

Construction Profile in ITC Group Countries

N. 4 – December 17th 2010

Highlights

Country Focus

Main Construction Indicators

Countries:

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

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 December, 17th 2010
Available in @Gold

HIGHLIGHTS

- The divide in construction activity among the Group industrial countries and the emerging ones has remained wide. As a matter of fact, all the Group industrial countries (excluding Canada) have been still in negative territory in Q3 10 yoy figures with all the developing ones (but Bulgaria) in a continuing positive shape.
- However, in the industrial area the construction cycle keeps diverging both within the euro zone and within North America. In the former area, Spain and Greece remain mired in a big slump while early signs that the trough has been – or is close to be – reached are emerging in France and, to a lesser extent, also in Italy. The same is true for North America, where Canada appears out of the woods while in the US signs are still mixed, particularly for housing (see also below).
- One positive feature which is slowly coming to the fore is the improving dynamics of house prices in a number of industrial countries, to start with the US, Canada and France. Data for H2 10 are not yet available for Italy but anecdotal evidence suggests that even there the house price decline should have come to a halt.
- Despite the above, housing in Q3 10 worsened remarkably in all the Group major industrial countries, which seems, however, scarcely related to a new downturn taking shape. In fact, in previous quarters short term dynamics was affected by bad weather conditions or also by the phasing out of incentives on housing, which means that only from current quarter data the underlying trend will be more precisely detected.

COUNTRY FOCUS

- In the **US**, the residential sector pulled back in Q3 (-8% qoq) after trending upward in Q2. Positive signals from sectoral indicators are also weak. The MBA applications survey purchase index fell drastically in May following the expiration of the homebuyers' tax credit in April and has yet to recover. Home sales remained close to their cyclical low in October, as well as housing starts and permits issued. On the supply-side, a large stock of distressed homes is offsetting most of the benefits of the declining inventory of new homes. In addition, builders remain cautious as weak job gains, negative home equity, and sliding homeowner credit quality are keeping demand for homes low. The non-residential sector is still in the doldrums (-1.5% qoq), due to excess capacity in all segments of commercial property. Vacancy rates are high across the board and even retail – normally the tightest market – has lots of empty space because of sluggish consumption. Also public works do not present a favourable juncture as they are benefiting from the acceleration of the ARRA outlays only to a limited extent given the strained fiscal balances of most states.
- In **India**, construction activity surprised on the upside in Q3 10 accelerating to 8.8% yoy (up from +7.5% yoy in Q2 10). Sustained business optimism and buoyant corporate earnings are supporting new investment in the private sector. While infrastructure output had lagged earlier in 2010, it has picked up since the middle of the year, catching up with other robust manufacturing activities. Infrastructure investment is expected to rebound already in the final part of the FY 2010-11 on the back of a strong order backlog and start of execution of BOT projects won in H2 FY10.
- In **Thailand**, construction investment fell marginally in Q3 10 (-1.3% qoq from +3.1% in Q2) due to the strong contraction of its public component (-4.5% qoq). Allocation of funds under the "Strong Thailand" infrastructure program that started in October 2009 is behind schedule: only 69% of the allocated amount was disbursed in the 10 months through July 2010. On the other hand, the private component performed buoyantly in Q3 (+2.2% qoq), reflecting a pickup in both residential and commercial building, stimulated by temporary tax incentives.

COUNTRY FOCUS

MAIN CONSTRUCTION INDICATORS

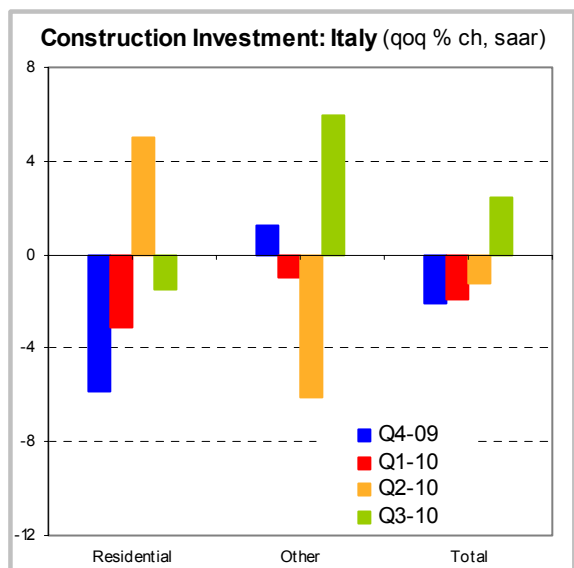
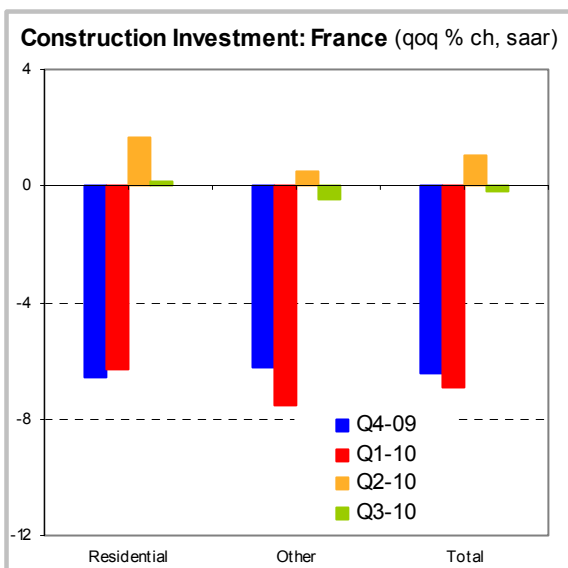
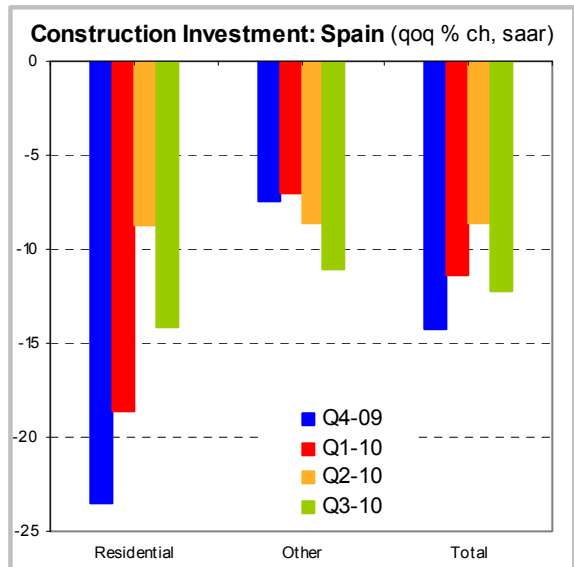
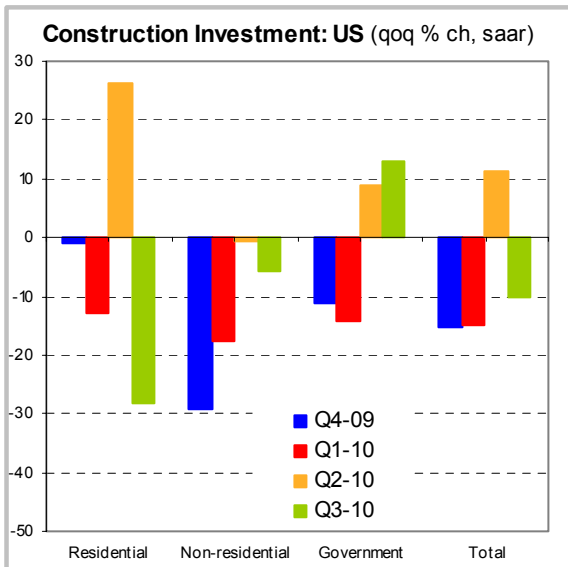
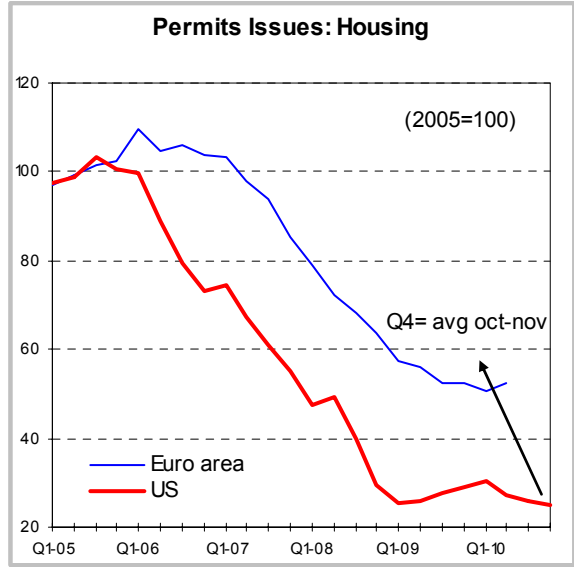
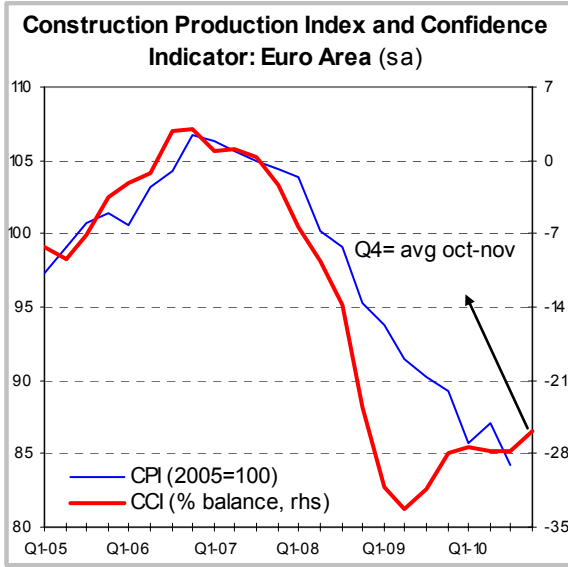
Indicators*	Construction Production				Construction Investment				House Prices			
	2007	2008	2009	Latest	2007	2008	2009	Latest	2007	2008	2009	Latest
USA	-17.9	-30.4	-28.5	-14.2 Oct ⁽¹⁾	-6.1	-8.8	-17.0	-7.9 Q3	-3.8	-15.8	-13.3	0.6 Sep
Canada	4.2	4.6	-8.2	6.4 Sep	2.9	2.2	-8.7	6.2 Q3	7.4	2.9	-3.0	3.4 Oct
France	2.3	-3.6	-5.9	-2.4 Oct	4.2	-0.8	-5.6	-5.2 Q3	6.6	1.2	-7.1	8.6 Q3
Italy	6.2	-1.1	-11.7	2.0 Q3	0.1	-3.4	-7.9	-0.7 Q3	5.3	2.7	-3.8	-2.8 H1 10
Spain	-3.8	-15.7	-12.1	-26.0 Sep	3.2	-5.9	-11.9	-11.6 Q3	5.8	0.7	-7.4	-3.7 Q3
Belgium	2.5	-1.2	-6.8	0.9 Sep	2.3	-0.1	-3.4	0.2 Q3 ⁽²⁾				-
Greece	14.4	7.6	-20.4	-36.5 Q3	-4.1	-18.9	-12.5	-13.7 Q3	3.8	2.6	-2.1	-1.4 Q1 ⁽³⁾
Bulgaria	27.5	26.0	-35.0	-12.0 Oct	11.8	21.9	-29.0	-5.3 Q3 ⁽⁴⁾	28.9	24.9	-21.4	-6.0 Q3
Turkey			-		5.8	-6.9	-14.8	23.7 Q3				-
Morocco			-		10.3	9.4	3.1	2.6 Q2 ⁽²⁾	-	-	-	2.4 Q3
Egypt			-		15.8	11.8	14.2	11.9 Q2 ⁽²⁾				-
China			-		23.8	3.0	45.5	23.9 Oct ⁽⁵⁾	7.6	6.5	2.4	8.6 Oct ⁽⁶⁾
Thailand			-		2.6	-4.2	0.4	5.7 Q3	-4.3	-13.9	-9.3	2.5 Q3
India			-		11.0	6.2	5.7	8.8 Q3 ⁽²⁾				-

Notes:

* yoy % ch, sa, unless otherwise indicated; ⁽¹⁾ Production of dwellings ;⁽²⁾ Gross value added; ⁽³⁾ Urban areas excluding Athens;

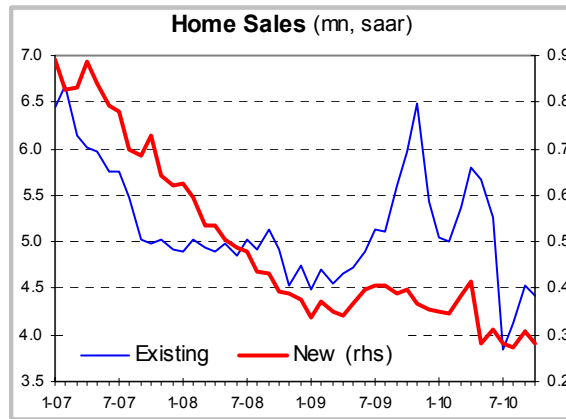
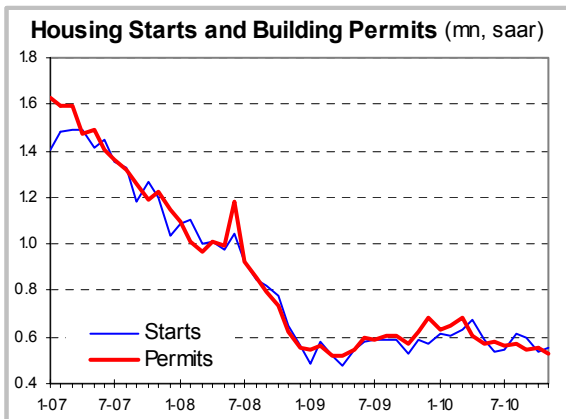
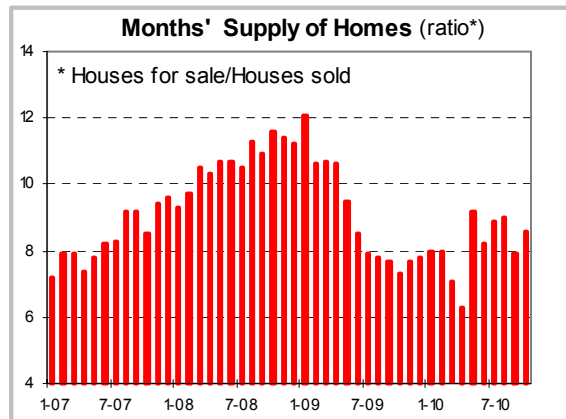
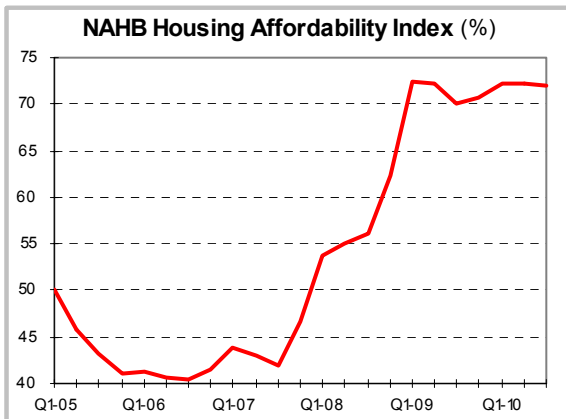
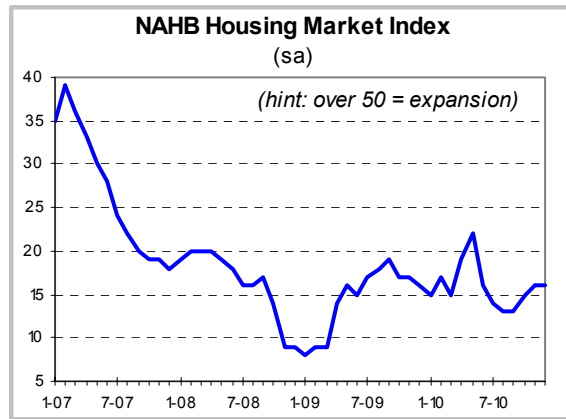
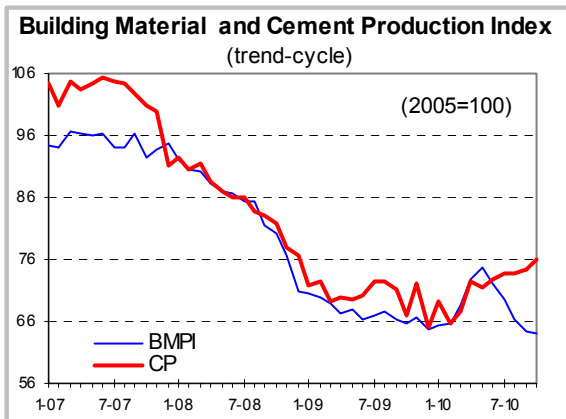
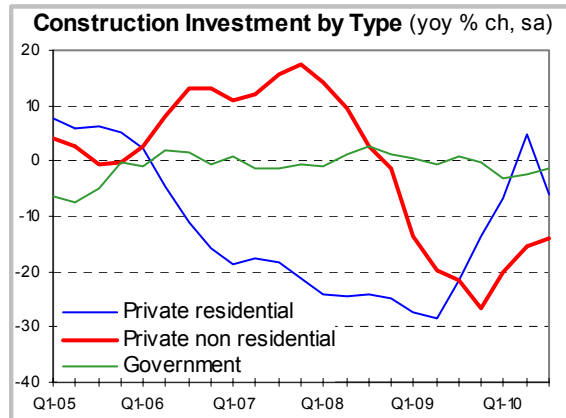
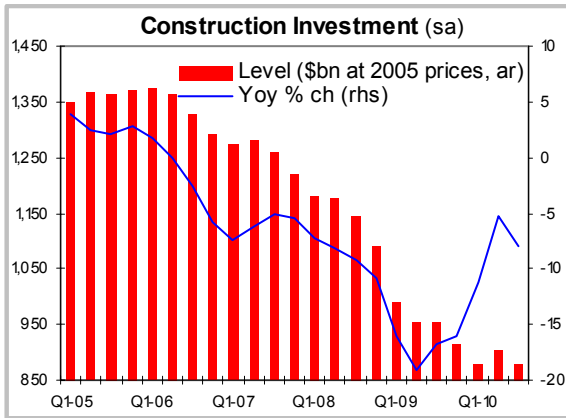
⁽⁴⁾ Gross fixed capital investment; ⁽⁵⁾ Investment in fixed assets: construction; ⁽⁶⁾ 70 major cities

MAIN CONSTRUCTION INDICATORS

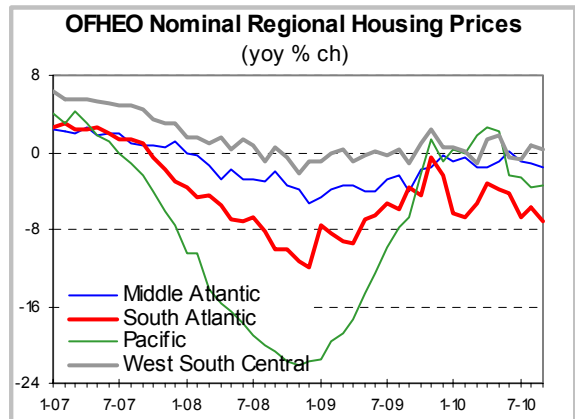
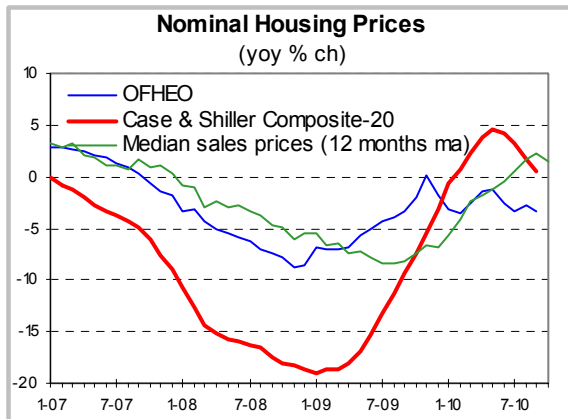
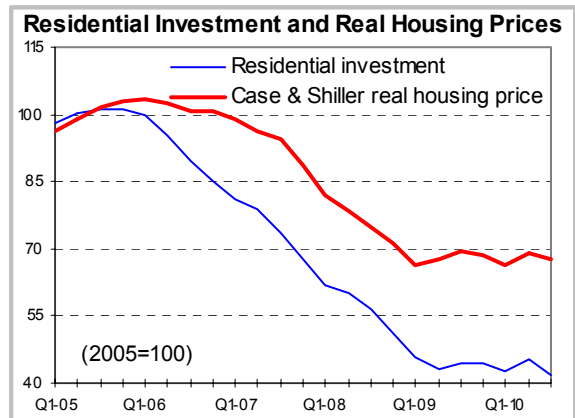
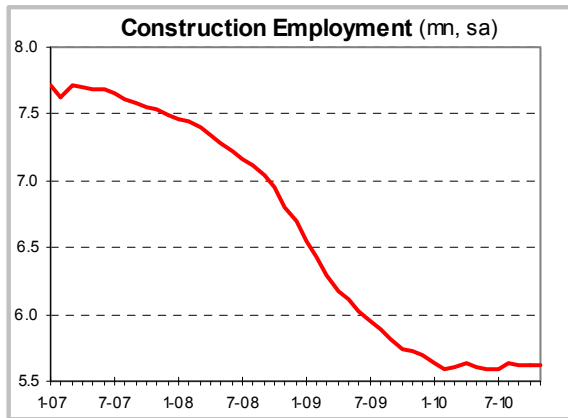
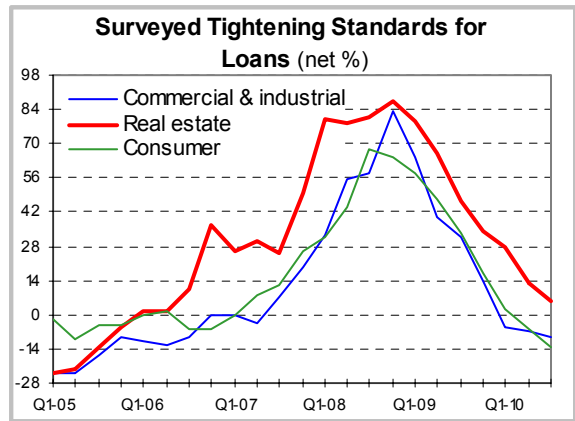
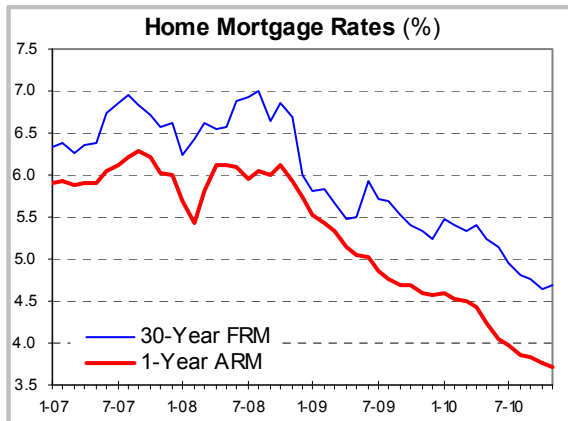
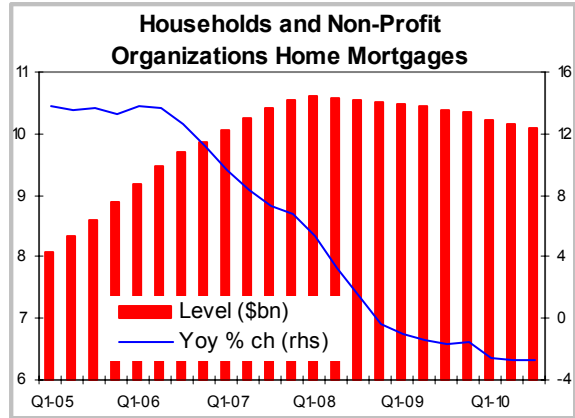
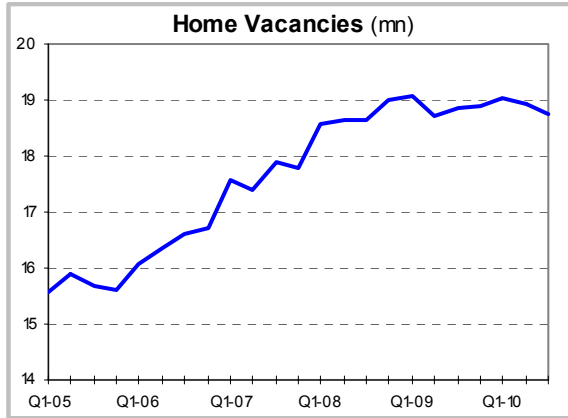


Sources: BEA, Eurostat, US Census

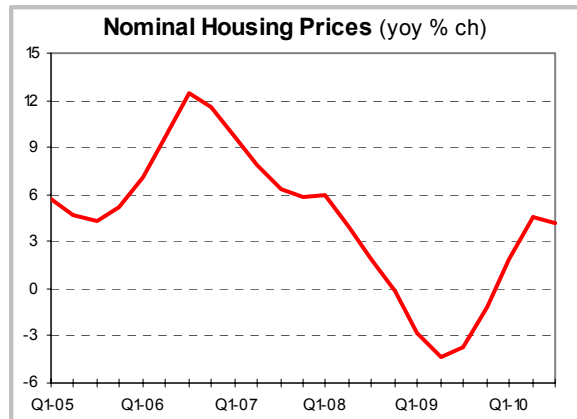
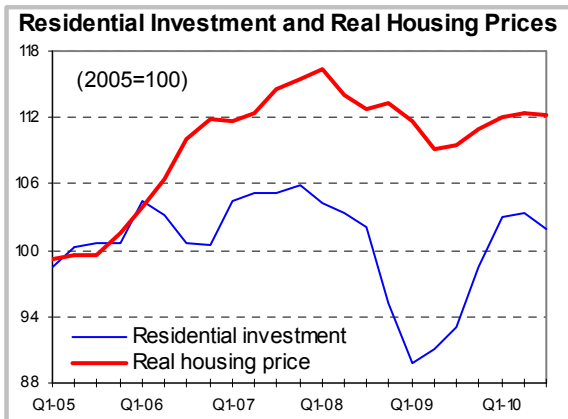
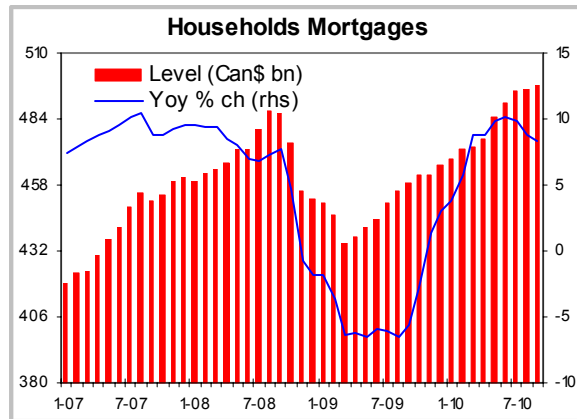
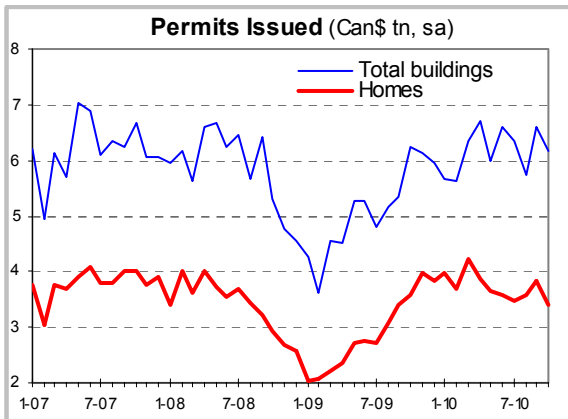
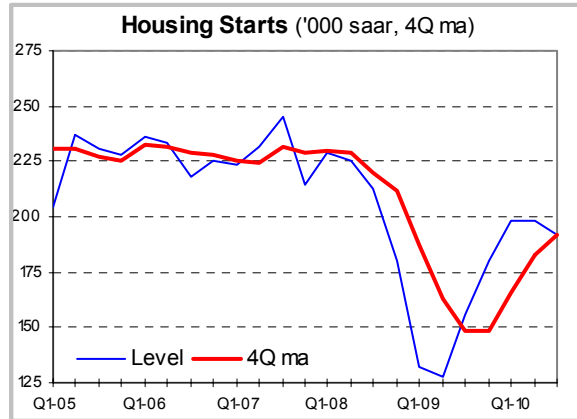
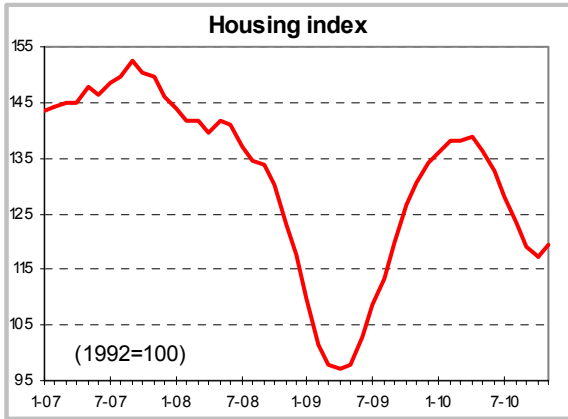
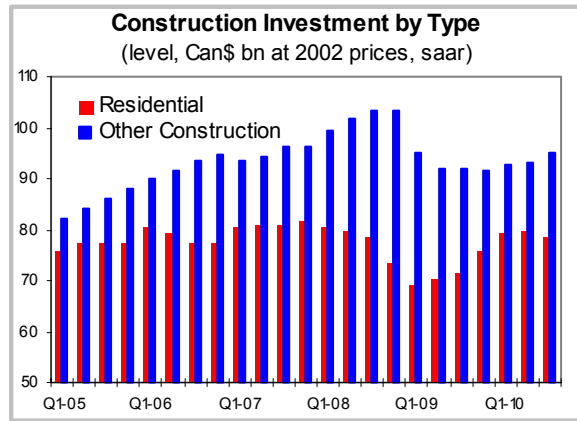
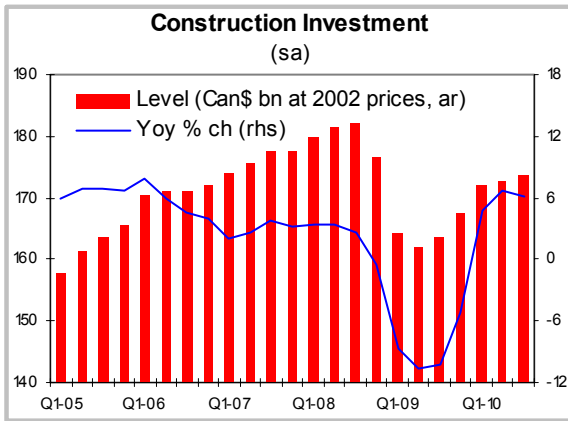
UNITED STATES



UNITED STATES

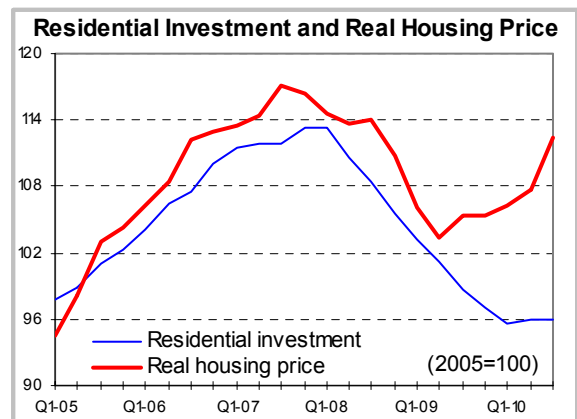
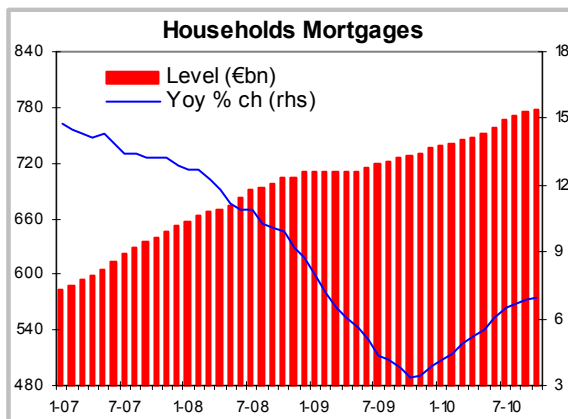
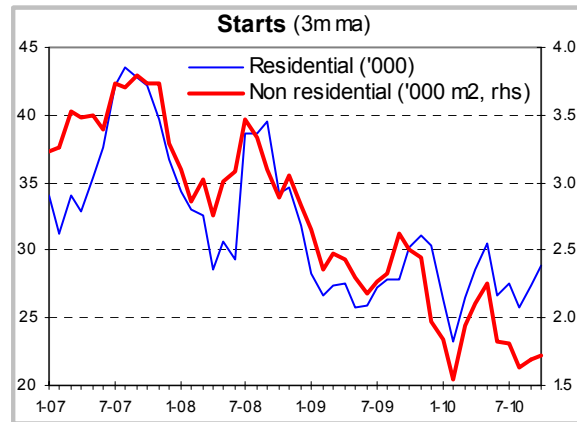
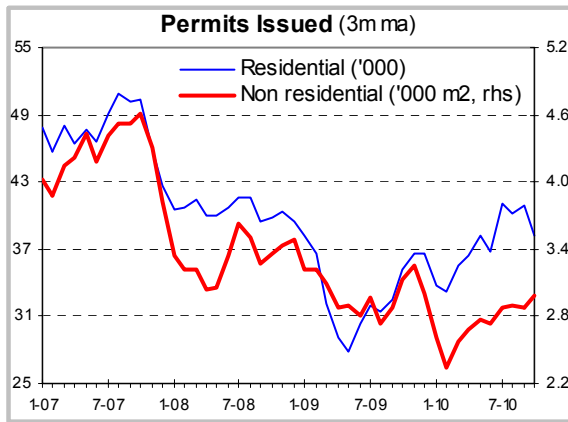
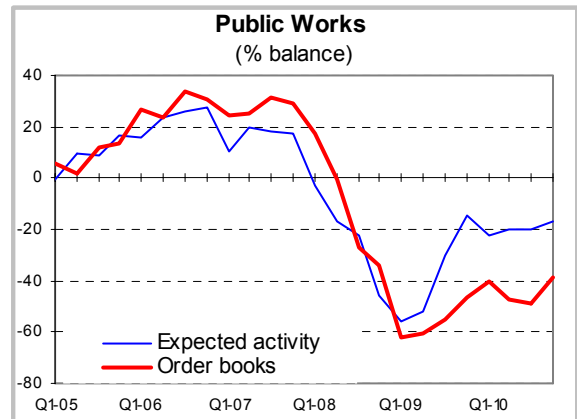
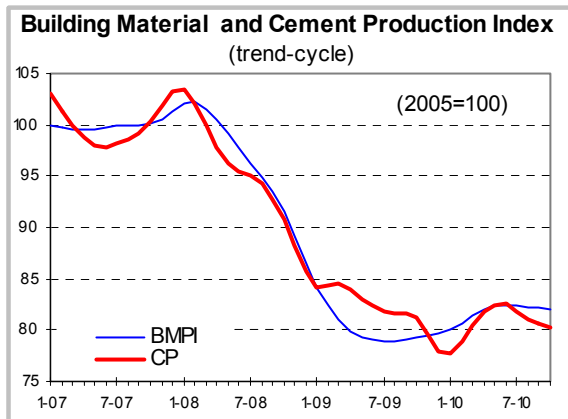
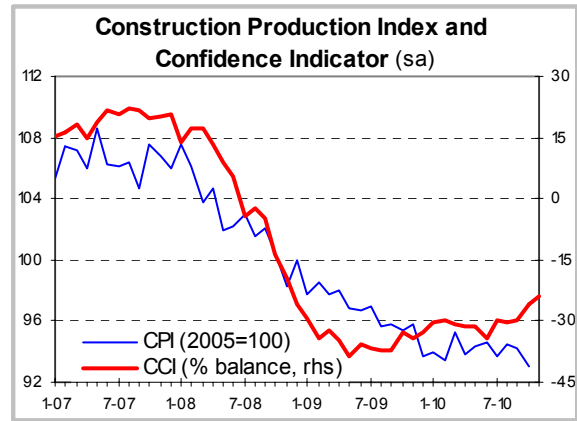
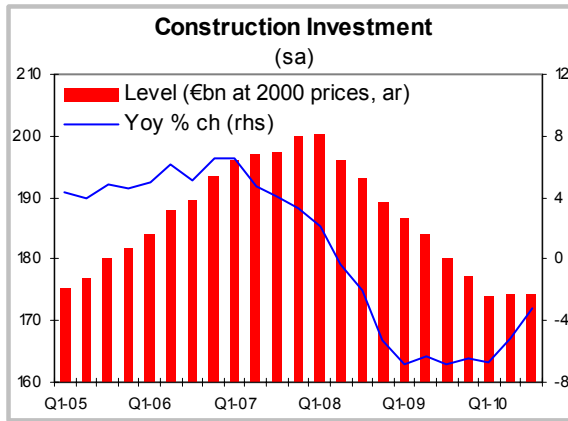


Sources: US Census, National Association of Home Builders, Dept. of Labour, HSH Associates, Bureau of Economic Analysis, Standard & Poor's, Bureau of Labour Statistics, OFHEO

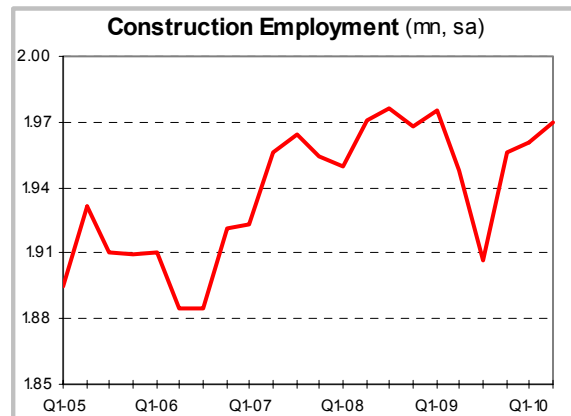
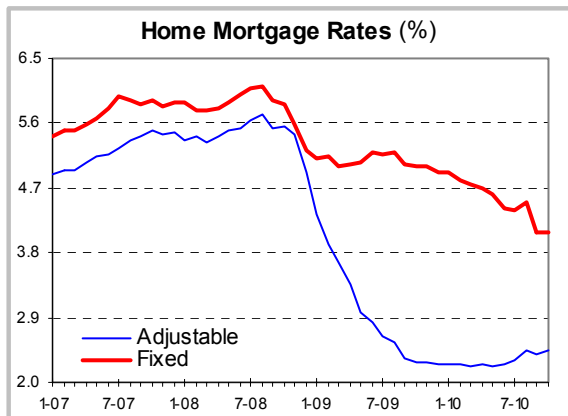
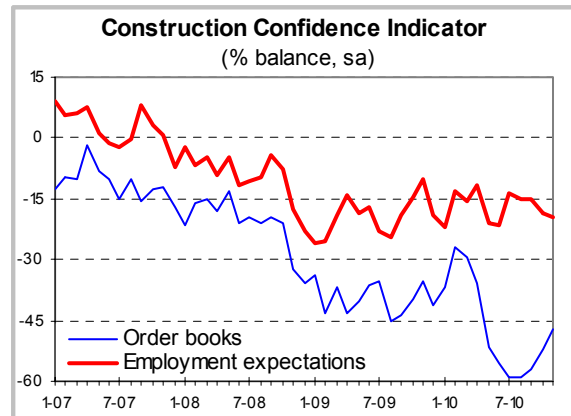
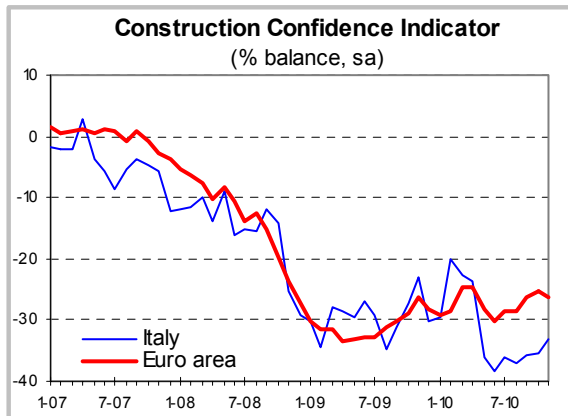
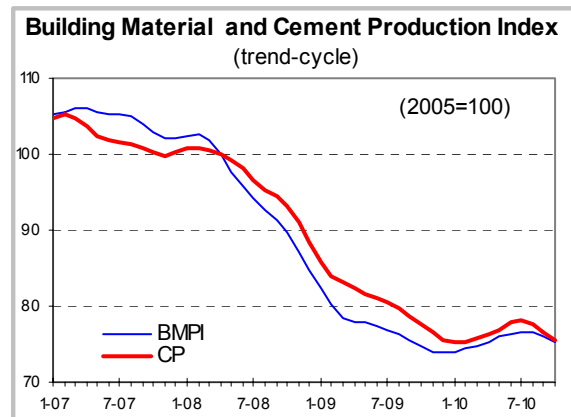
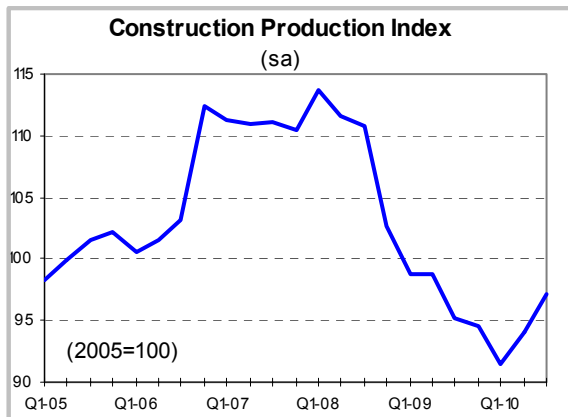
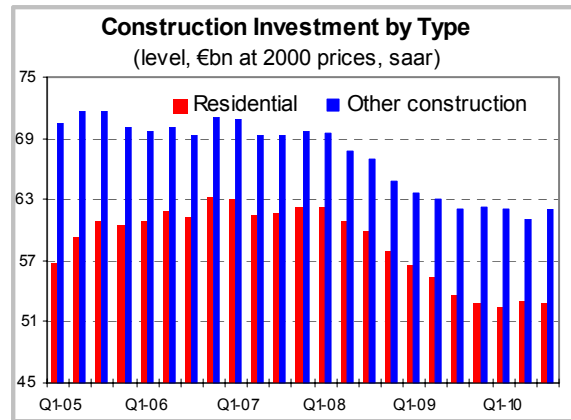
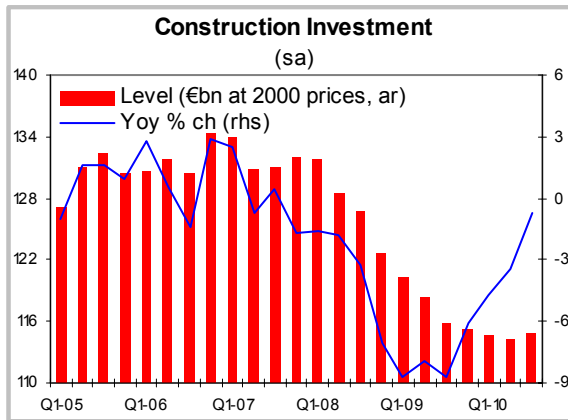


Sources: OECD, Canada's Statistics Agency, CMHC, Bank of Canada

FRANCE

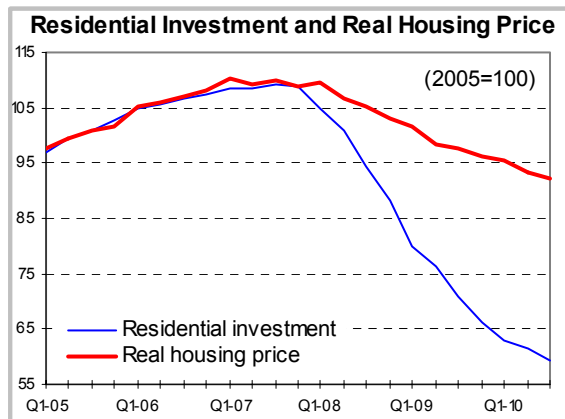
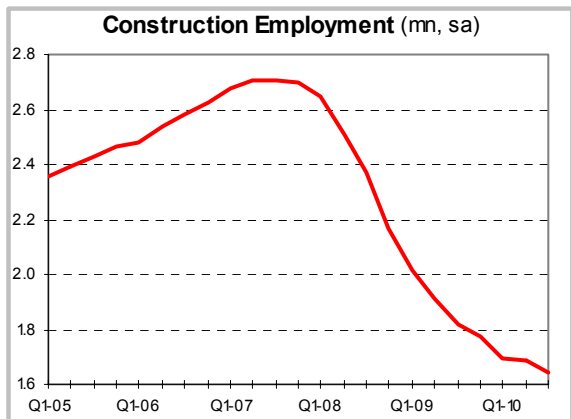
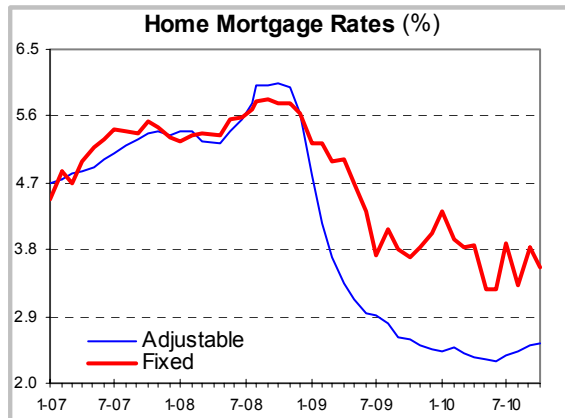
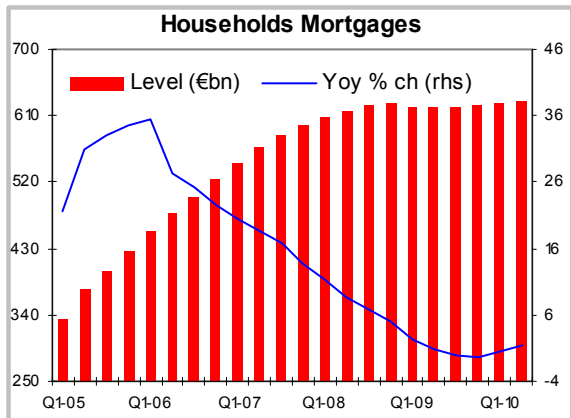
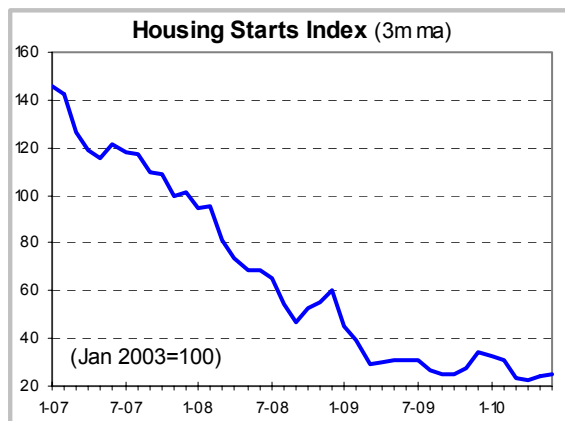
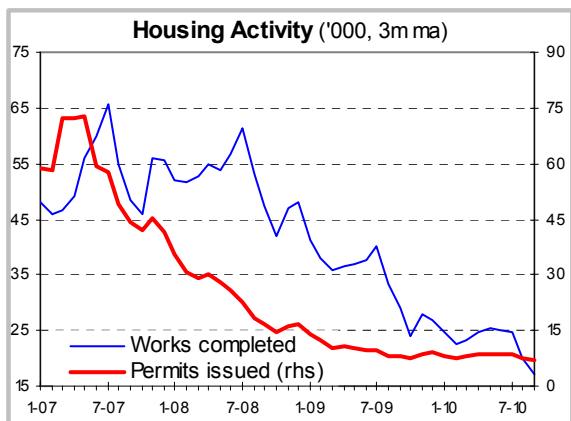
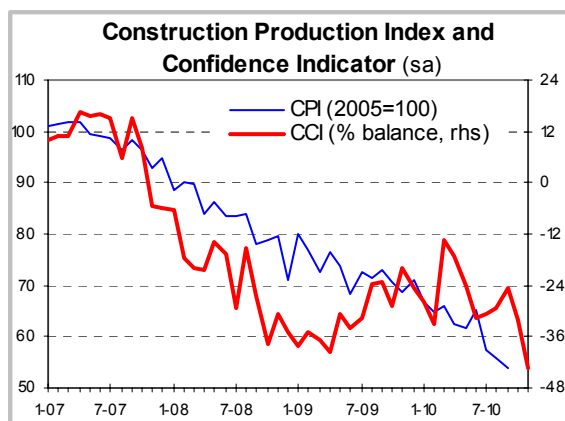
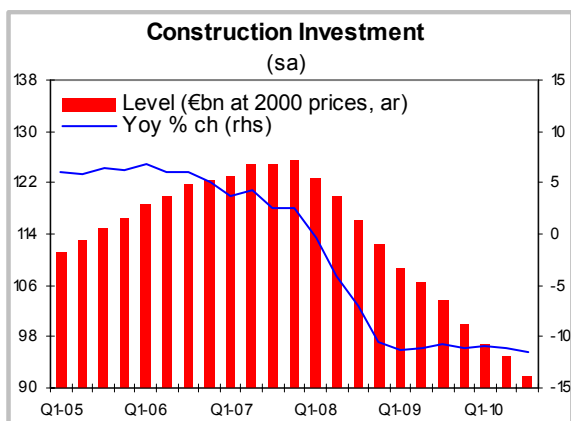


Sources: OECD, Ministère de l'Équipement, INSEE, European Commission, Banque de France, Eurostat



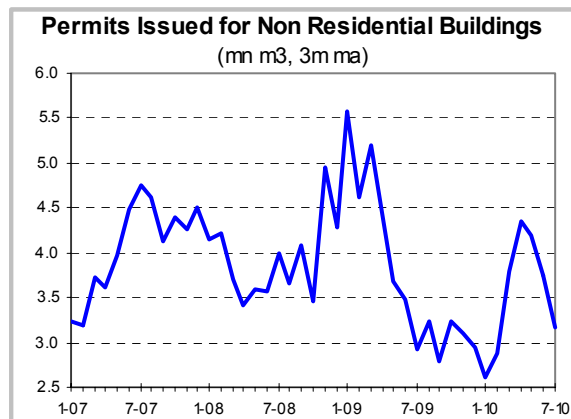
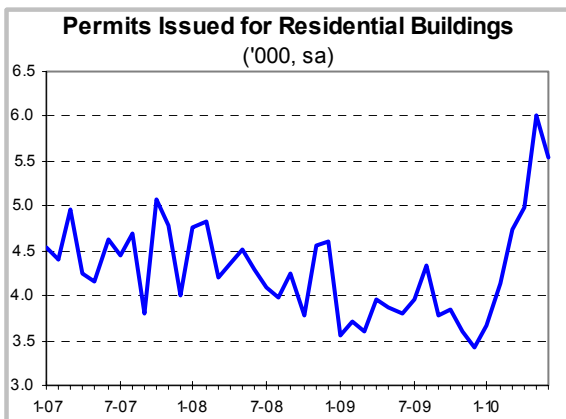
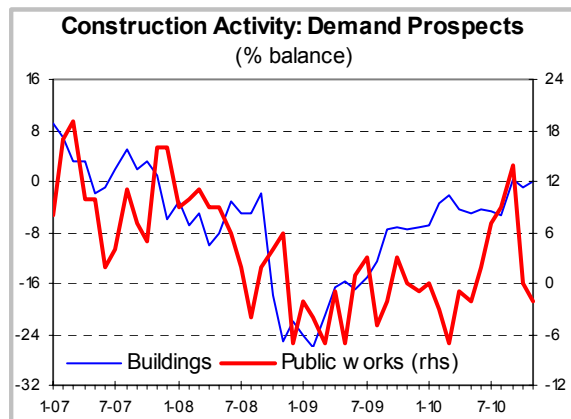
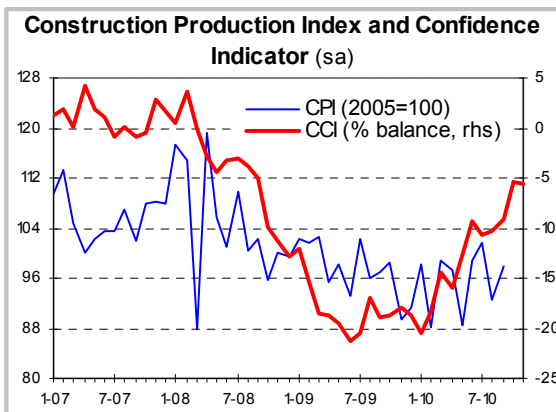
Sources: ISTAT, European Commission, Banca d'Italia, ISAE, Eurostat

SPAIN



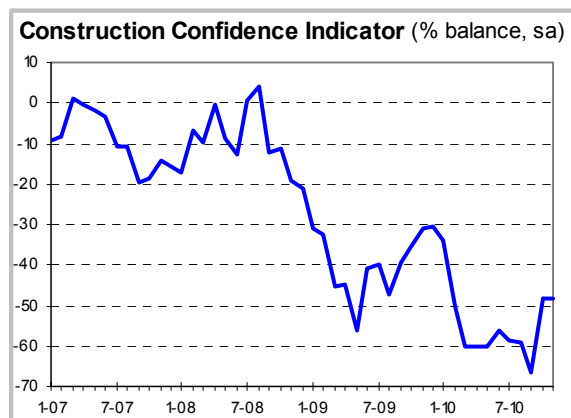
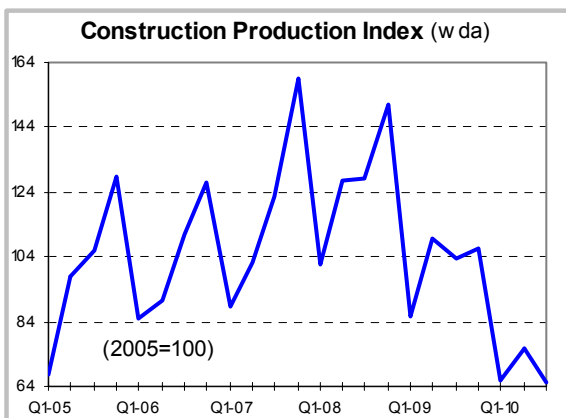
Sources: INE, European Commission, Banco de Espana, OECD

BELGIUM

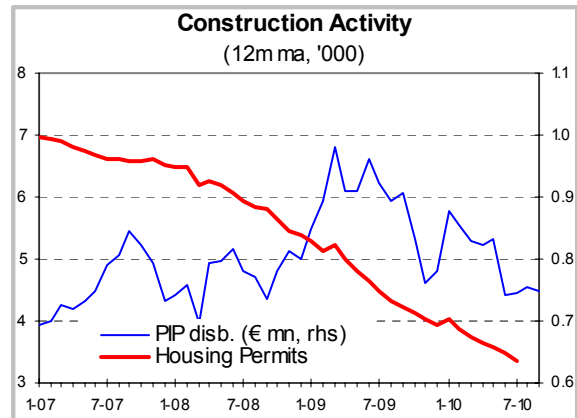
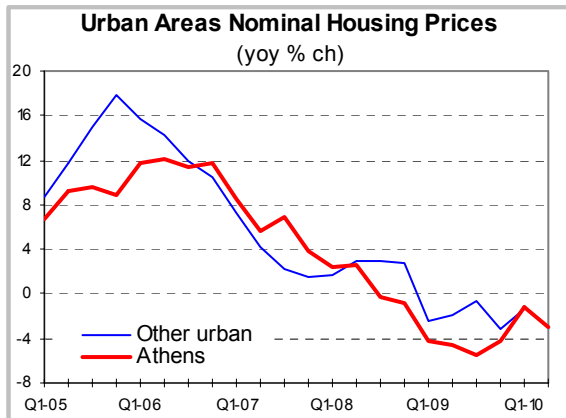


Sources: European Commission, Belgostat

GREECE

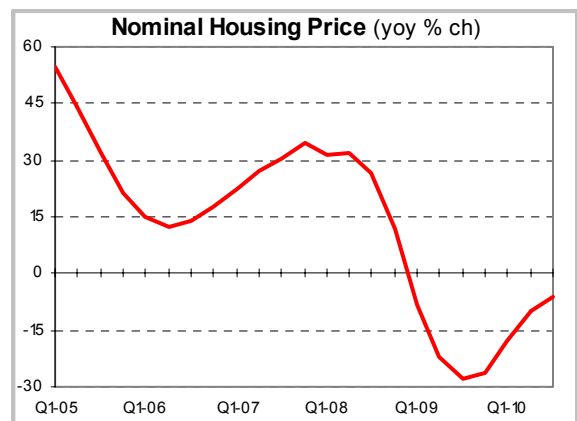
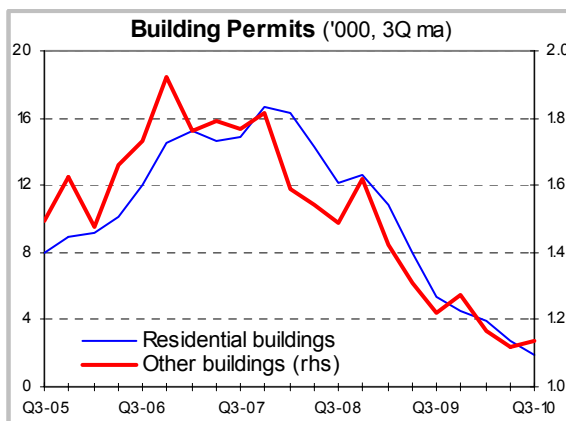
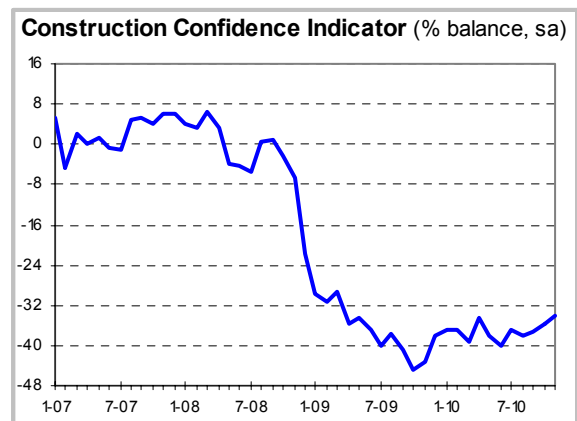
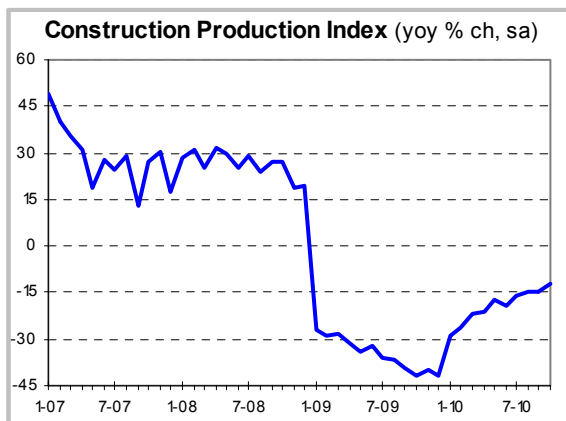


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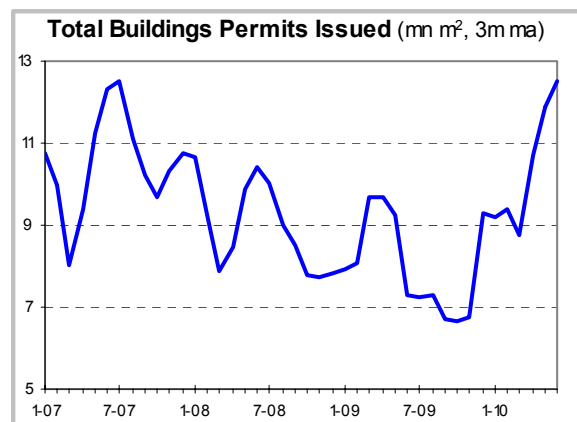
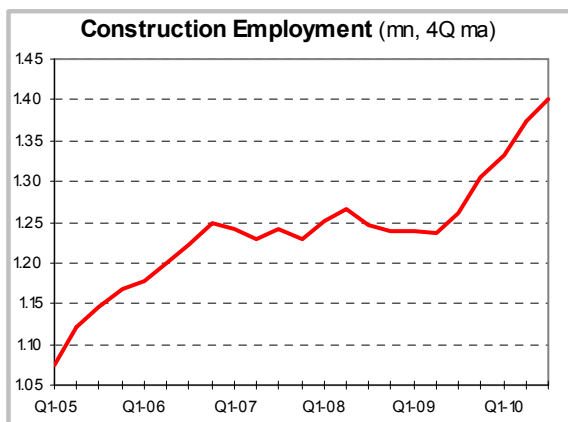
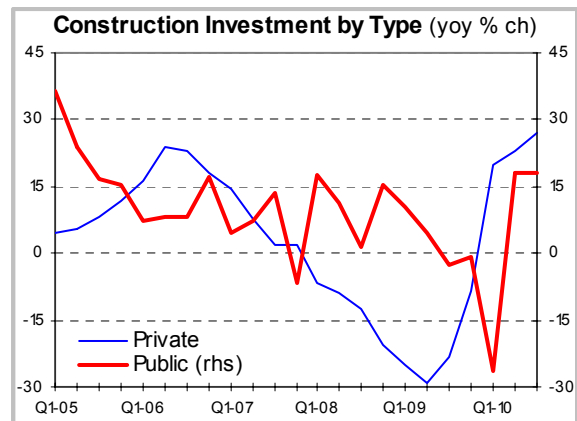
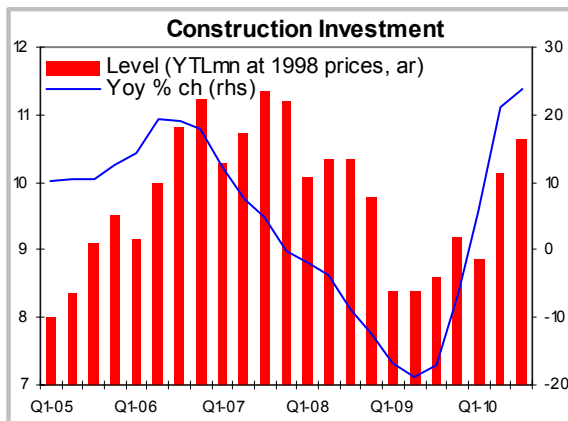
Sources: European Commission, Bank of Greece, Ministry of Economy and Finance, National Statistical Service

BULGARIA



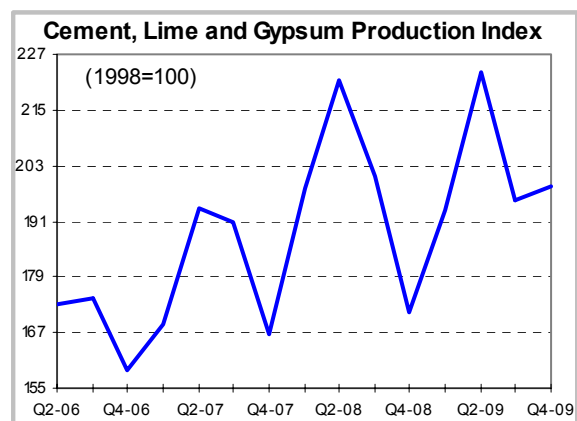
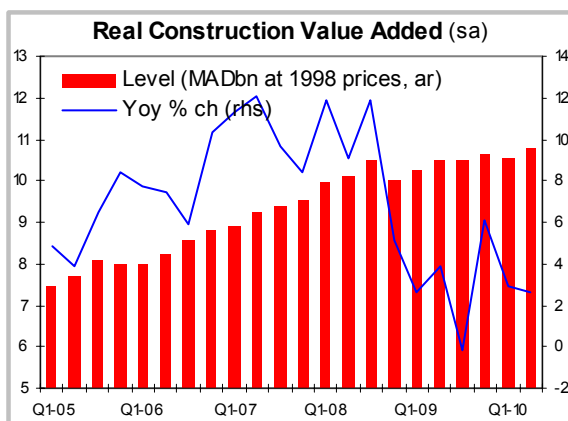
Sources: Eurostat, European Commission, National Institute of Statistics

TURKEY



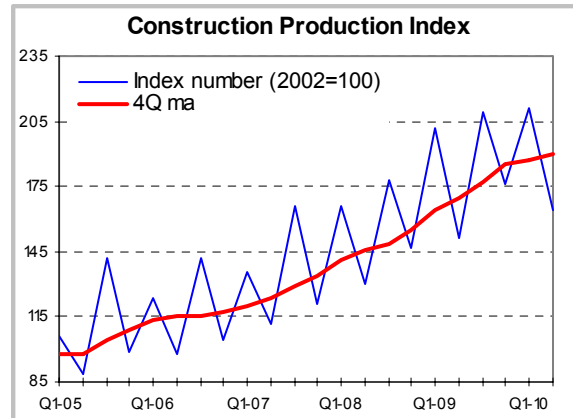
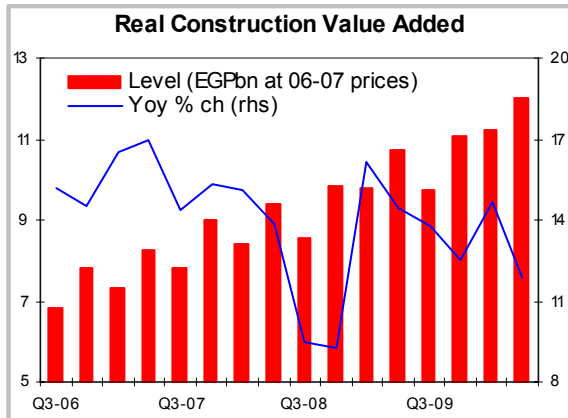
Sources: OECD, SIS (State Institute of Statistics)

MOROCCO



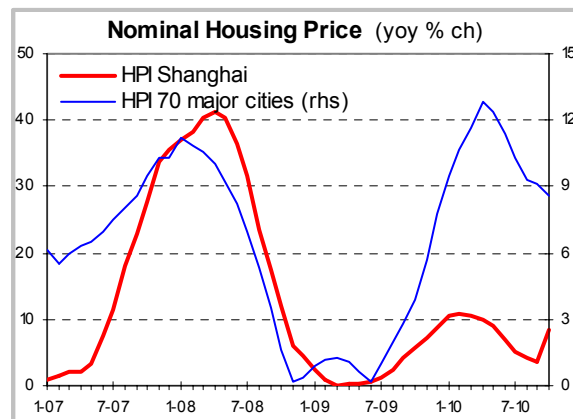
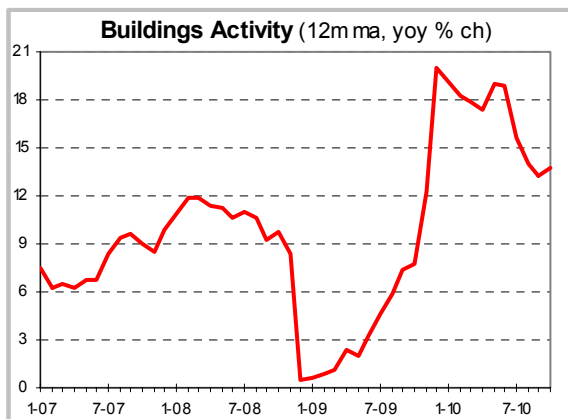
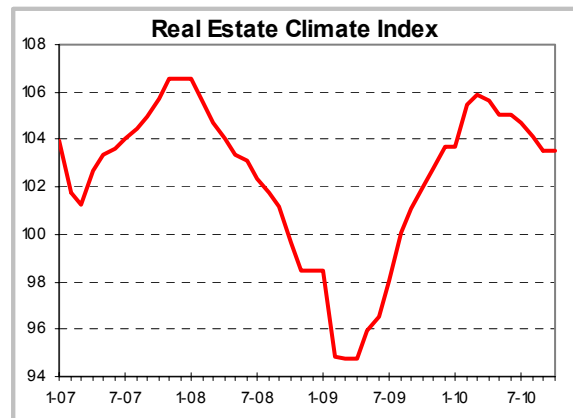
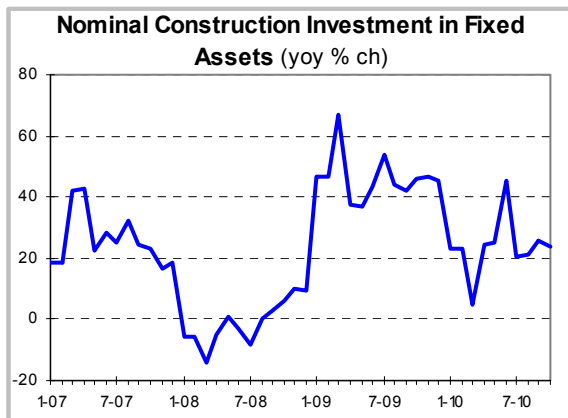
Source: Haut-Commissariat au Plan

EGYPT



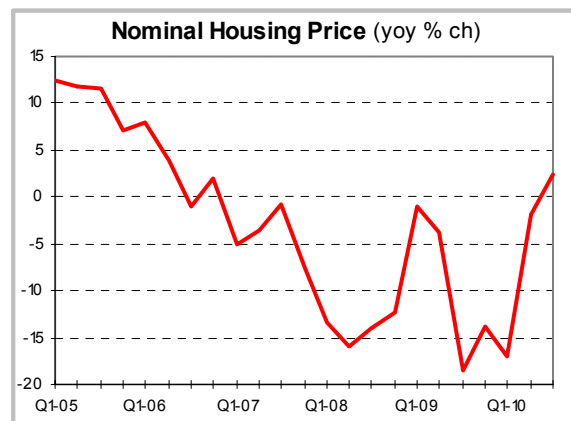
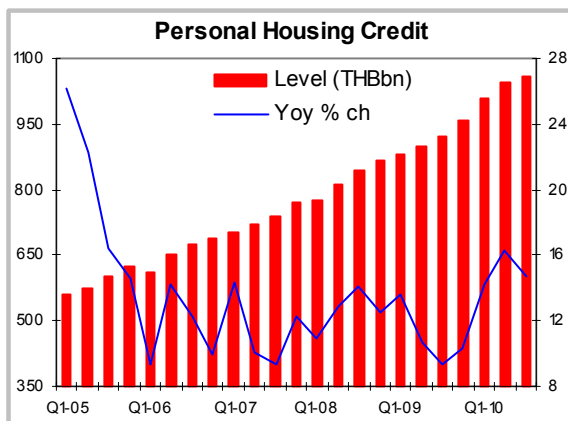
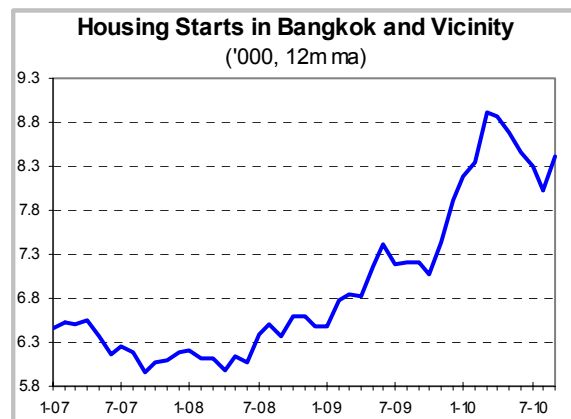
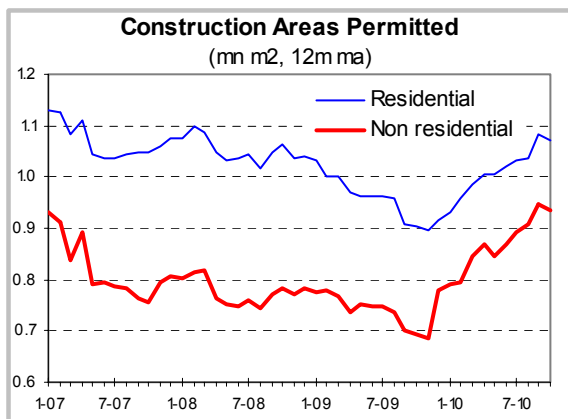
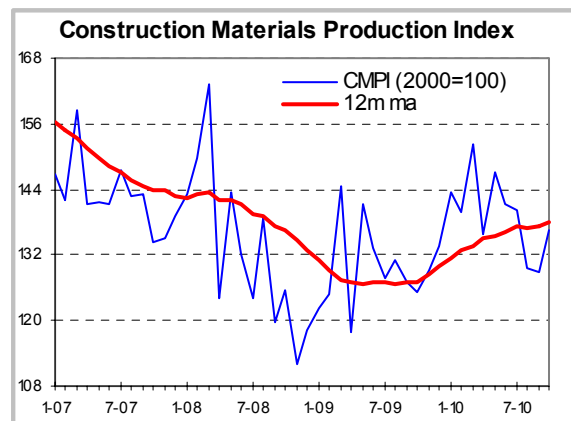
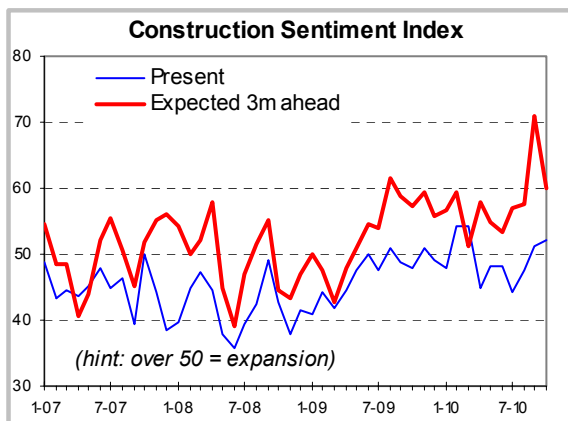
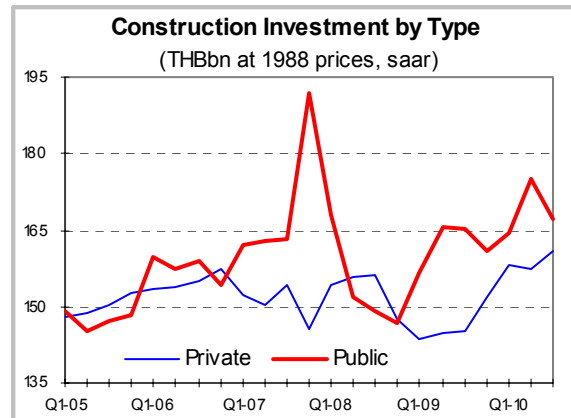
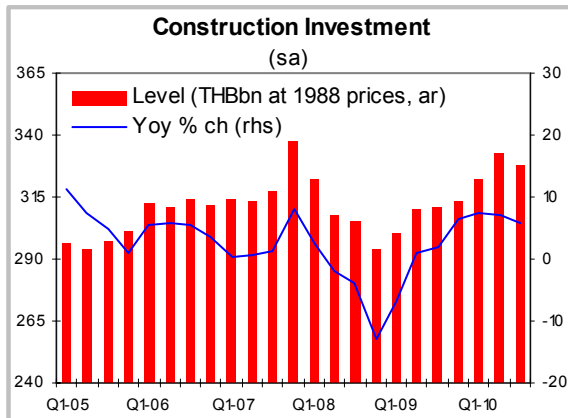
Source: Ministry of Finance

CHINA



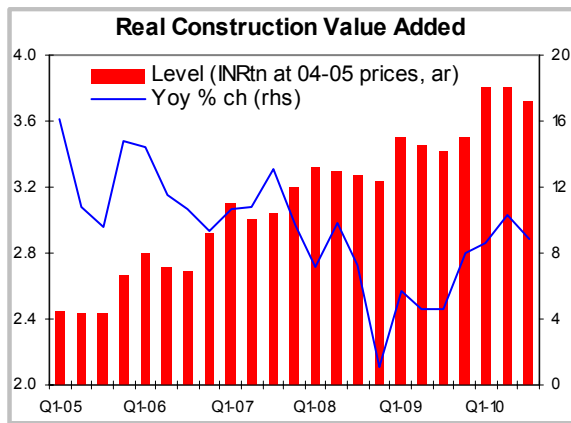
Sources: OECD, National Bureau of Statistics, Ehomeday

THAILAND



Source: Bank of Thailand

INDIA



Sources: OECD, Office of Economic Advisor

