
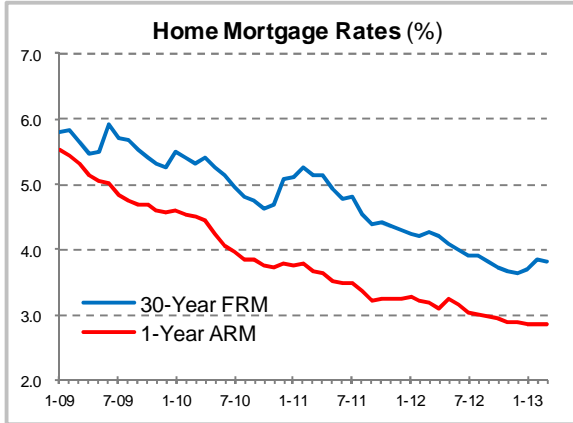
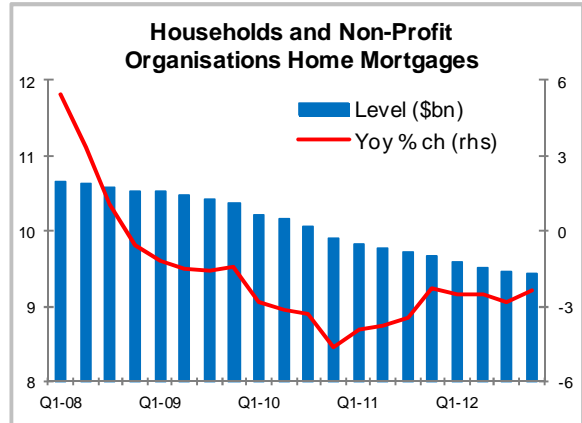
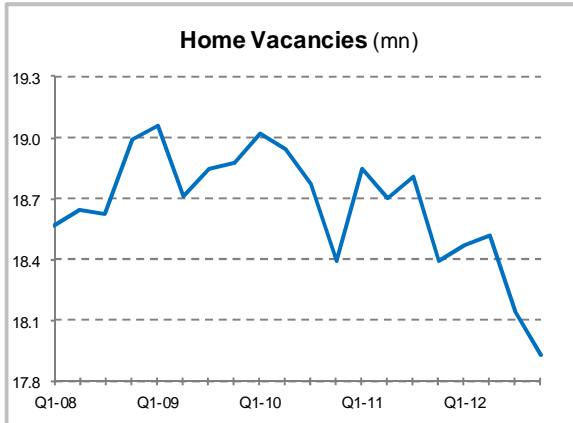


Sources: BEA, Eurostat, US Census, OECD

UNITED STATES

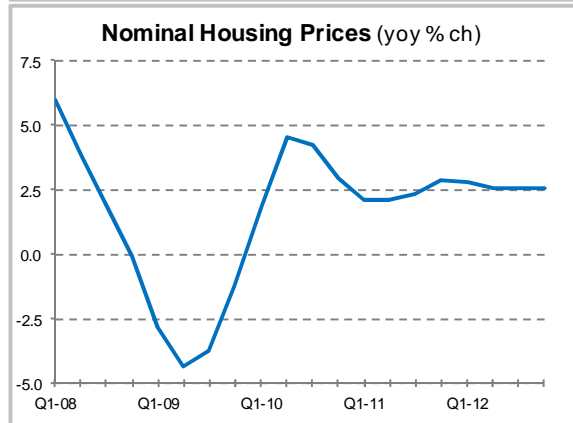
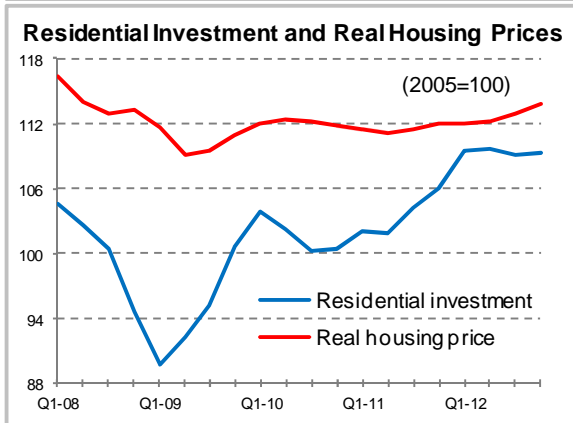
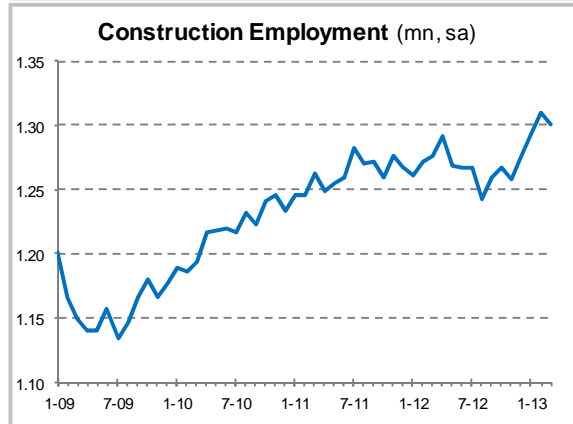
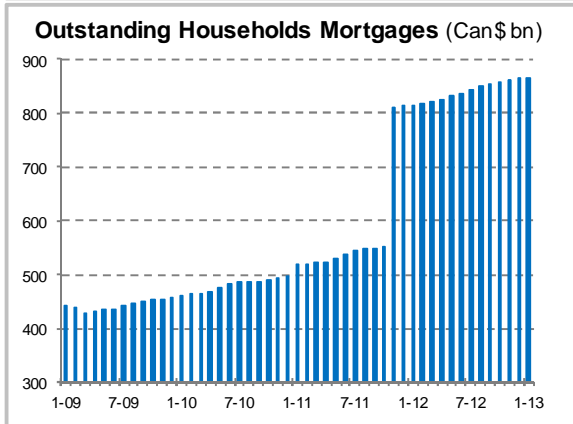
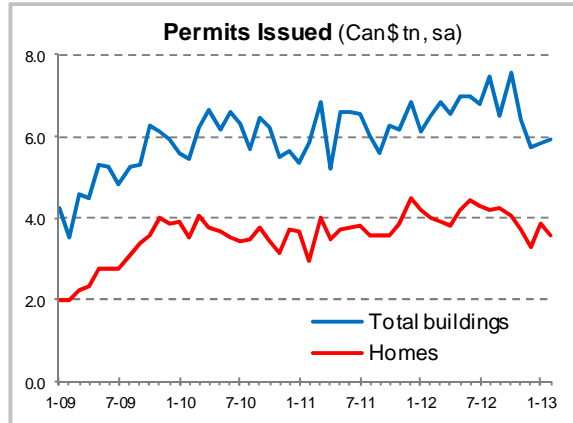
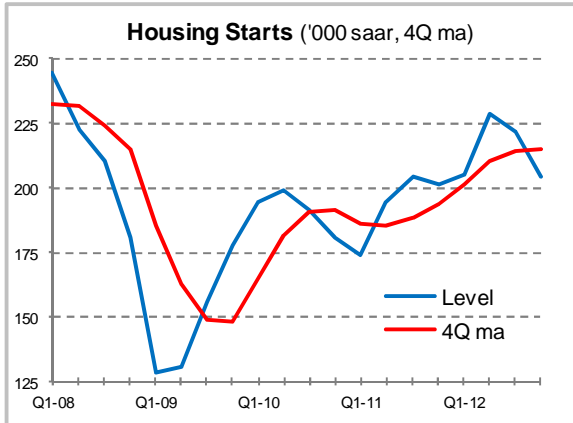
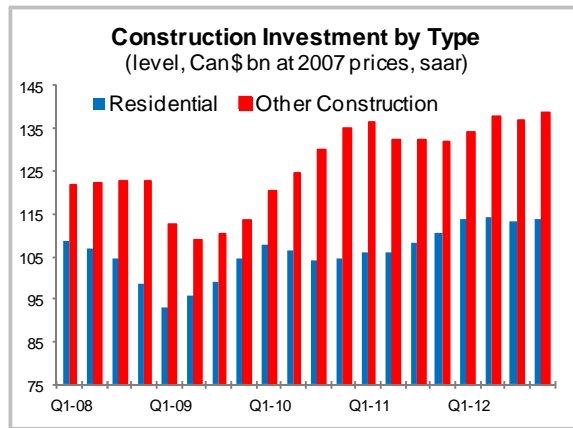
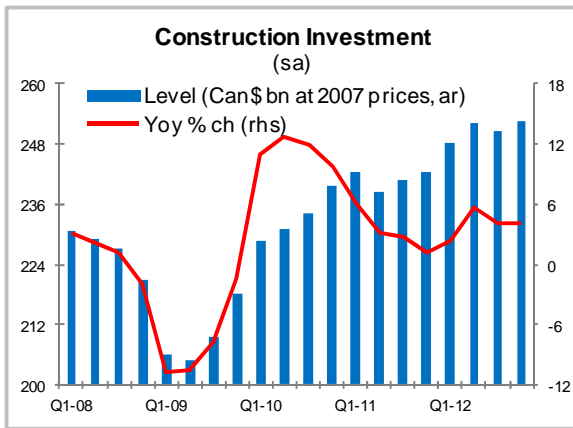


UNITED STATES



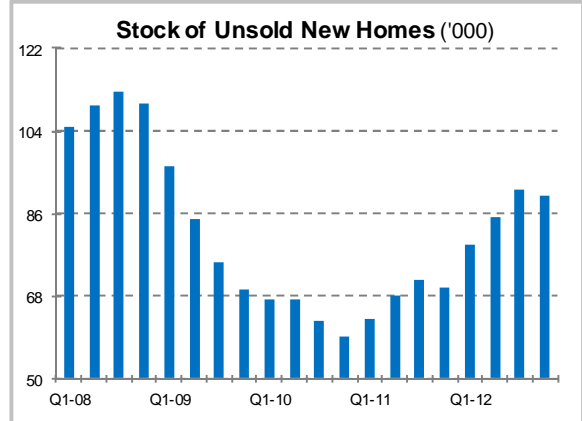
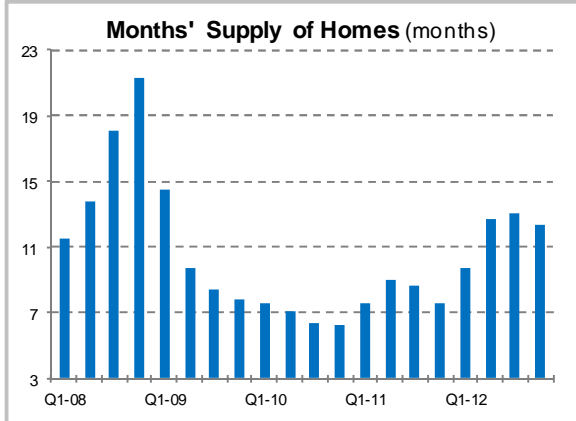
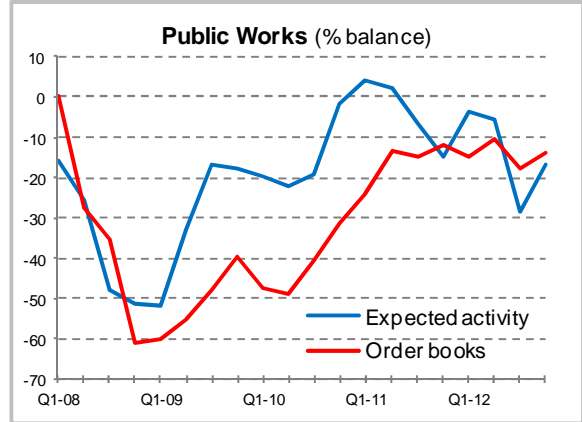
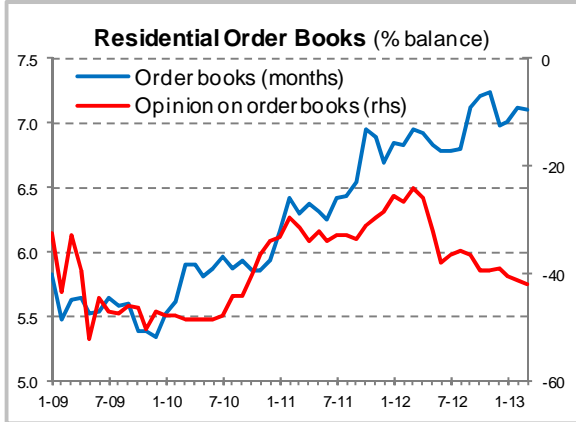
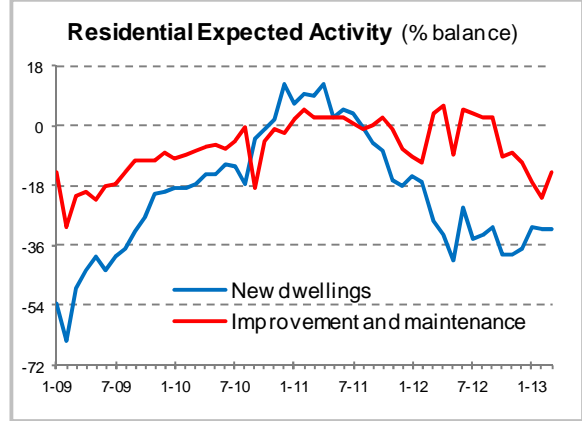
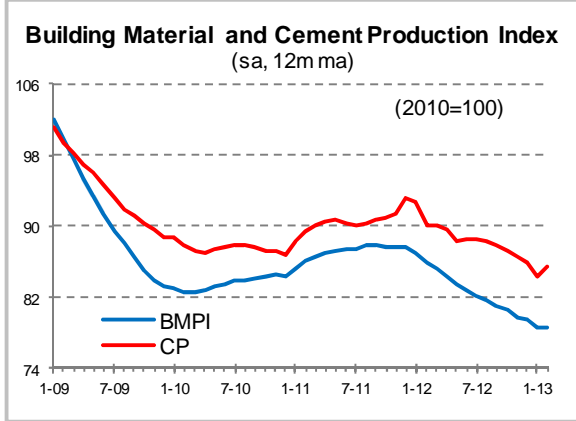
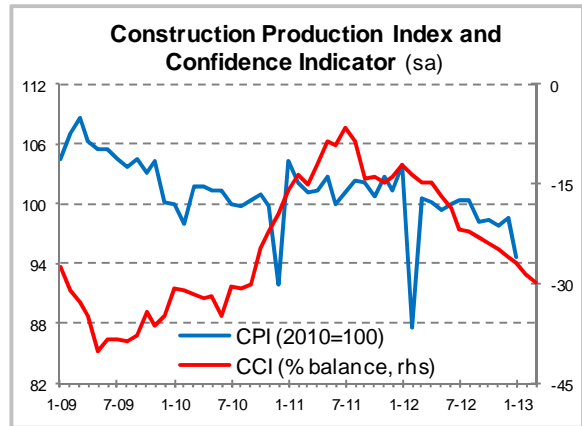
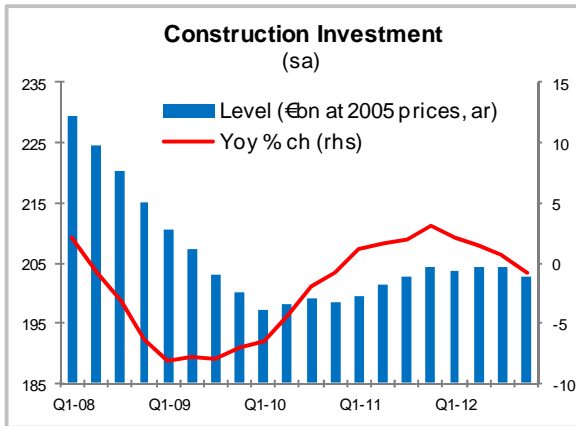
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CANADA

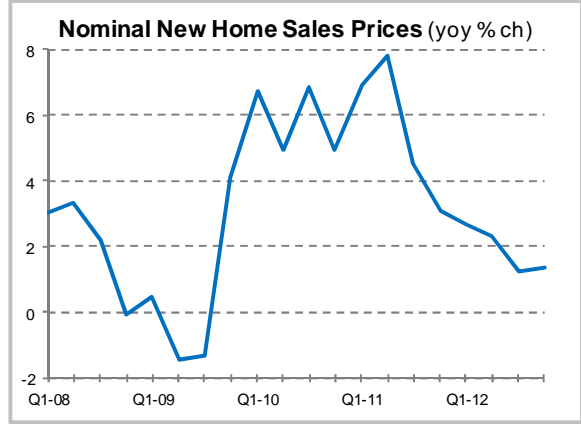
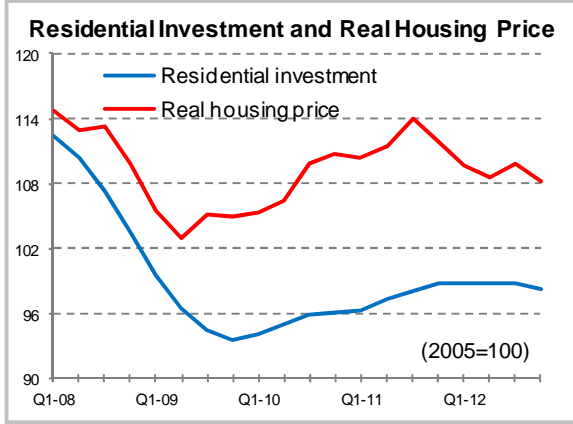
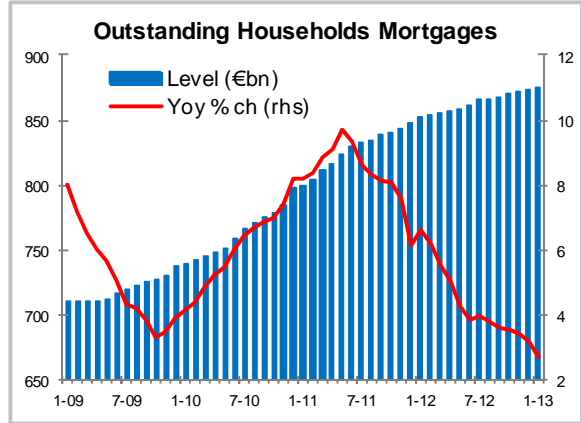
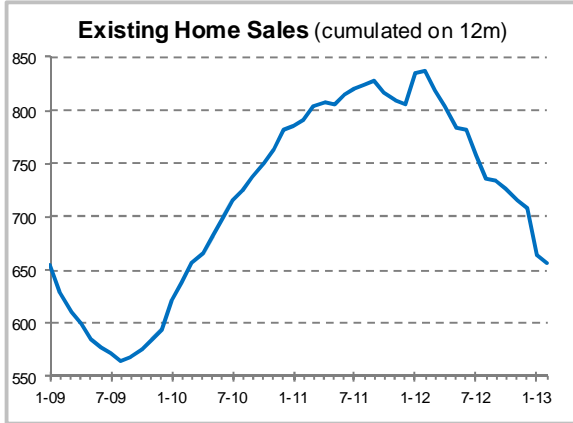
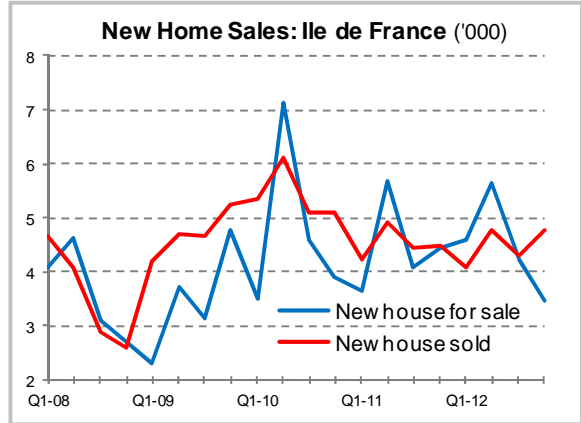
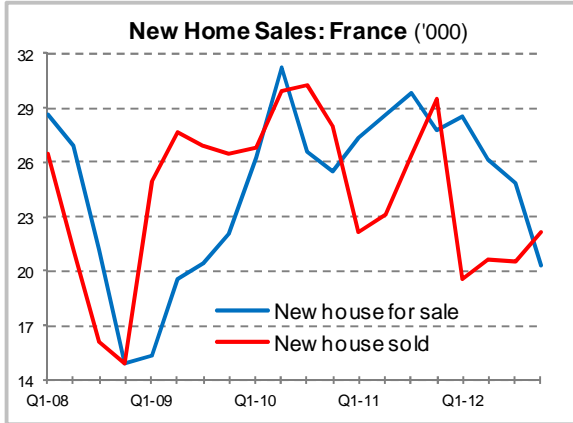
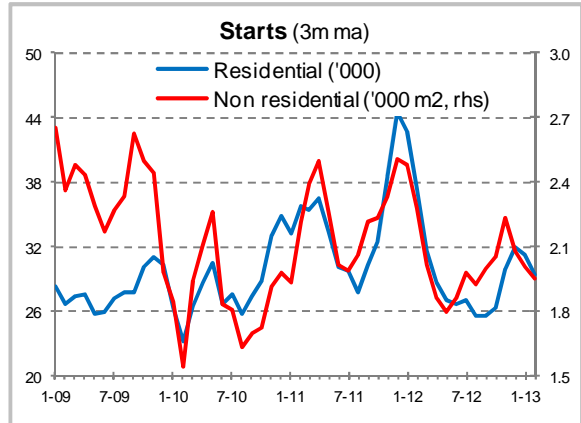
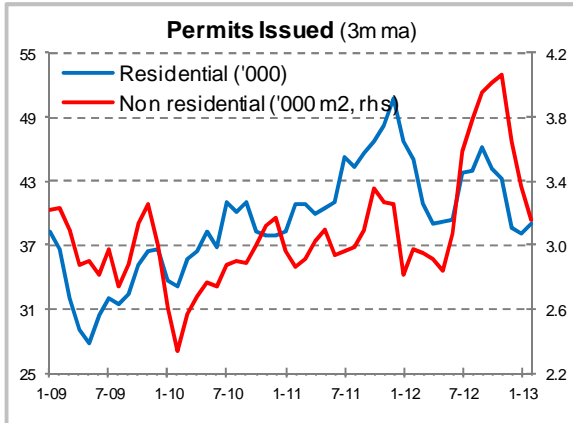


Sources: OECD, Canada's Statistics Agency, CMHC, Bank of Canada

FRANCE

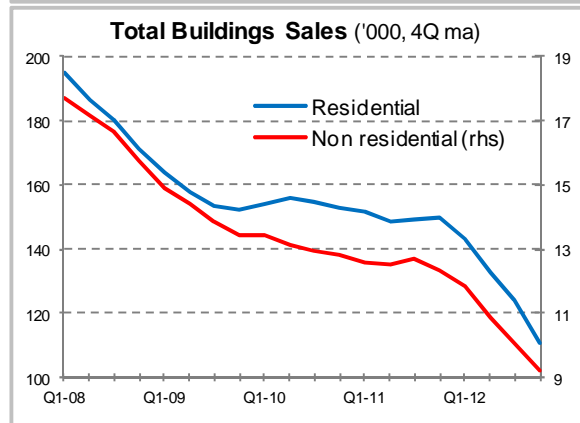
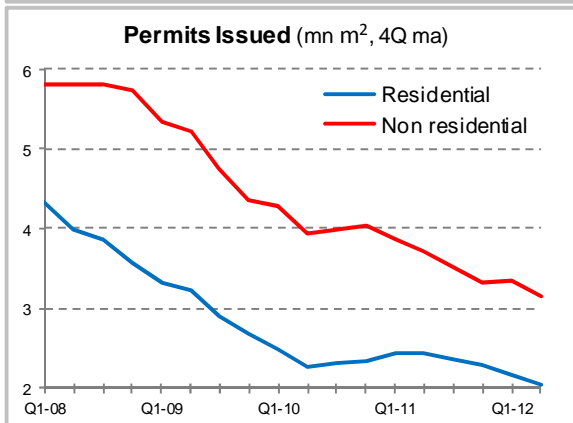
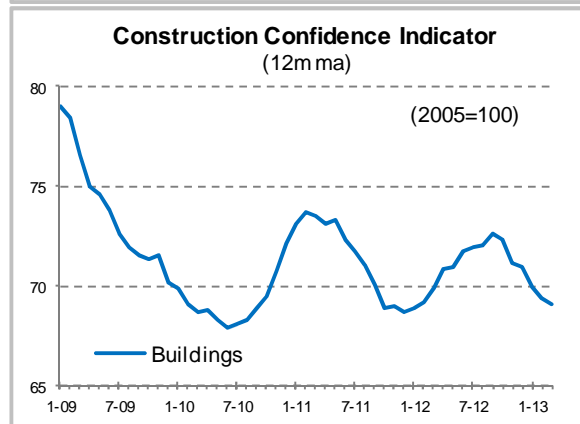
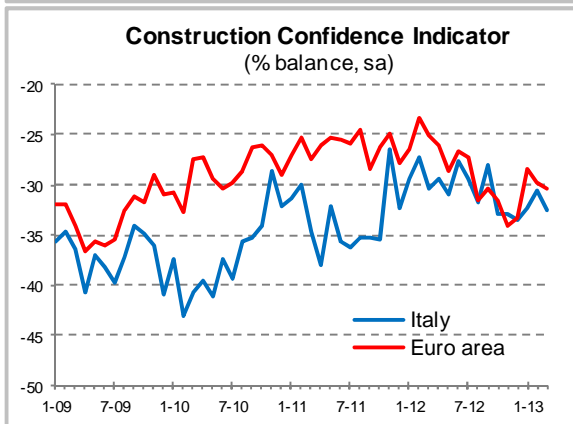
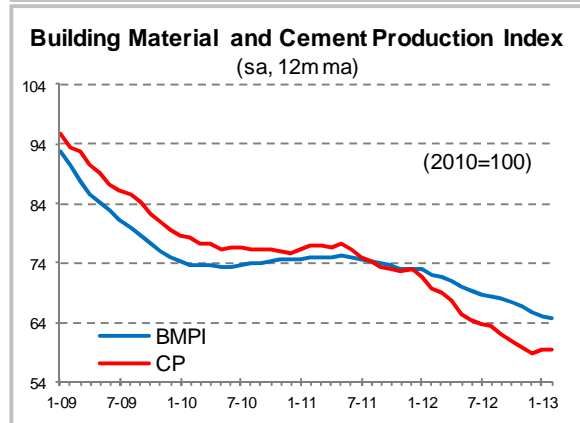
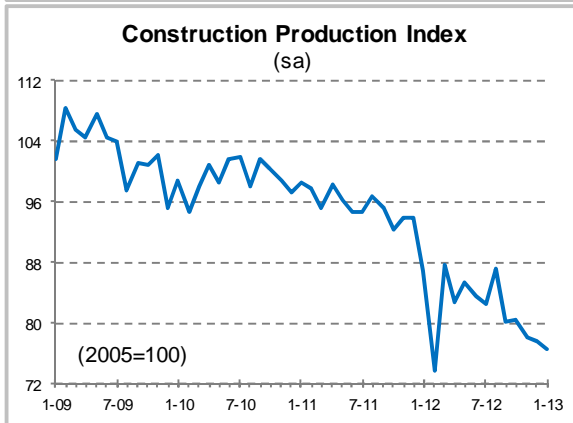
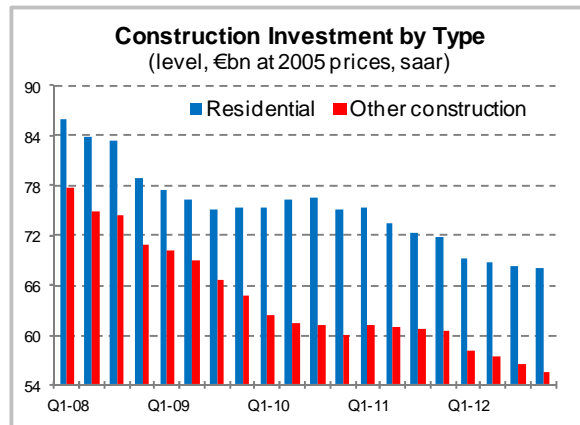
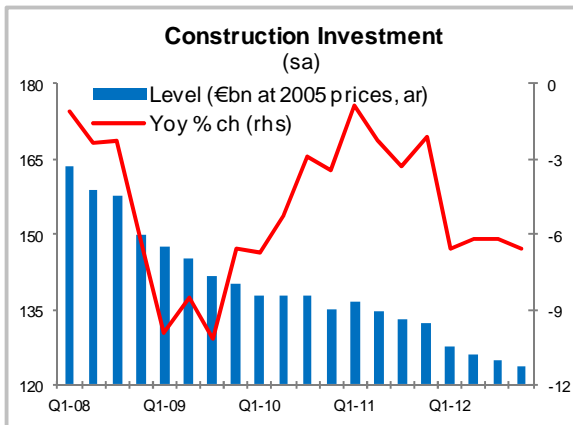


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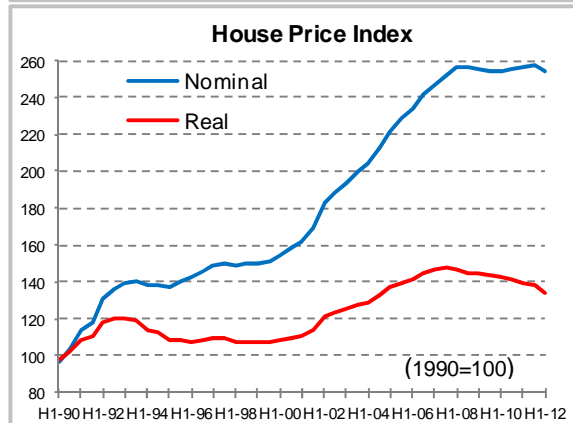
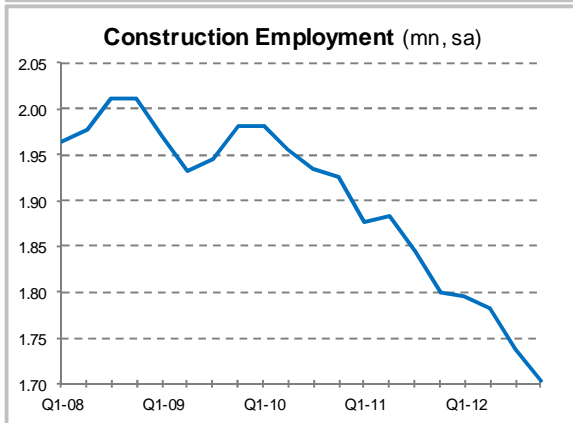
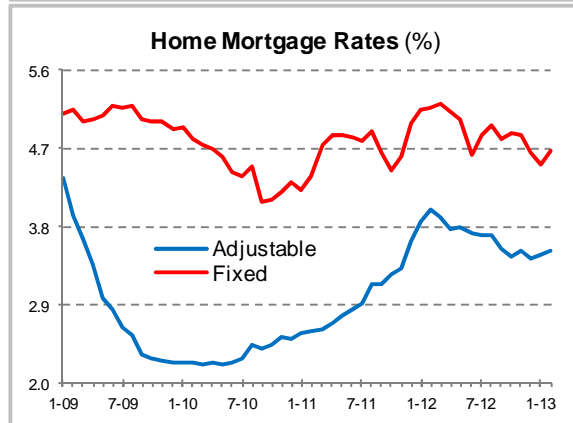
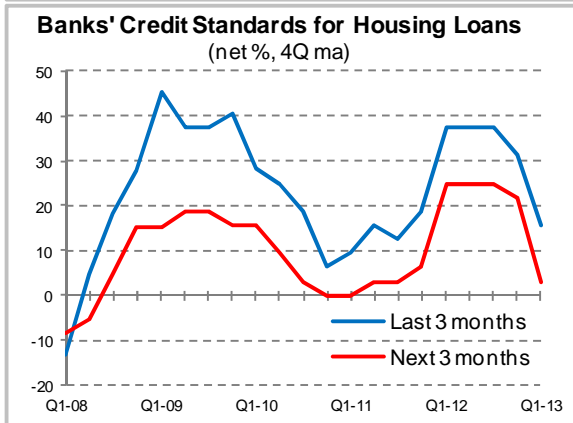
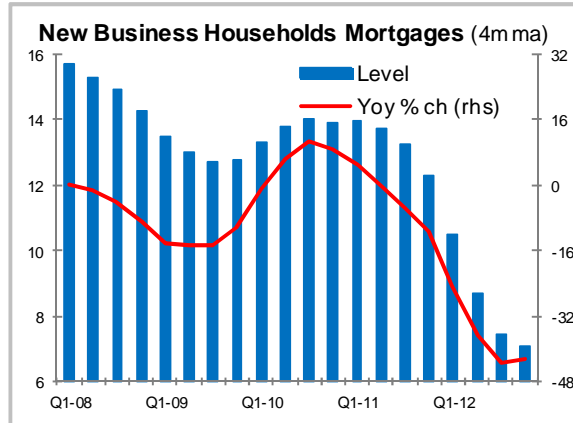
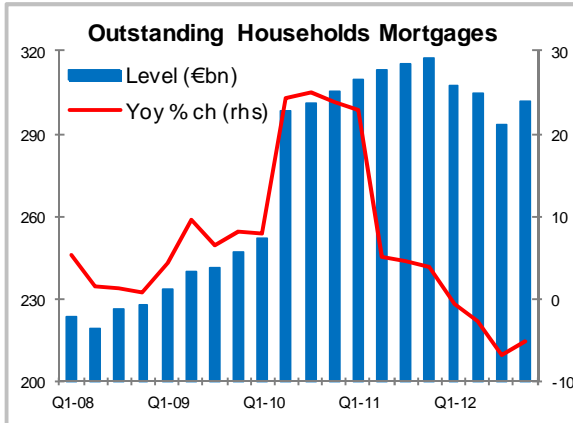


Sources: OECD, Ministere de l'Equipeement, CGEDD, INSEE, European Commission, Banque de France, Eurostat

ITALY

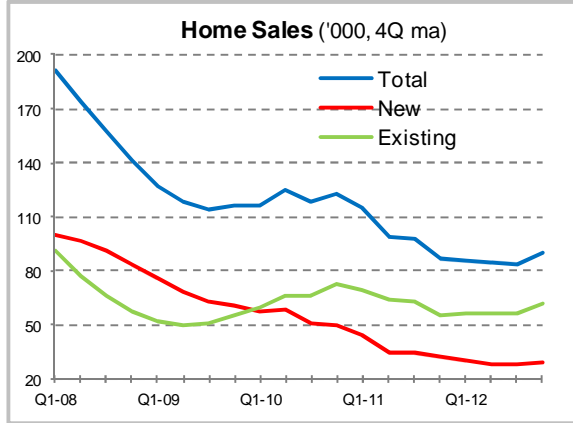
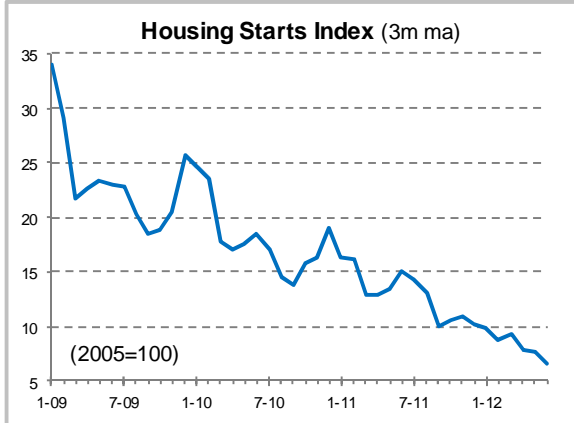
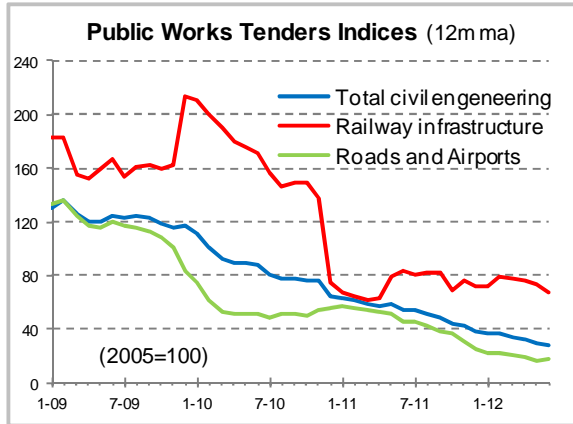
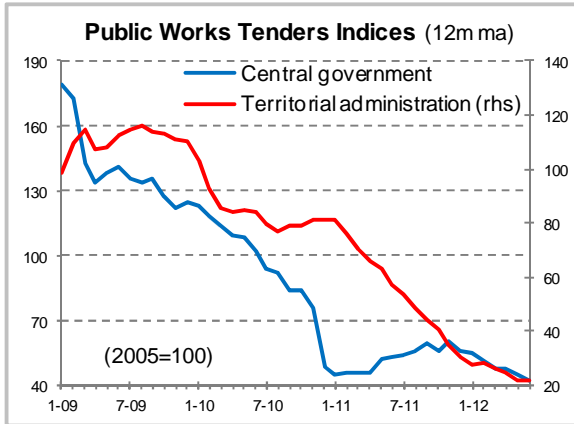
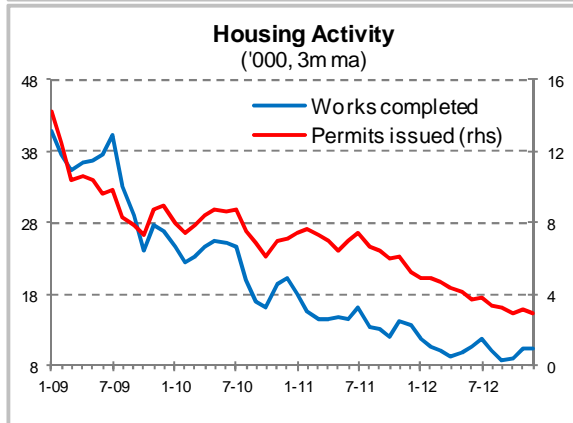
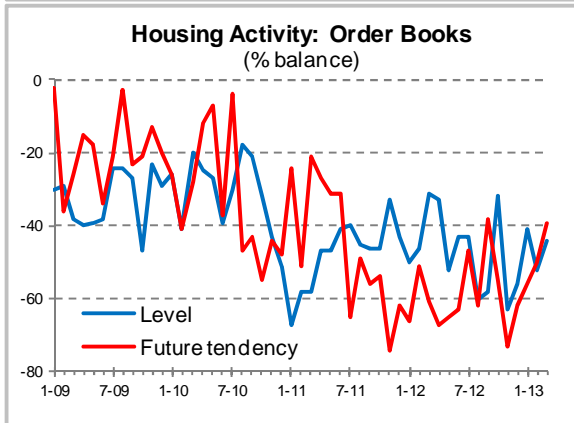
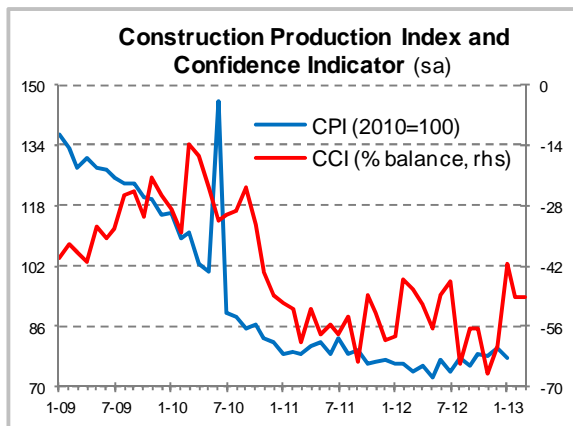
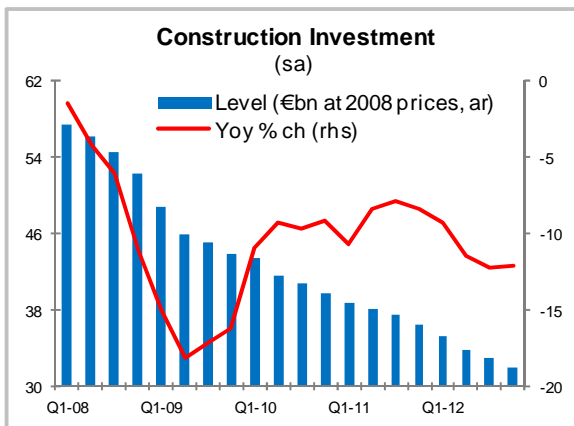


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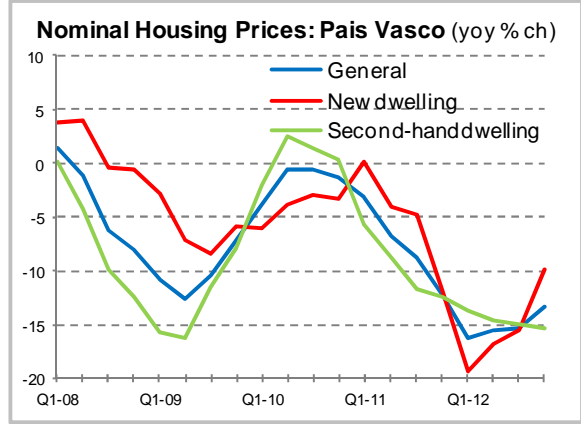
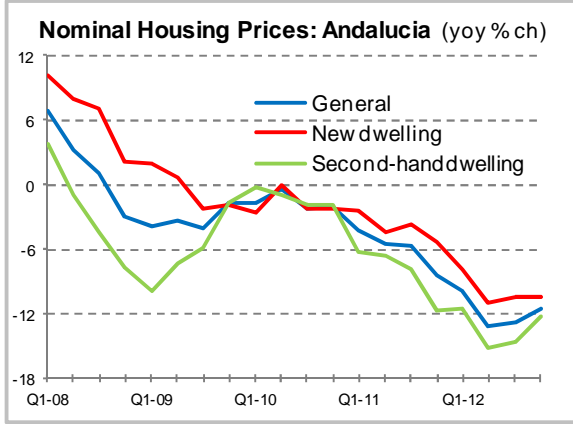
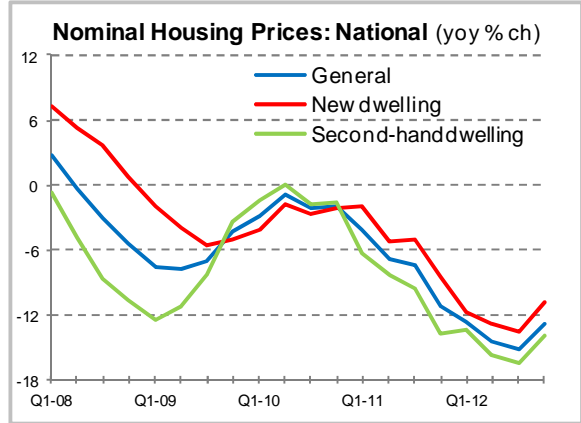
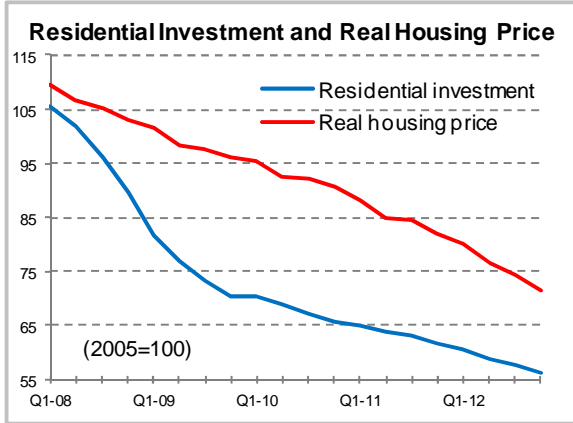
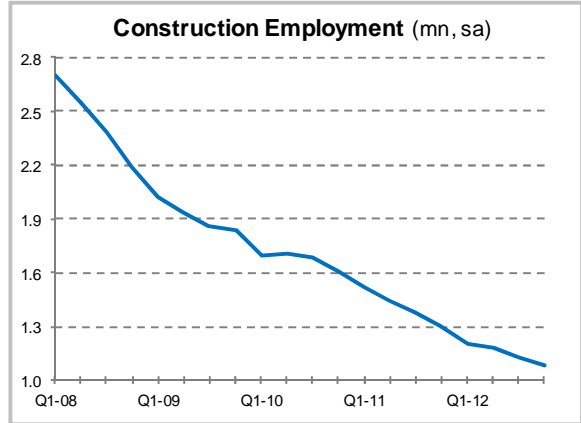
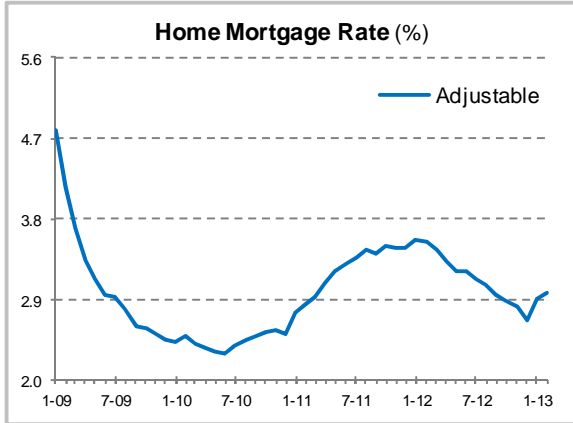
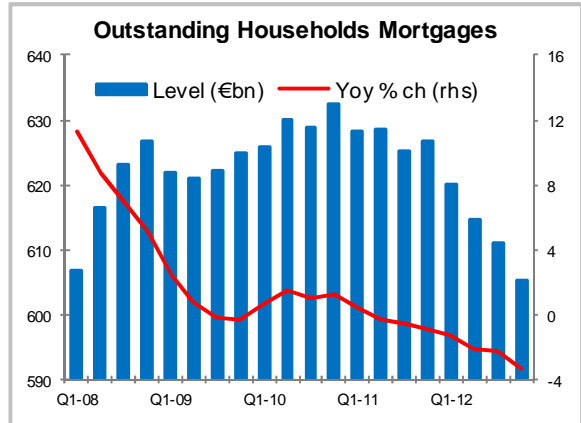
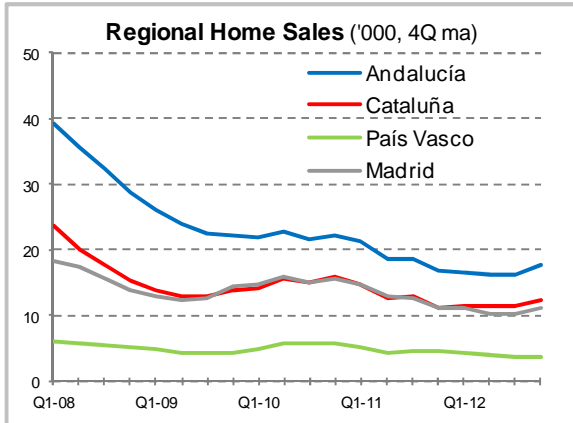


Sources: ISTAT, European Commission, Banca d'Italia, Eurostat, Agenzia del Territorio

SPAIN

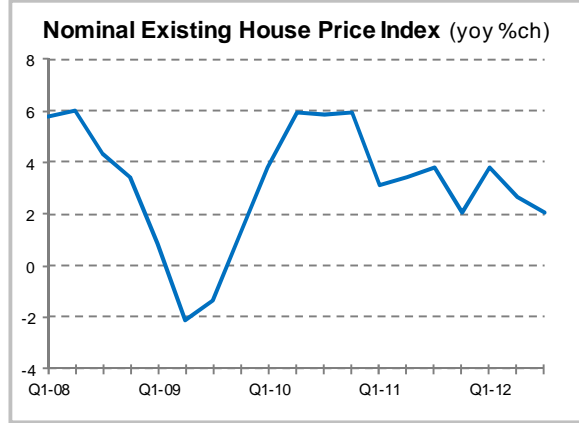
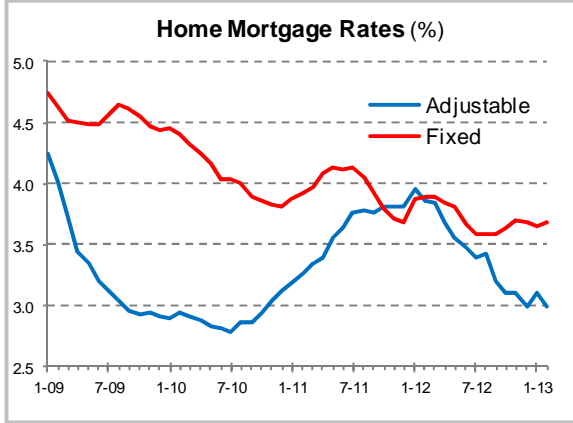
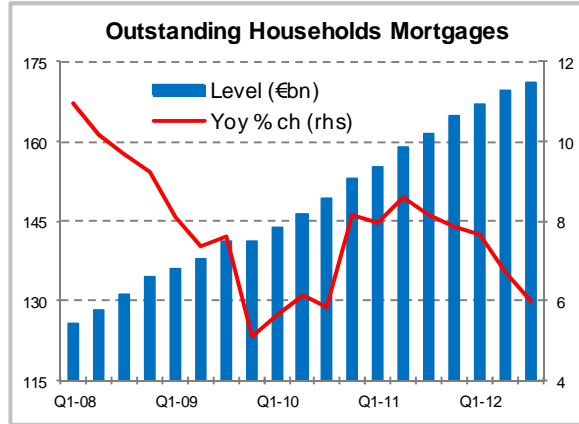
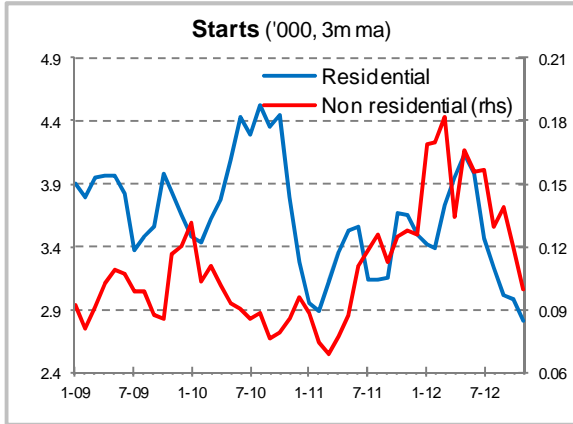
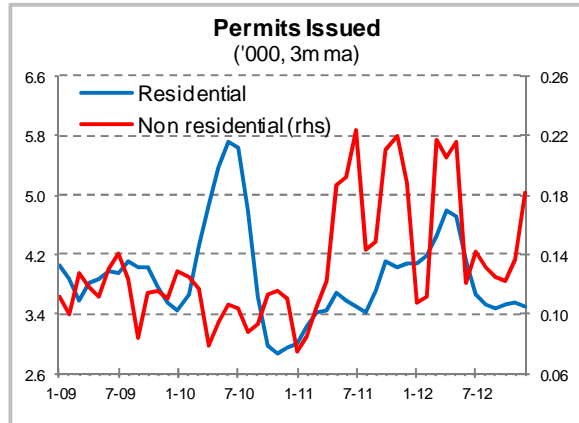
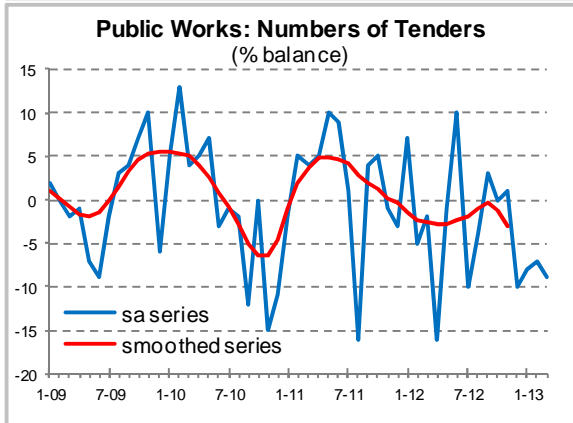
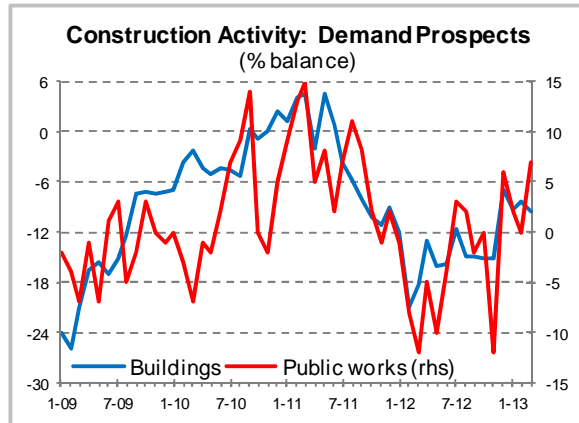
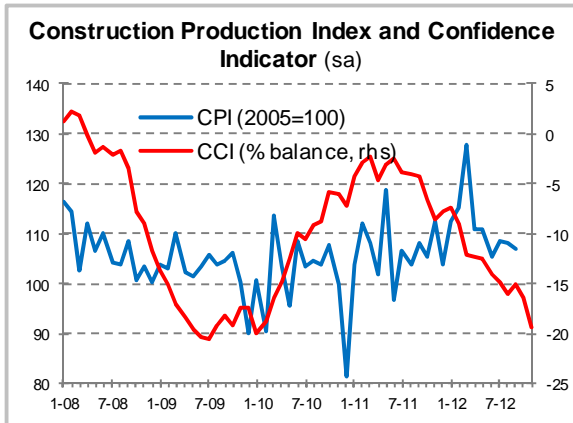


SPAIN



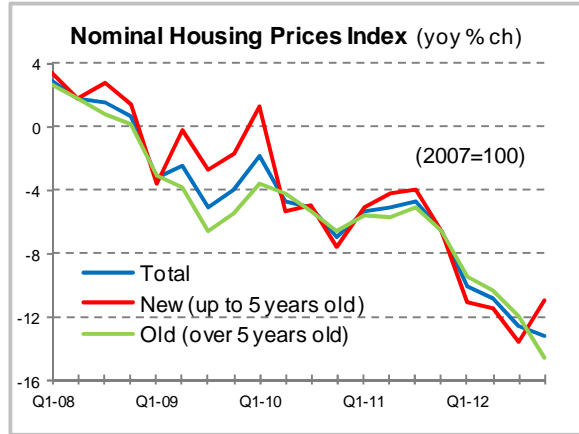
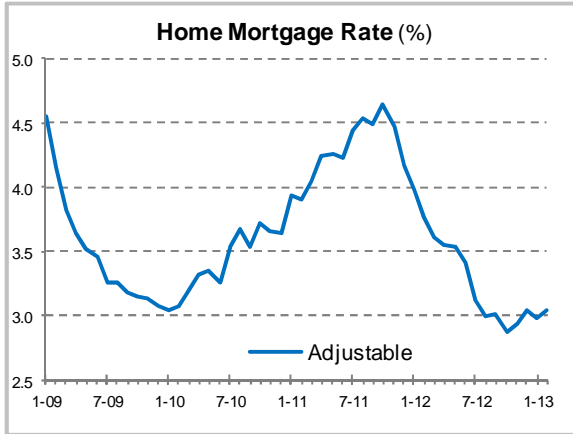
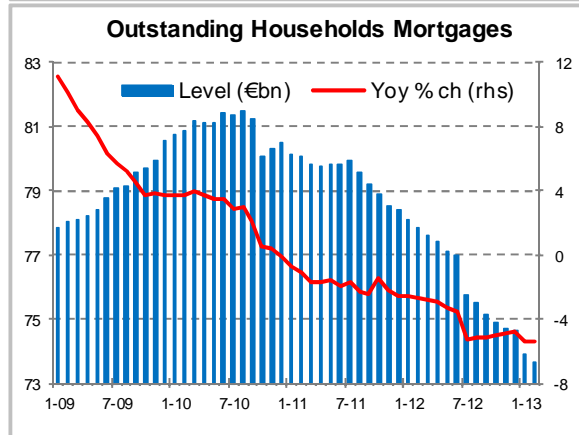
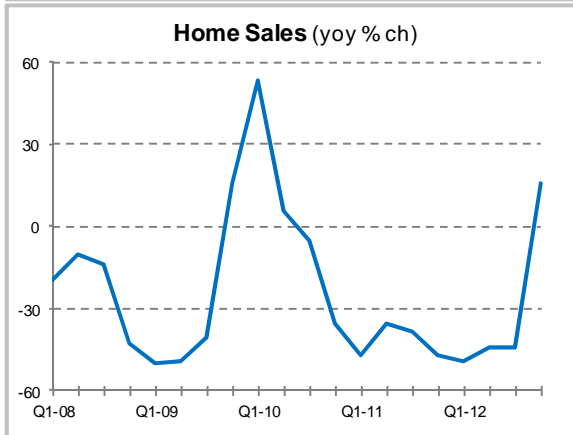
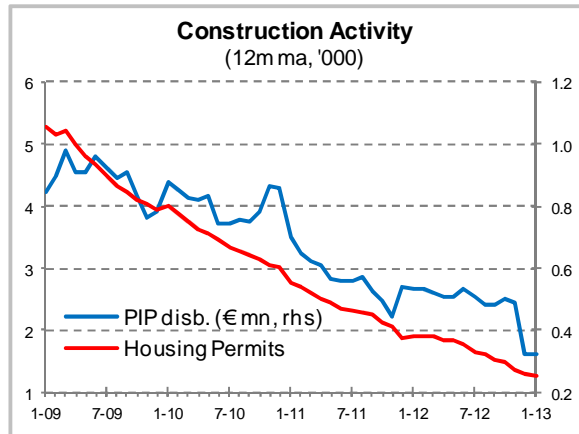
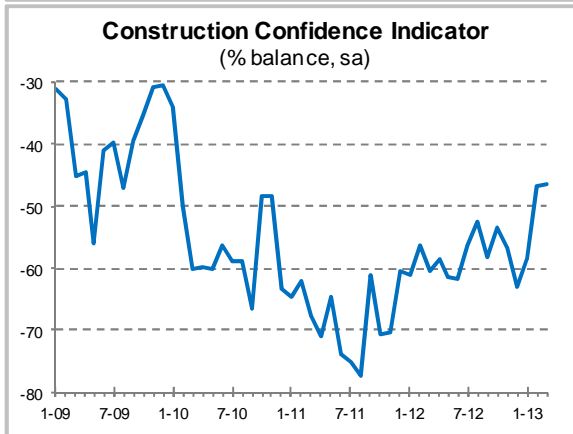
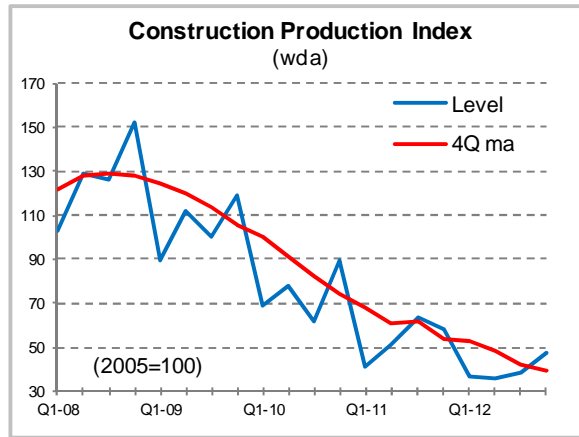
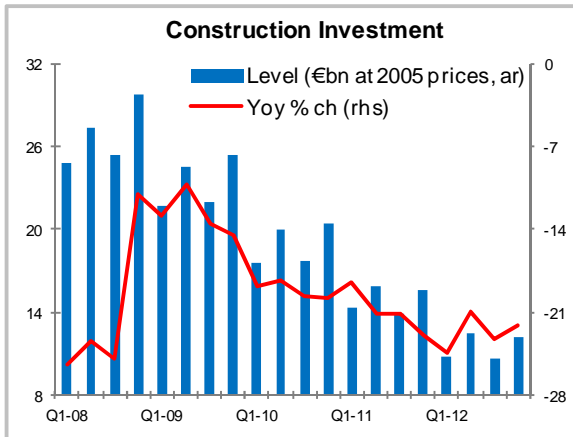
Sources: INE, European Commission, Banco de Espana, OECD, Ministerio de Fomento

BELGIUM



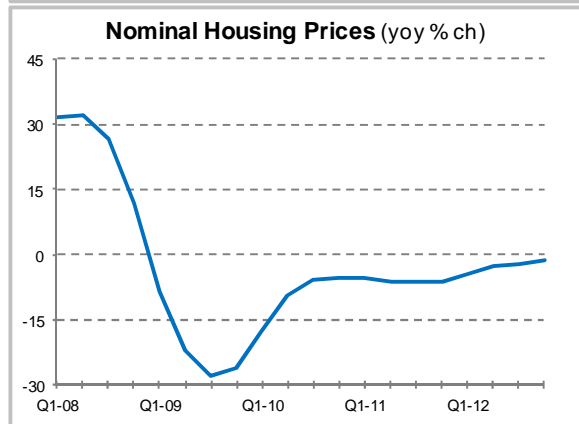
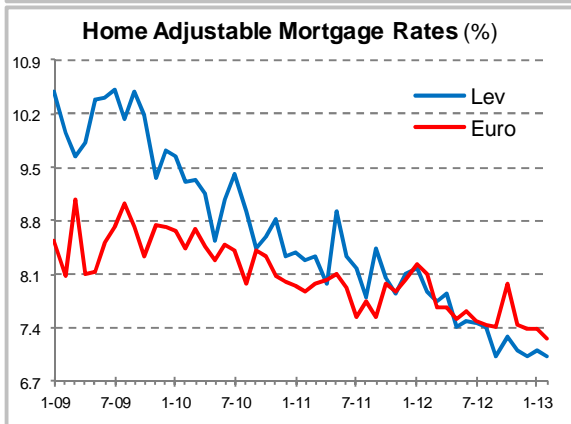
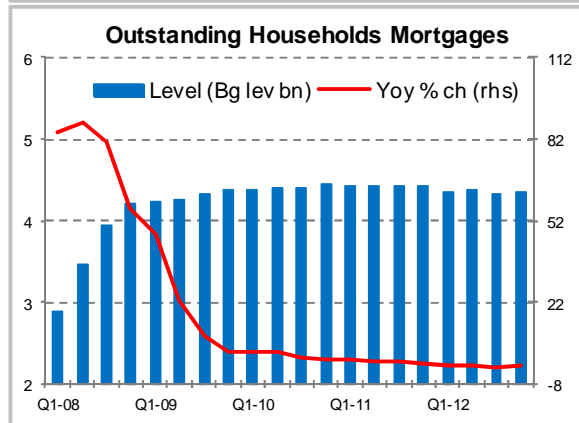
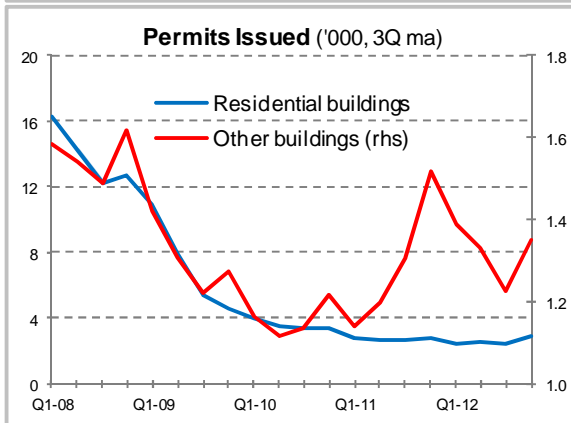
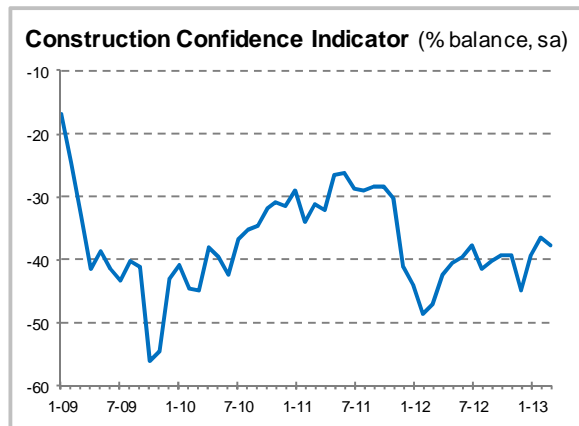
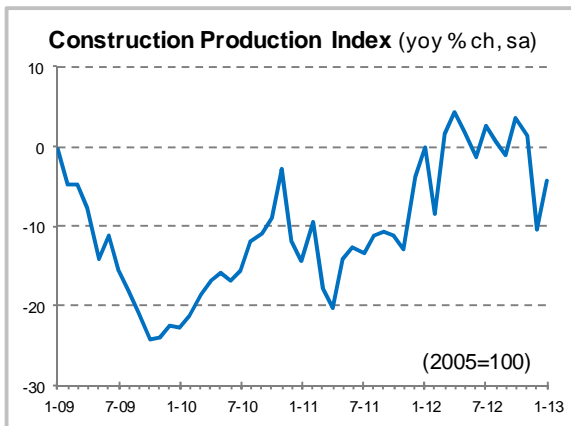
Sources: European Commission, Belgostat

GREECE



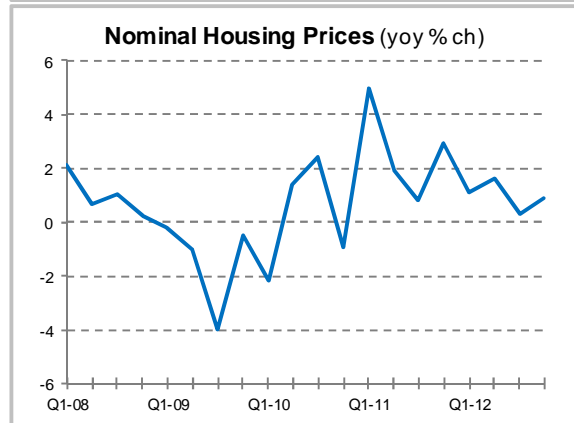
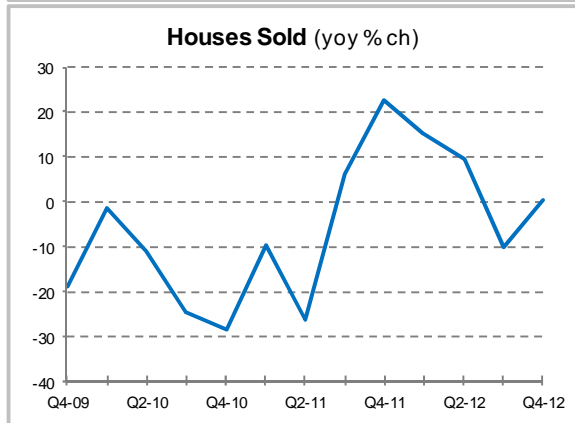
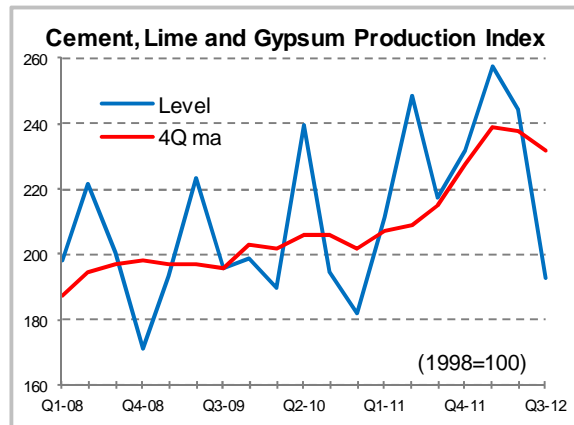
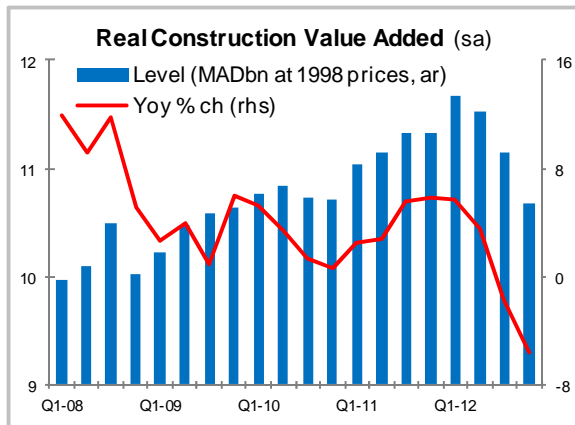
Sources: European Commission, Bank of Greece, National Statistical Service

BULGARIA



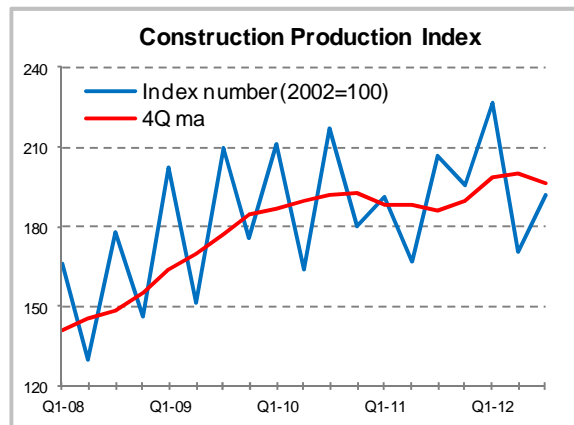
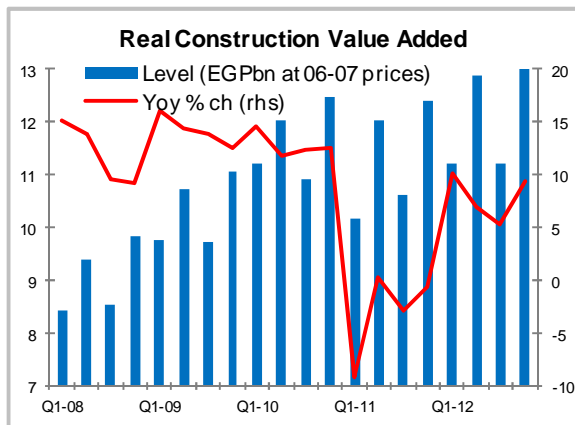
Sources: Eurostat, European Commission, National Institute of Statistics, Bulgarian National Bank

MOROCCO



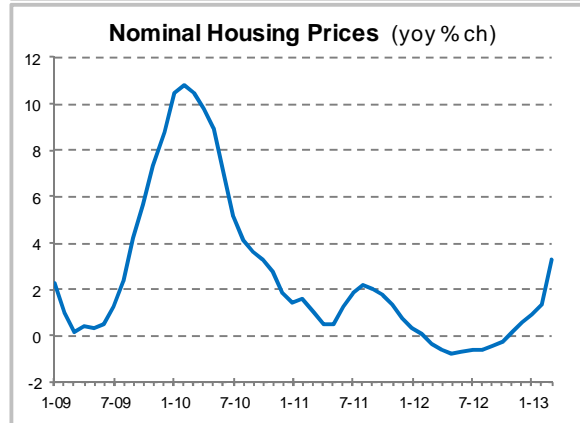
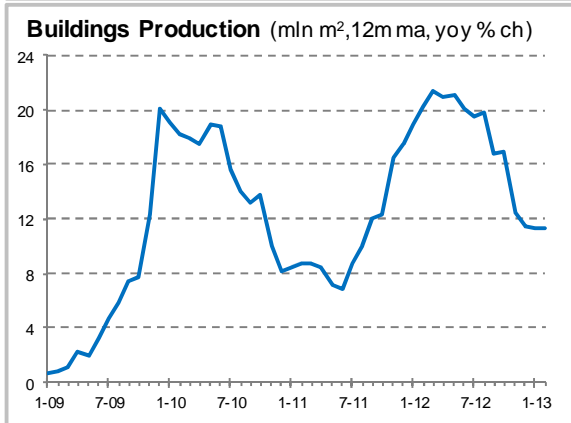
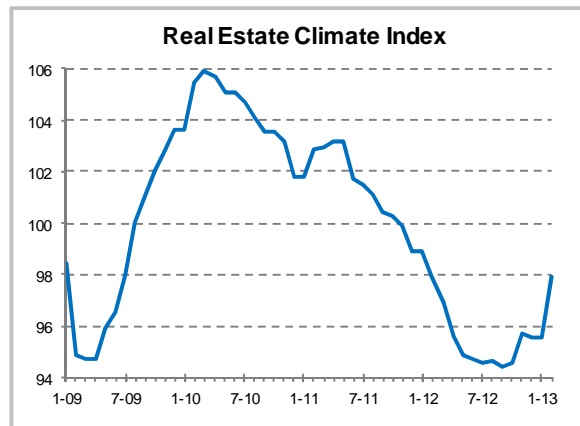
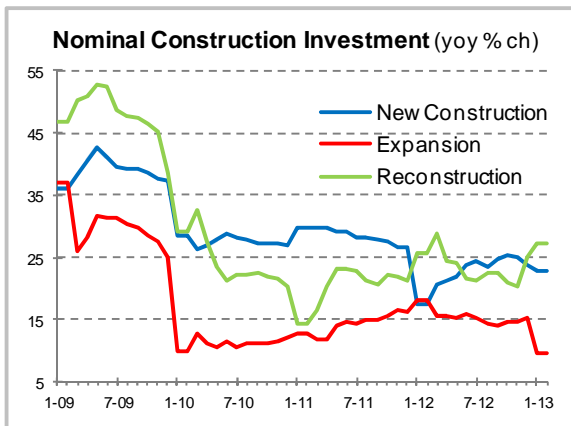
Sources: Haut-Commissariat au Plan, ANCFCC

EGYPT



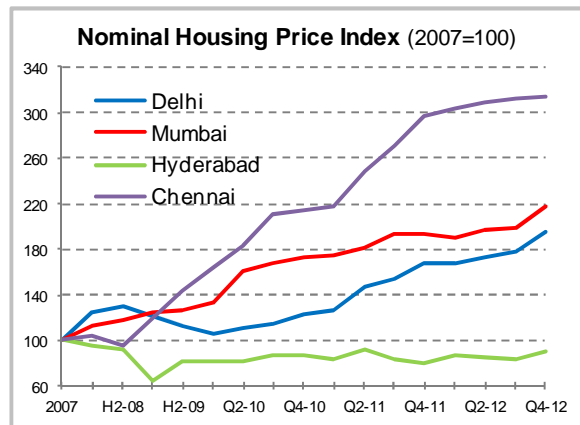
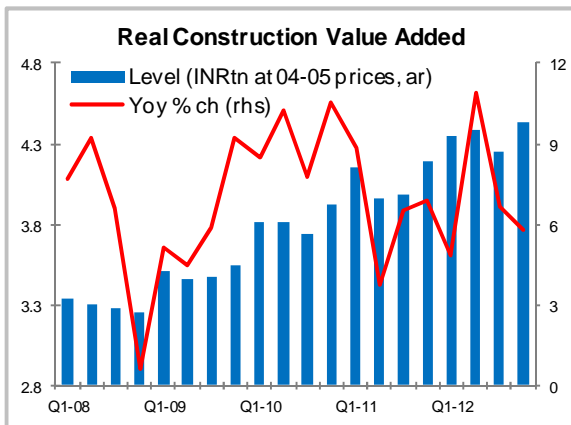
Source: Ministry of Finance

CHINA



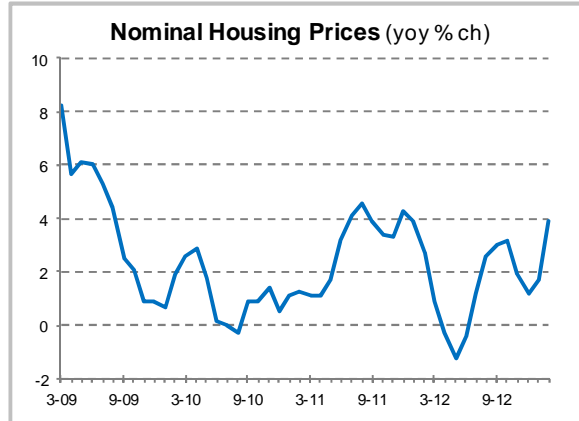
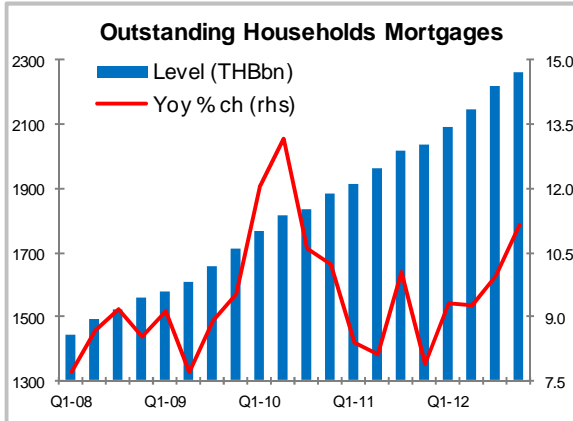
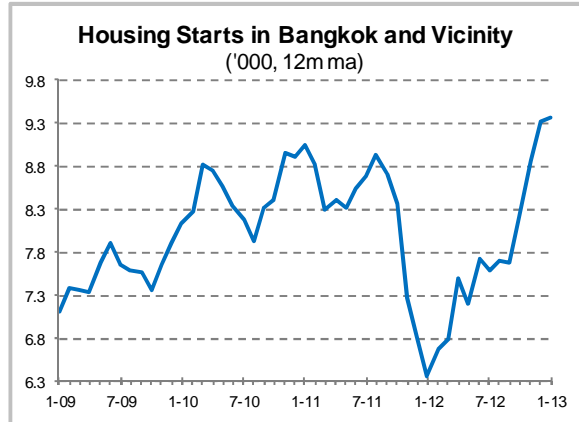
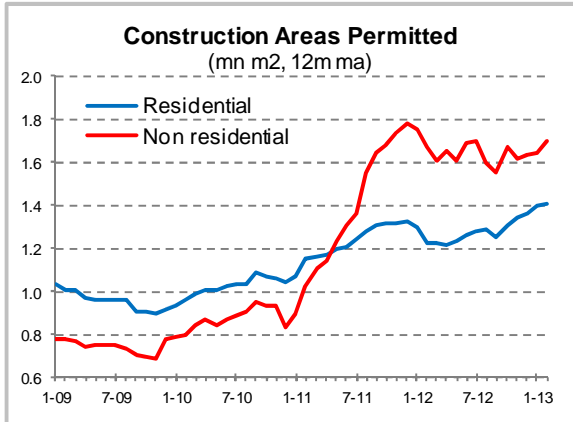
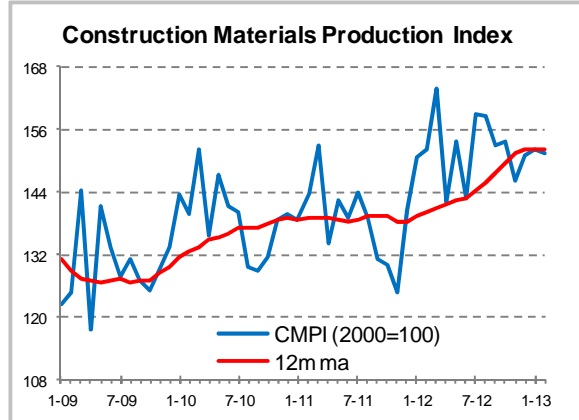
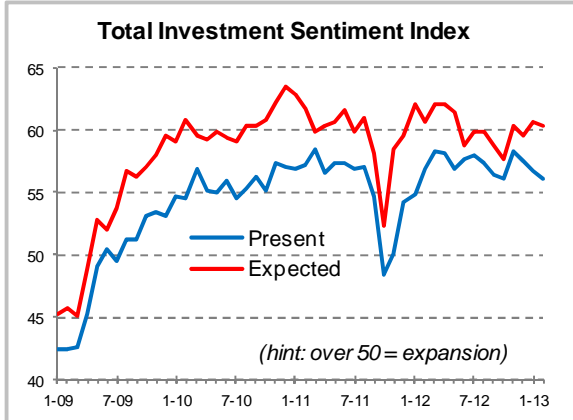
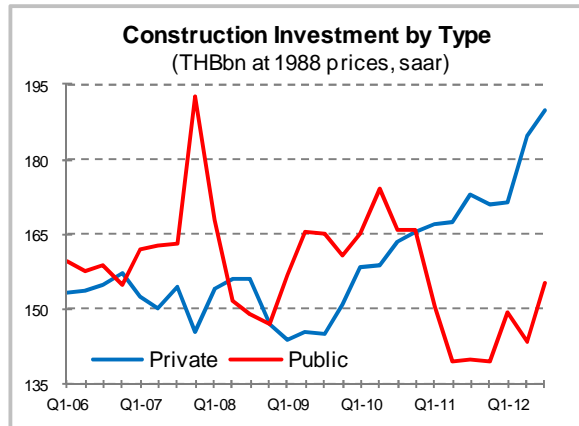
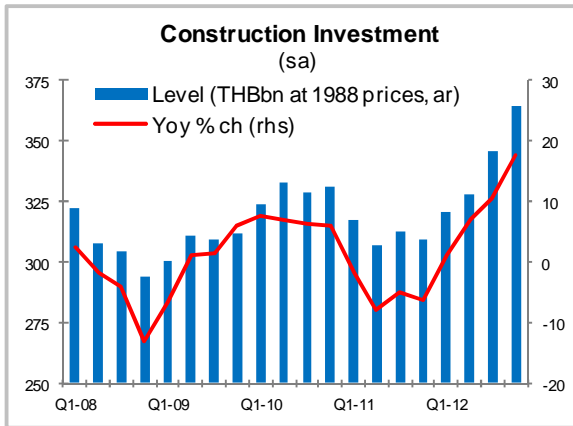
Sources: OECD, National Bureau of Statistics, Ehomeday

INDIA



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

THAILAND



Source: Bank of Thailand