



Construction Profile in ITC Group Countries

N. 4 – December 21st 2011

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 December, 21st 2011
Available in i.like

HIGHLIGHTS

Two major factors stand out at the overall construction level:

- there is no clear-cut trend within the Group mature markets as well as within the emerging countries. In other words, construction activity is again mainly determined by country specific demand conditions. At the euro area level, following a peak-through decline of over 23%, construction production has slightly rebounded in Q3 11 for the third quarter in a row, which masks a new worsening of sectoral conditions in Italy and Spain;
- the euro sovereign crisis is set to affect also the euro countries' construction sector in the next few months, due to the deteriorated macroeconomic climate and, more specifically, due to the tightening credit stance, also given the high dependence of construction on credit availability.

COUNTRY FOCUS

- Together with the improving overall economy in the **US**, also housing indicators have performed somewhat better during the past months, though activity levels remain depressed by historical standards. Residential spending rose in October, driven by home renovations. Homebuilding activity also improved in November, with both housing starts and permits posting huge increases. In turn, the NAHB homebuilders' confidence index rose in December to the highest level since its recent peak during the homebuyer tax credit period. Despite this near-term improvement, the housing market recovery will likely remain subdued in the next few months. As a matter of fact, foreclosures jumped again in October and November after declining for three months in a row as almost a third of first mortgage borrowers remains under water. Recovery of private non residential construction looks more robust, mainly due to healthy corporate balance sheets. As for public construction, spending is set to remain subdued due to still difficult fiscal conditions of state and local governments as well as the intense political battle in the run-up to the November 2012 elections.
- **China's** GDP growth continued to slow down in Q3 2011, increasing by 9.1% yoy from 9.5% in Q2 and 9.7% in Q1. As for construction, the monetary and credit policy tightening, along with sector-specific measures introduced since 2010 to address the boom in the property market, has finally cooled down this sector. Since September, overall investment in real estate has slowed slightly (though still recording a 32% yoy increase in the first 10 months of 2011), which probably hides a greater slowdown in commercial property, as developers have faced a shortage of credit, offset by ambitious social housing construction programs. Real estate sales fell by 10% yoy in October and house price inflation continued to slow (+3% in October from +8% at end-2010). In any case, the government will not let the property market collapse, since it is still a pillar of economic activity. As for public works, investment in transport infrastructure has fallen significantly after the end of the 2009-2010 stimulus plan and due to the Ministry of Railways' financial difficulties (investment was down 23% yoy in Jan.-Oct. 2011).
- **Thailand** growth was somewhat disappointing in Q3 11 as the rebound following extensive supply chain disruptions due to March Japan's earthquake was milder than anticipated. In addition, the devastating impact of the worst floods in 50 years started to be felt. Construction activity recovered on a quarterly basis thanks to accelerating residential investment while public spending remained weak reflecting a still uncertain political scene. Construction has likely contracted in the current quarter but a rebound is expected in the next few months thanks to reconstruction efforts and some fiscal stimulus.

MAIN CONSTRUCTION INDICATORS

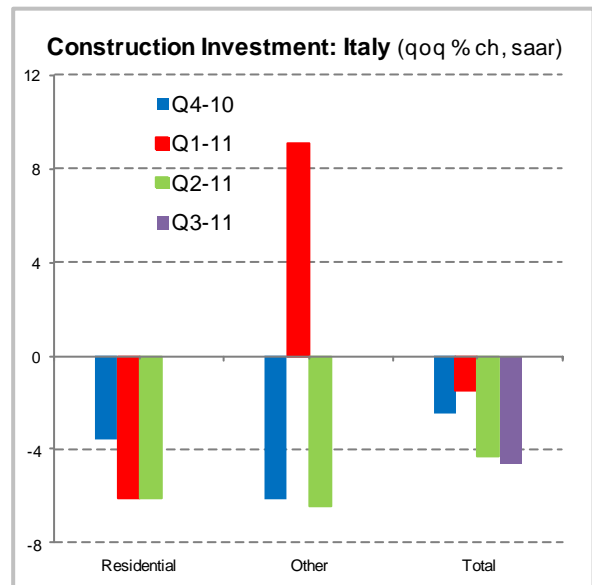
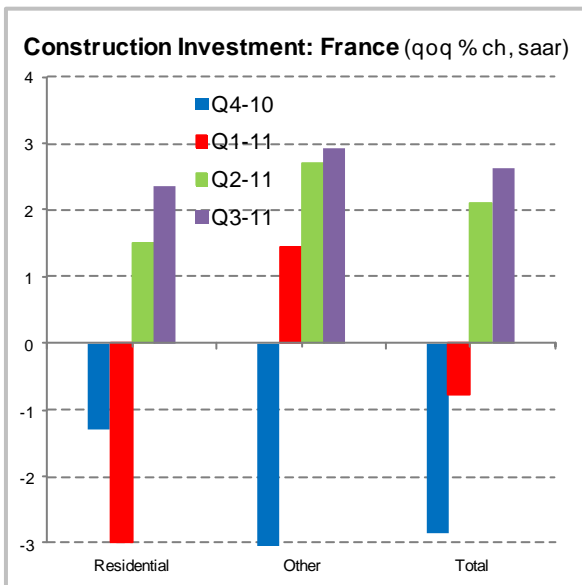
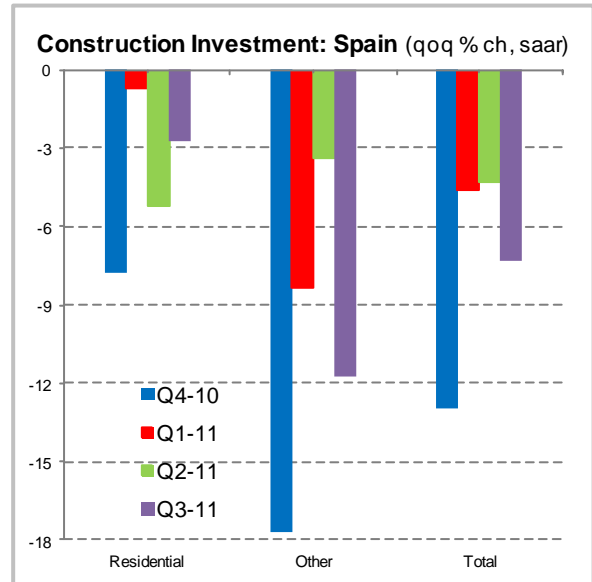
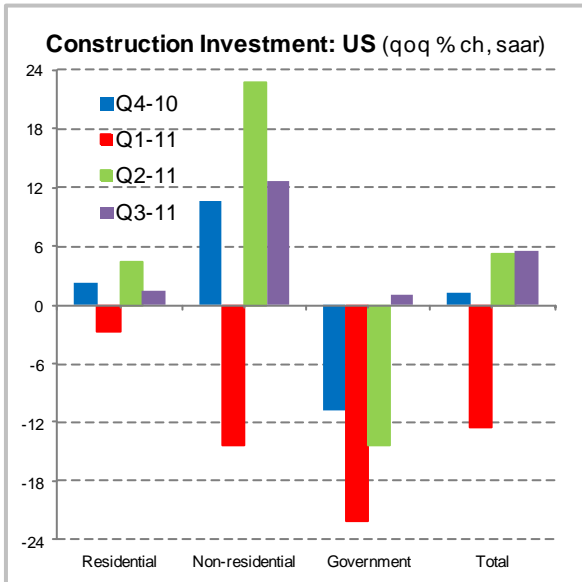
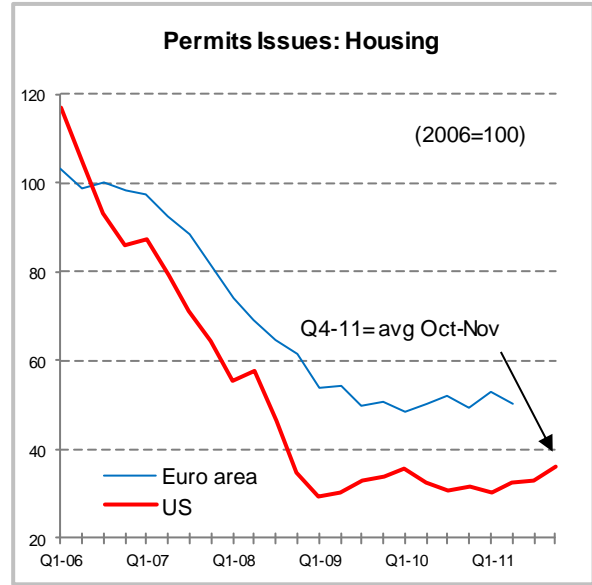
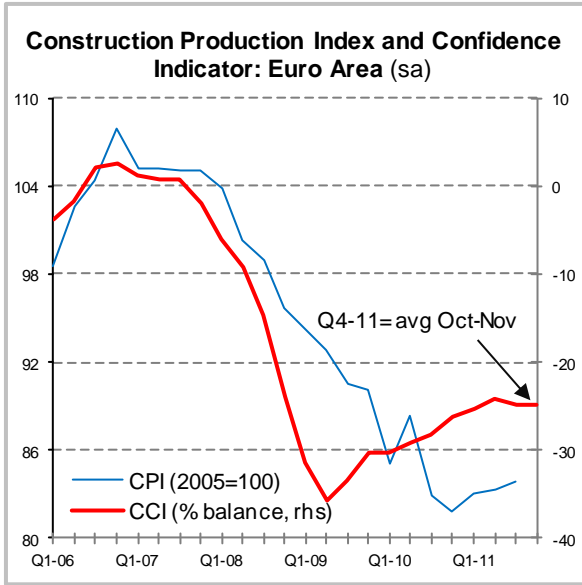
Indicators*	Construction Production				Construction Investment				House Prices			
	2008	2009	2010	Latest	2008	2009	2010	Latest	2008	2009	2010	Latest
USA	-30.4	-28.5	-3.2	0.0 Sep ⁽¹⁾	-8.6	-17.3	-8.6	-0.4 Q3	-15.8	-13.3	1.2	-3.6 Sep
Canada	3.4	-9.0	7.8	4.1 Sep	2.9	-10.9	9.2	5.0 Q3	2.9	-3.0	3.4	2.7 Oct
France	-1.9	-5.1	-5.1	-0.3 Oct	-2.0	-5.8	-4.9	0.3 Q3	0.8	-7.1	5.1	6.7 Q3
Italy	-1.1	-11.5	-3.4	-7.9 Oct	-2.9	-8.9	-4.1	-3.2 Q3	2.7	-3.8	-2.2	-1.3 H1 11
Spain	-15.7	-12.1	-18.2	-10.5 Sep	-5.7	-15.4	-10.1	-7.3 Q3	0.7	-7.4	-3.9	-5.6 Q3
Belgium	-0.2	-3.4	-2.2	0.7 Sep	0.9	-1.9	0.5	1.4 Q3 ⁽²⁾				-
Greece	7.8	-17.5	-31.6	-8.3 Q3	-12.7	-10.0	-12.2	-19.6 Q3 ⁽⁶⁾	1.7	-3.7	-4.7	-4.6 Q2
Bulgaria	12.1	-13.8	-18.0	-8.3 Oct	21.9	-17.6	-16.5	-2.8 Q3 ⁽³⁾	24.9	-21.4	-10.1	-6.1 Q3
Morocco			-		9.4	3.4	2.0	3.0 Q2 ⁽²⁾	-	-	-	0.8 Q3
Egypt			-		11.8	14.2	12.9	0.3 Q2 ⁽²⁾				-
China			-		3.0	45.5	24.6	40.1 Nov ⁽⁴⁾	27.4	2.9	6.5	1.3 Nov ⁽⁵⁾
Thailand			-		-3.9	0.6	6.6	-5.7 Q3 ⁽⁶⁾	-13.9	-9.3	-1.4	12.2 Q2
India			-		6.2	5.7	8.2	4.3 Q3 ⁽²⁾				-

Notes:

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

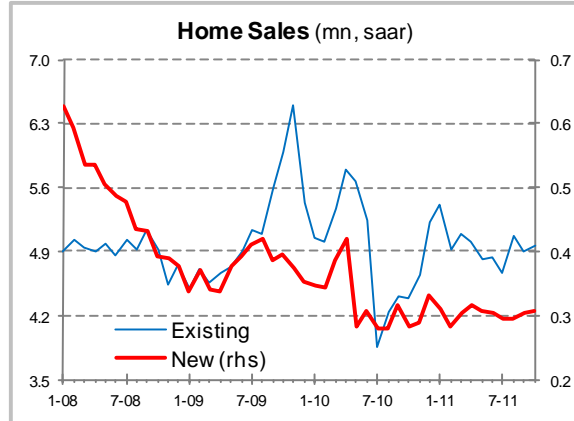
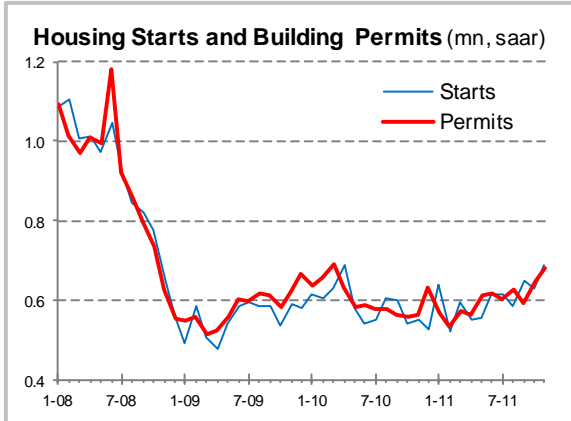
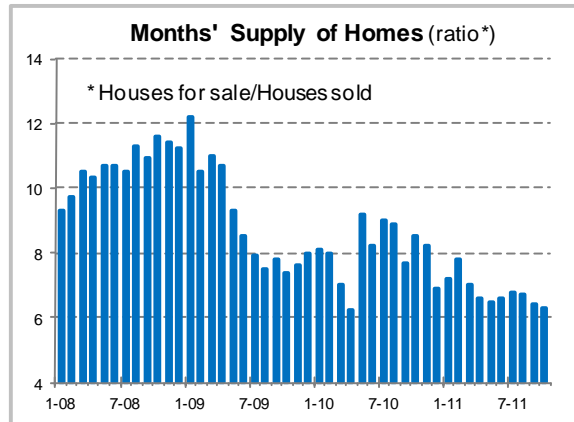
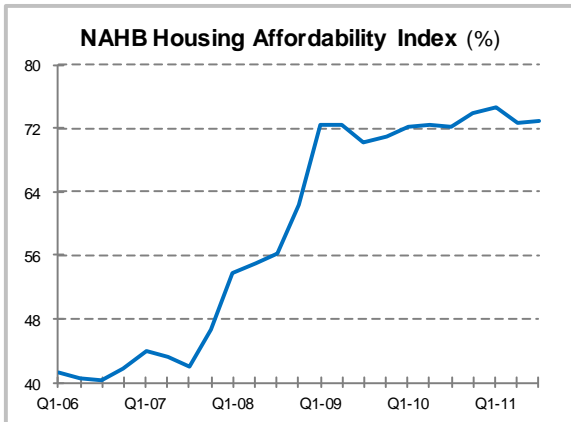
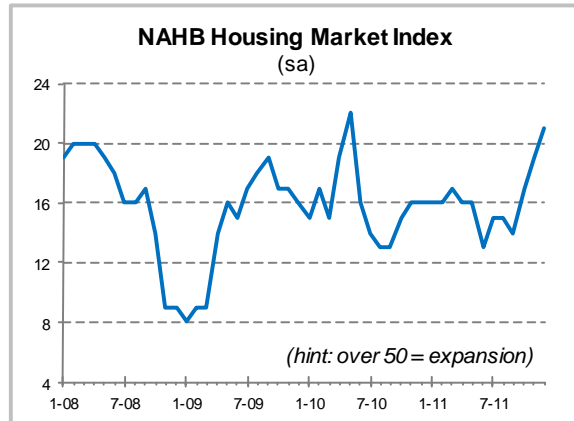
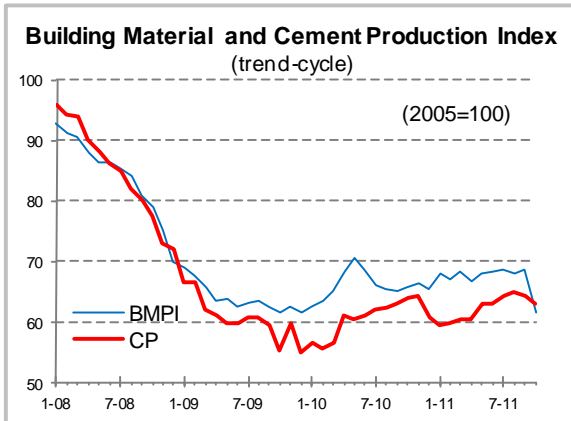
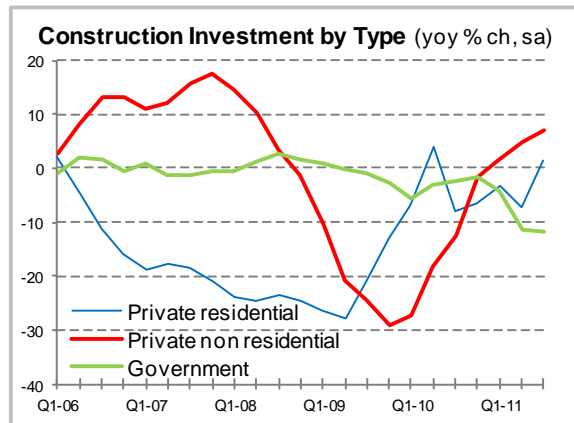
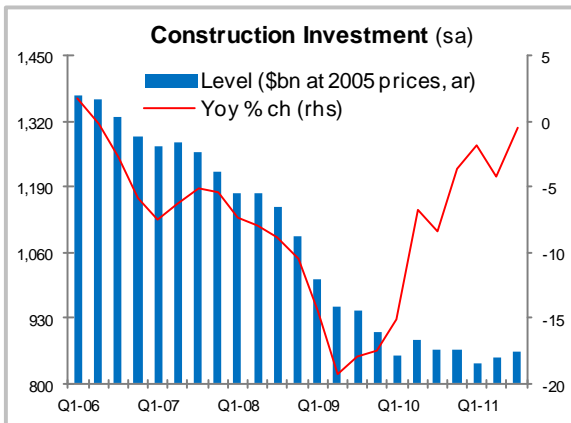
Sources: Eurostat, OECD, National Statistics

MAIN CONSTRUCTION INDICATORS

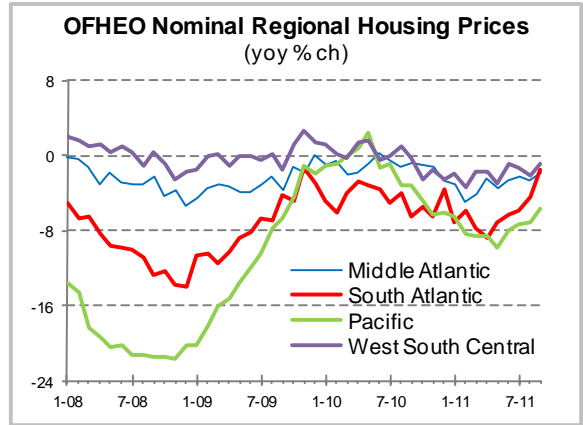
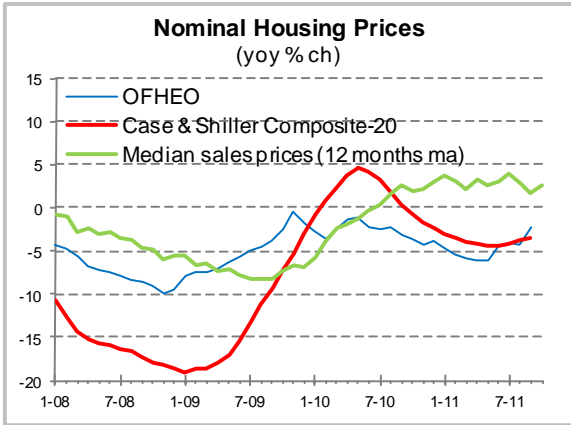
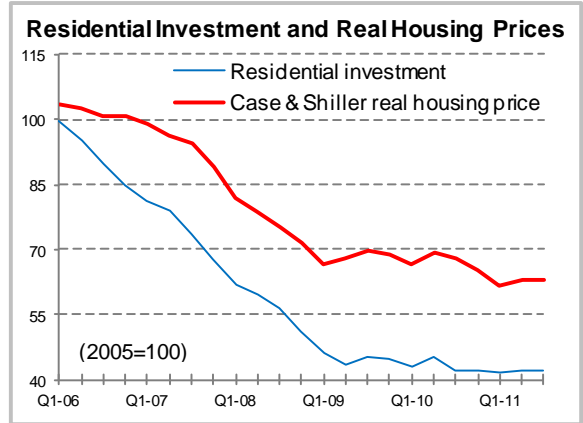
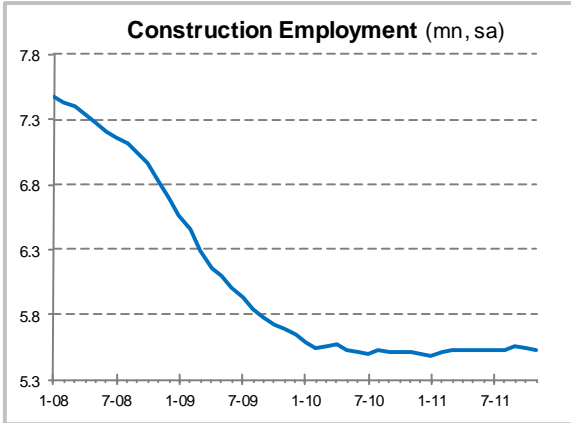
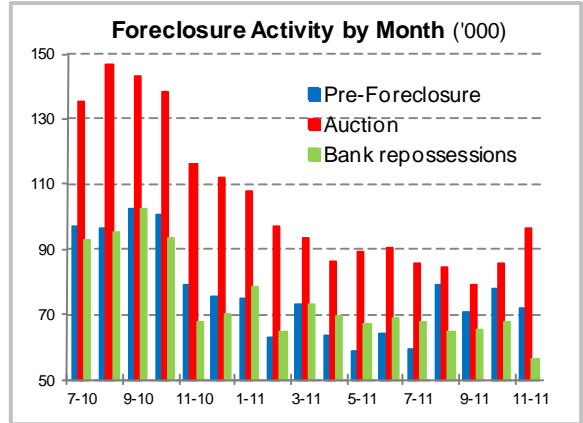
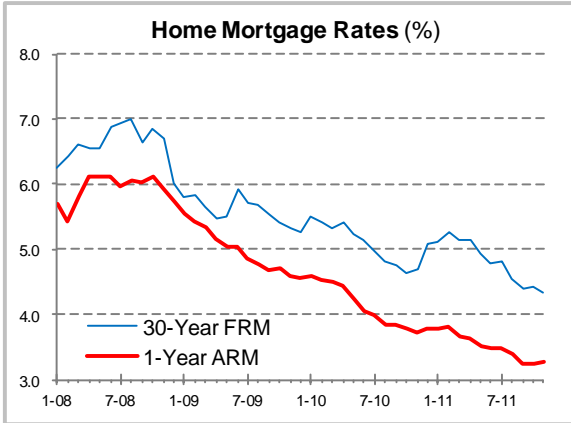
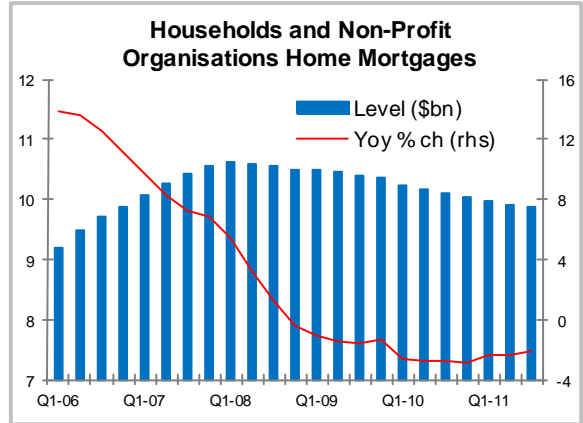
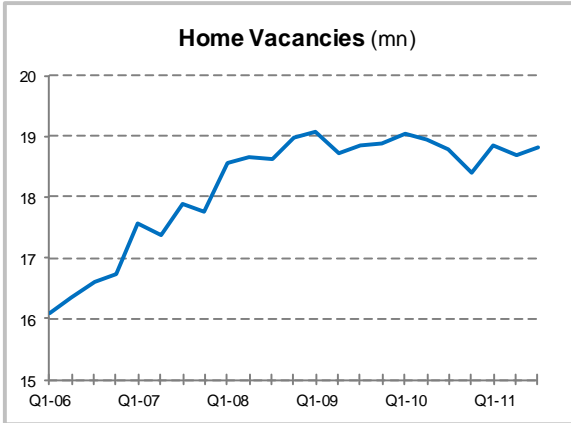


Sources: BEA, Eurostat, US Census, OECD

UNITED STATES

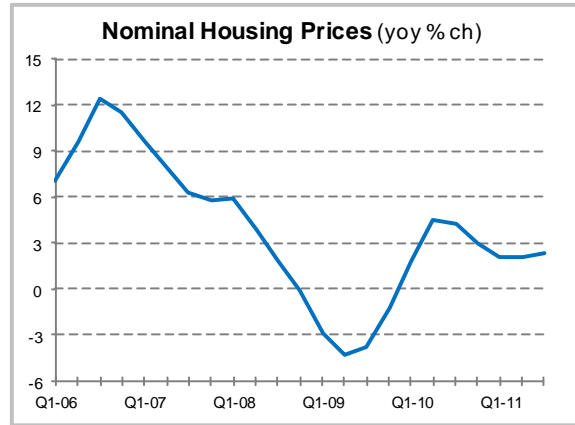
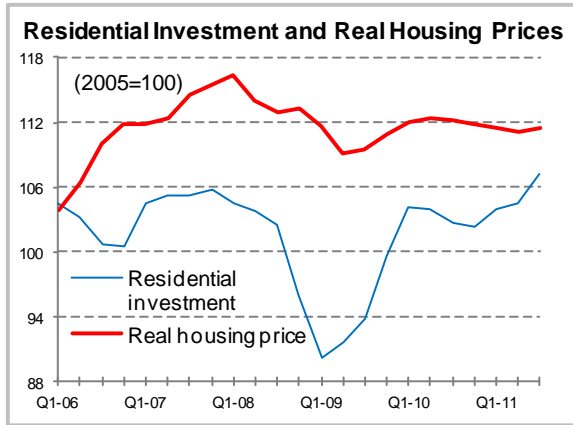
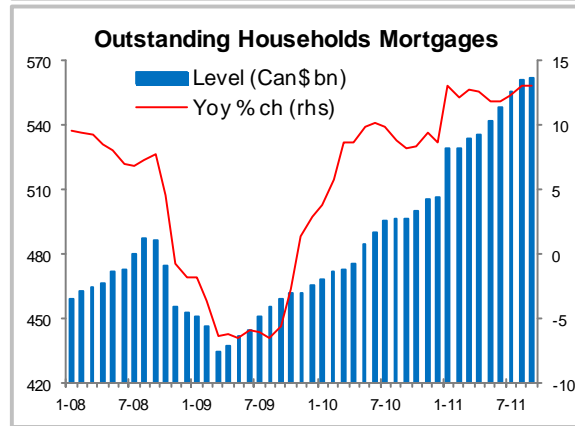
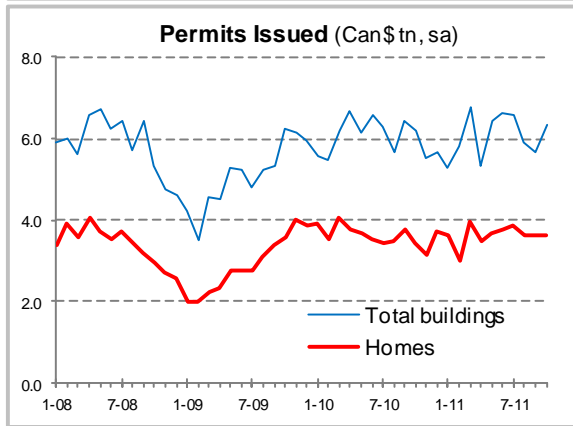
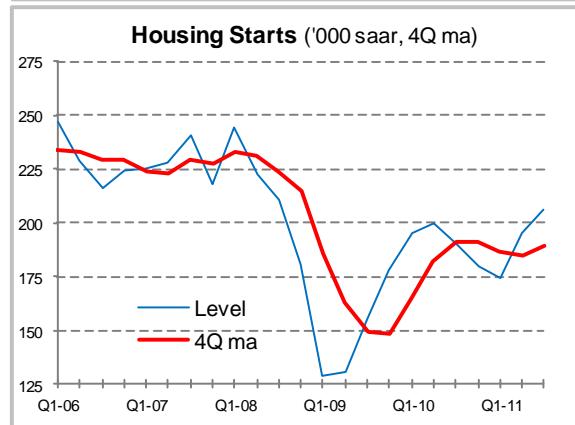
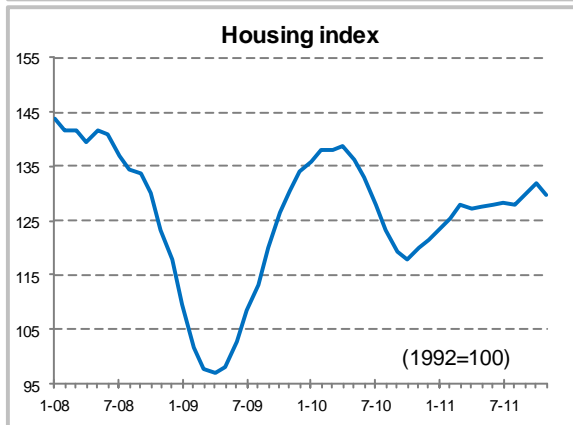
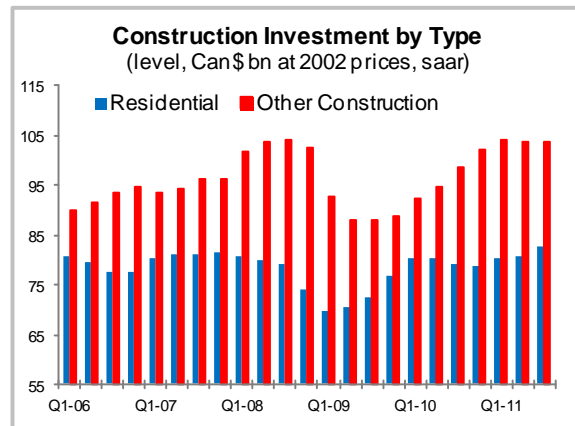
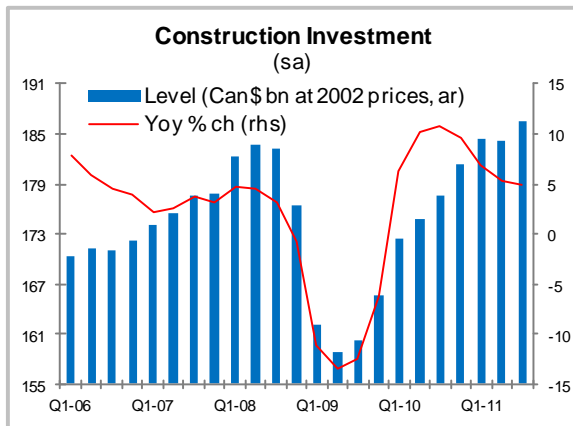


UNITED STATES



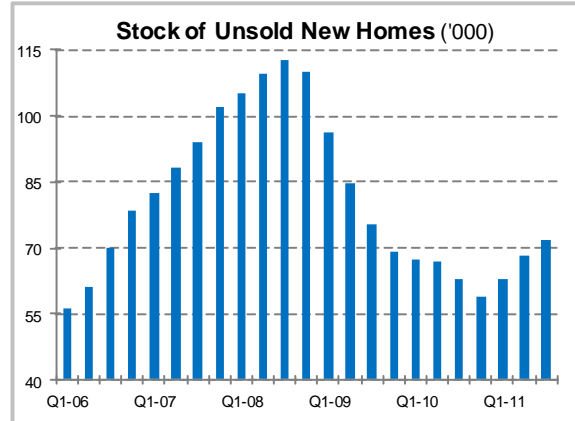
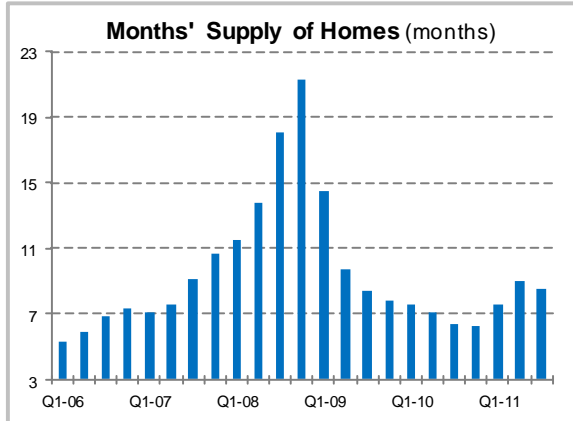
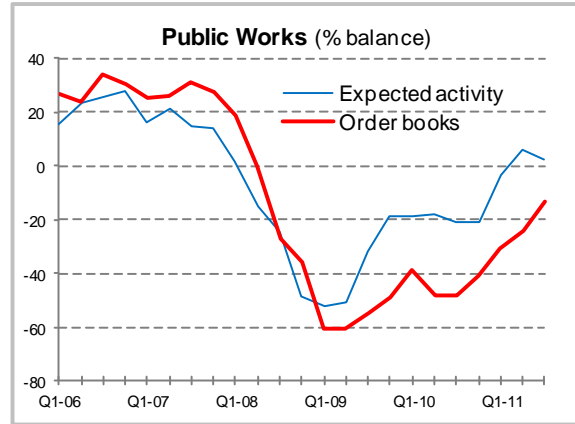
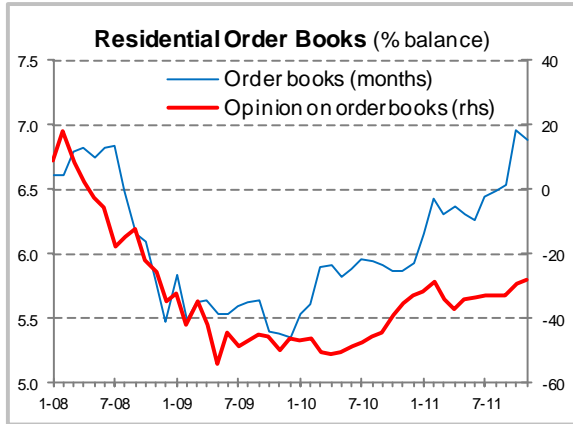
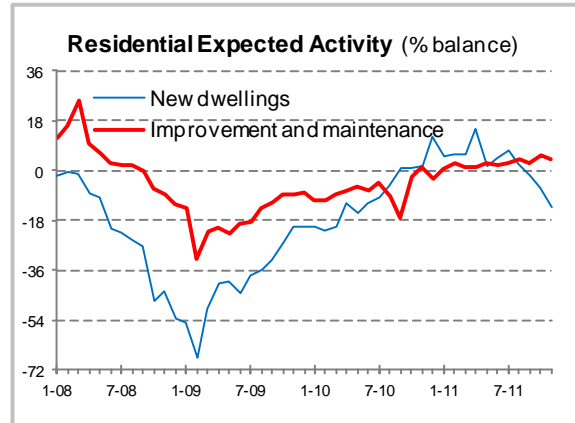
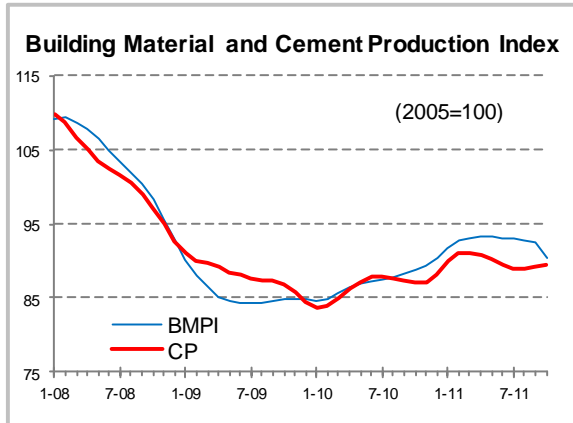
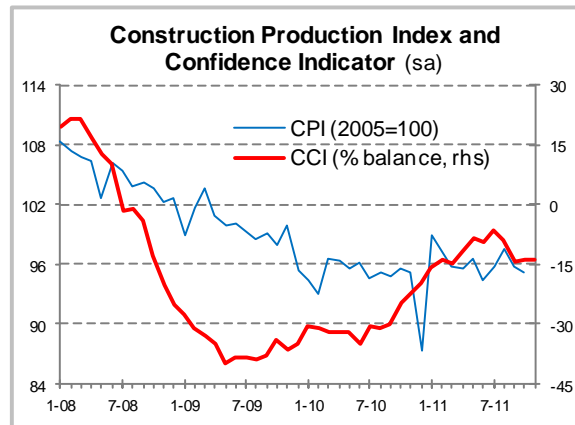
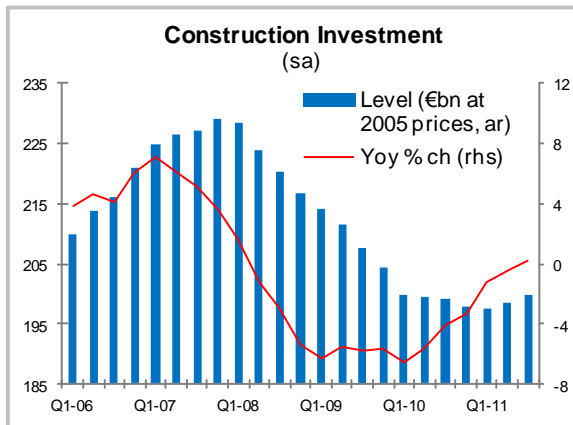
Sources: US Census, National Association of Home Builders, Dept. of Labour, HSH Associates, Bureau of Economic Analysis, Standard & Poor's, Bureau of Labour Statistics, OFHEO, RealtyTrac

CANADA

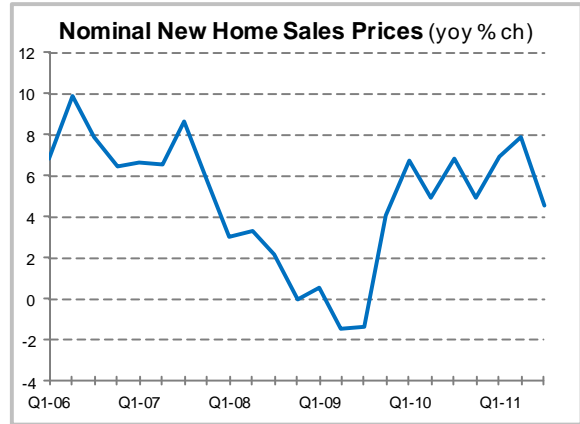
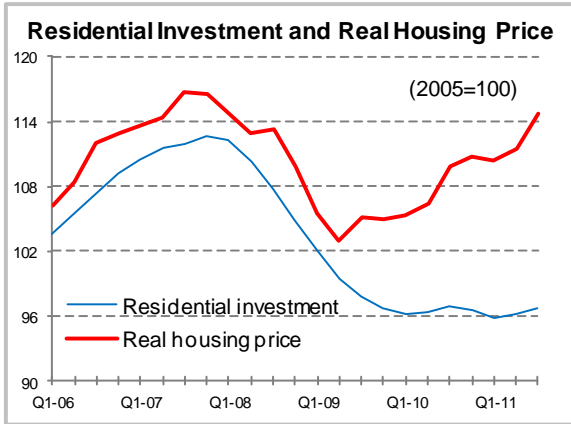
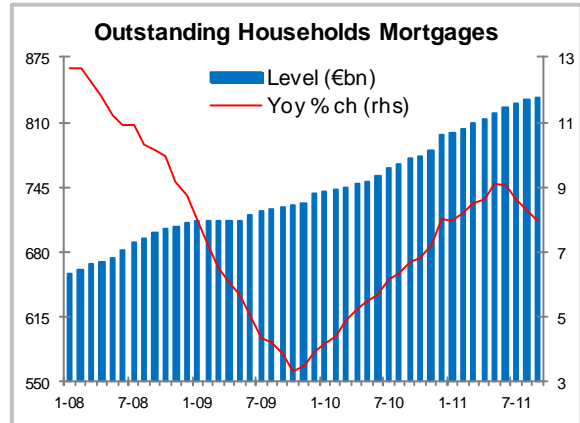
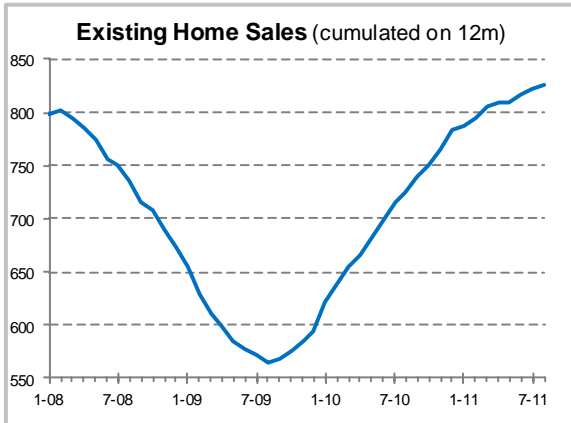
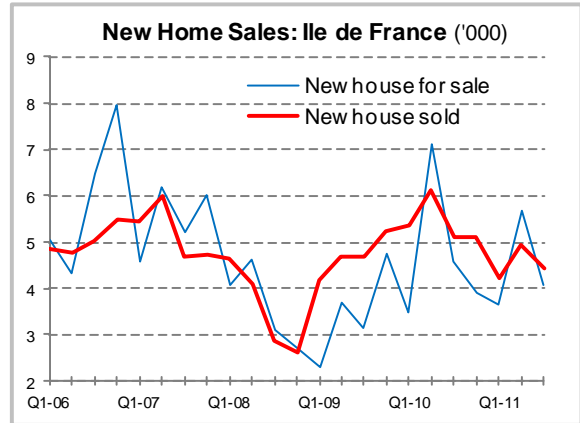
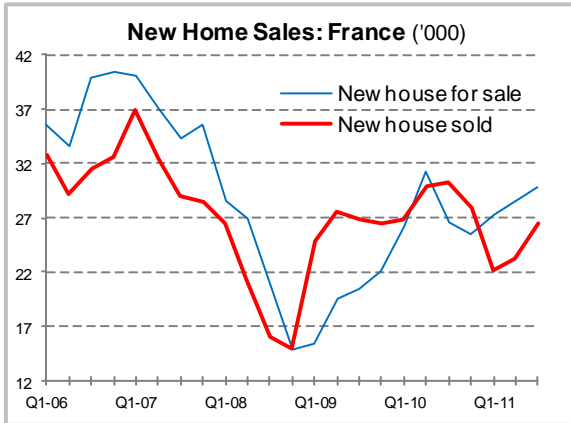
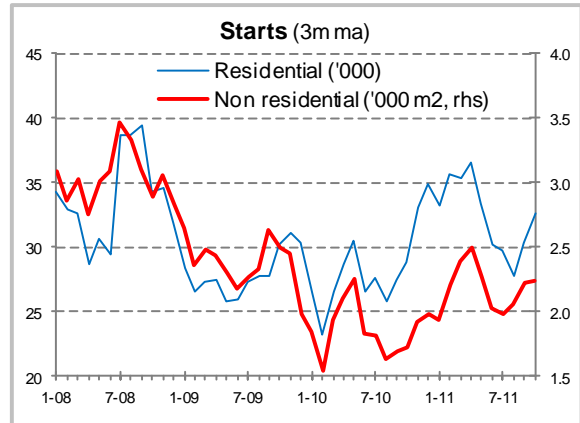
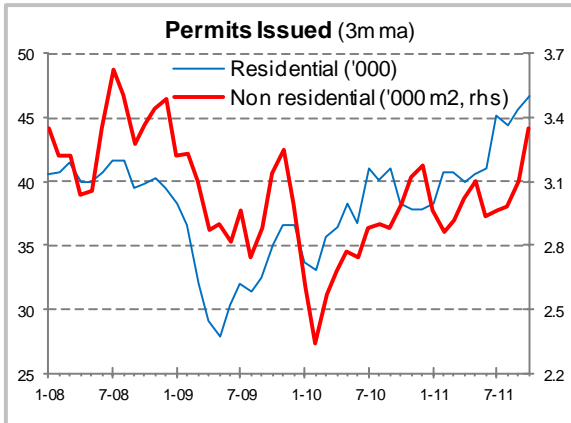


Sources: OECD, Canada's Statistics Agency, CMHC, Bank of Canada

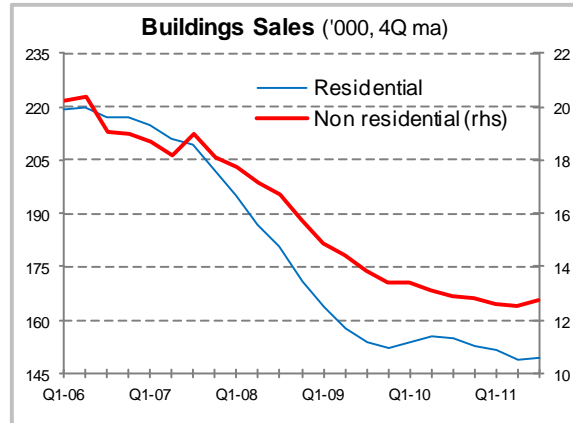
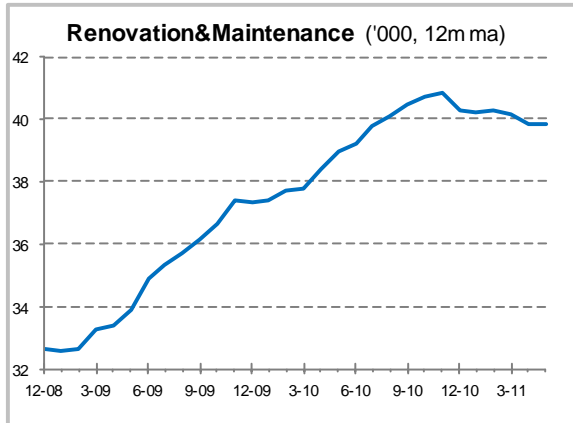
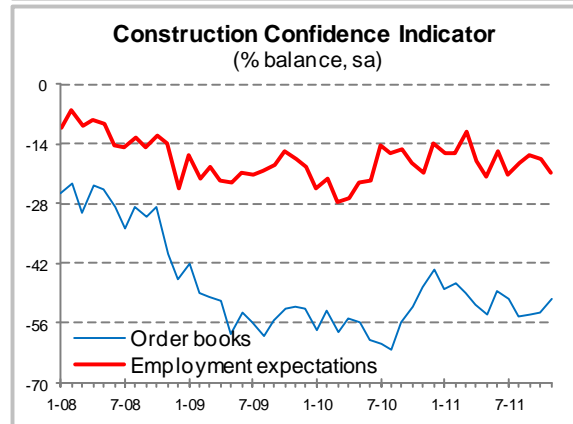
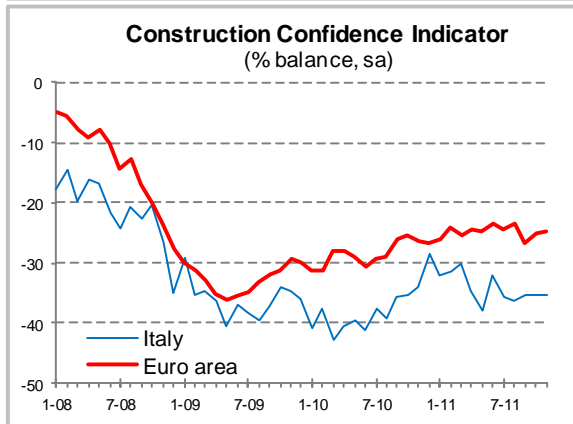
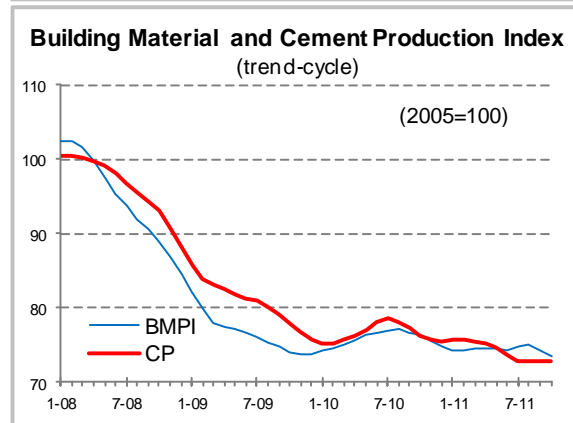
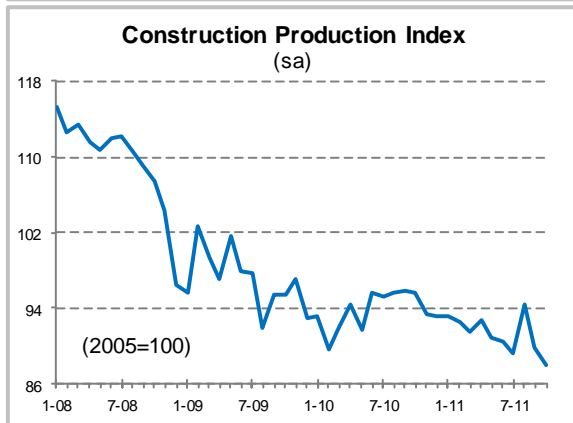
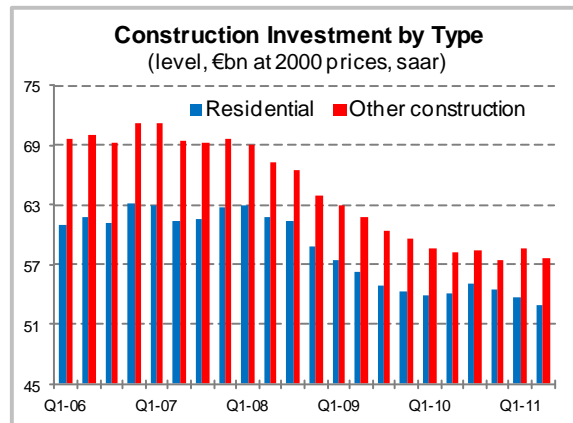
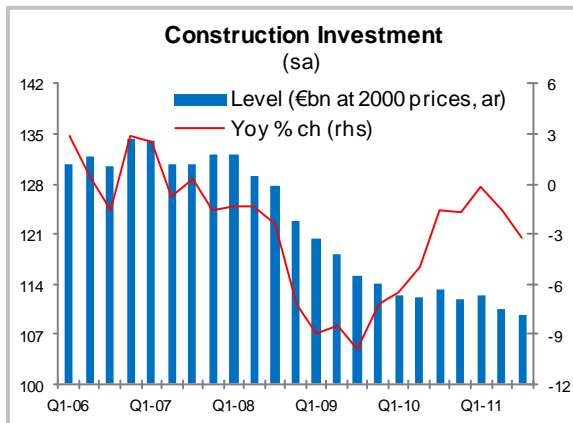
FRANCE



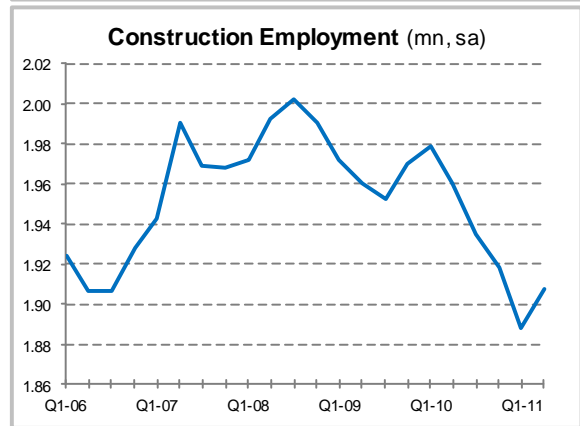
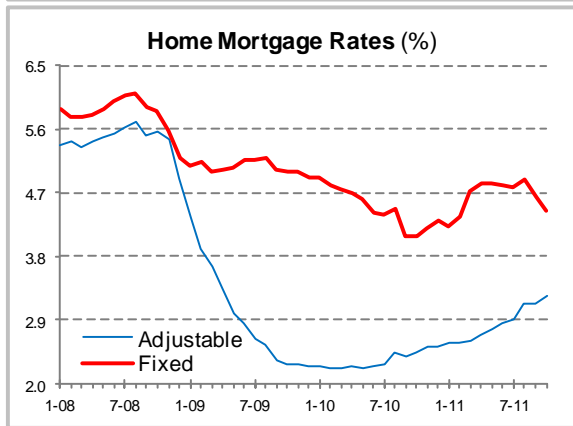
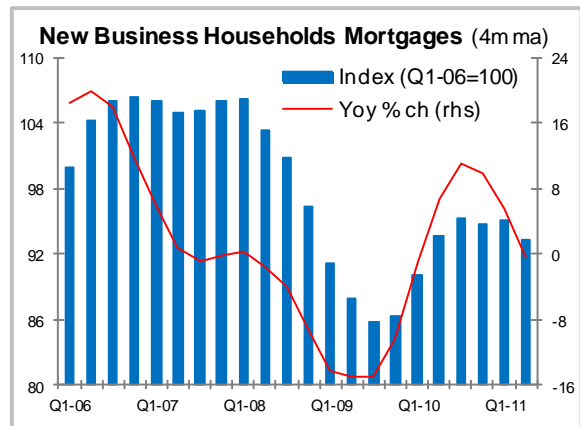
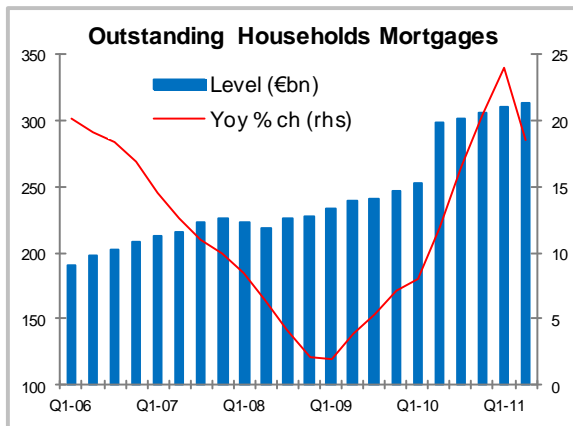
FRANCE



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

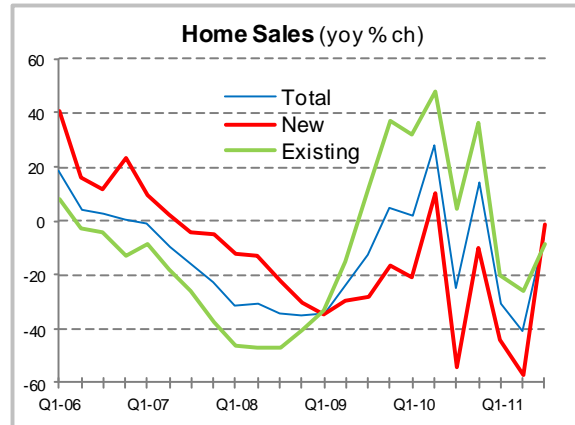
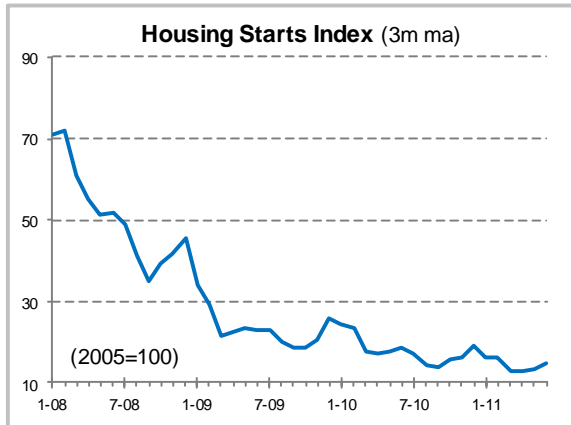
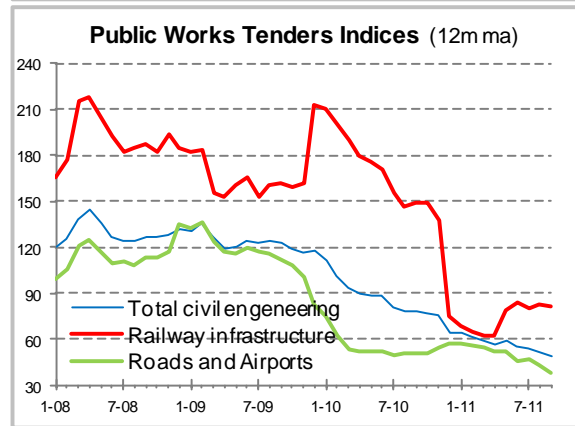
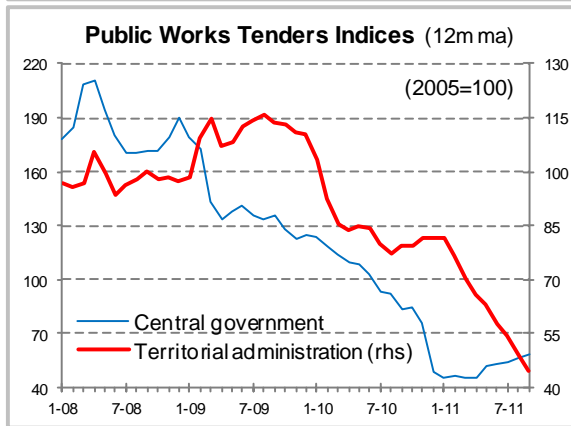
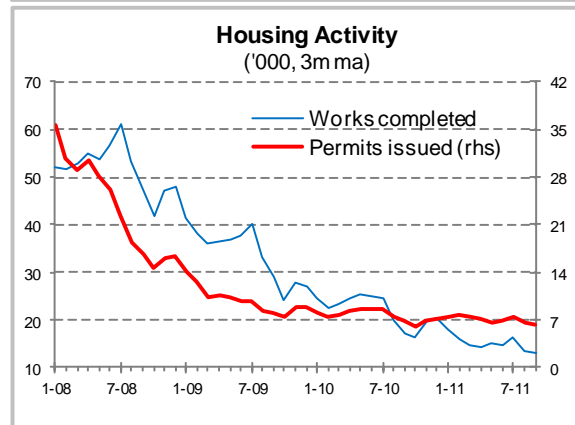
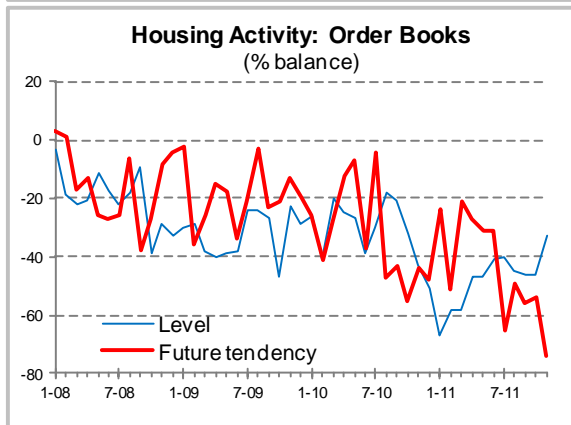
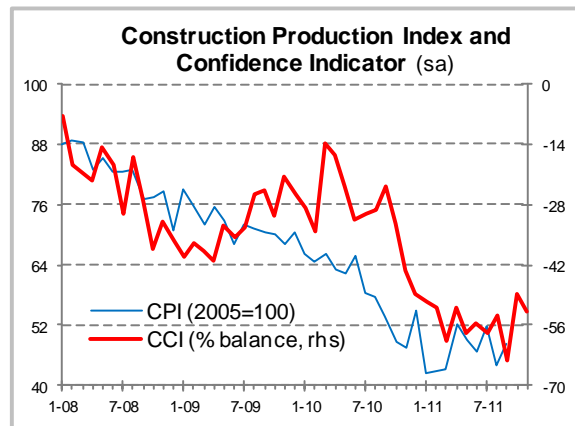
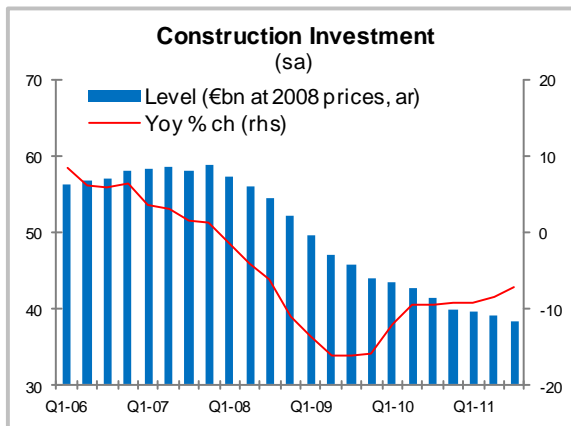


ITALY

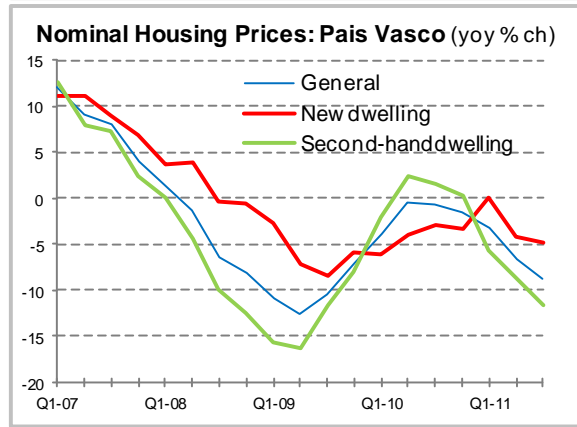
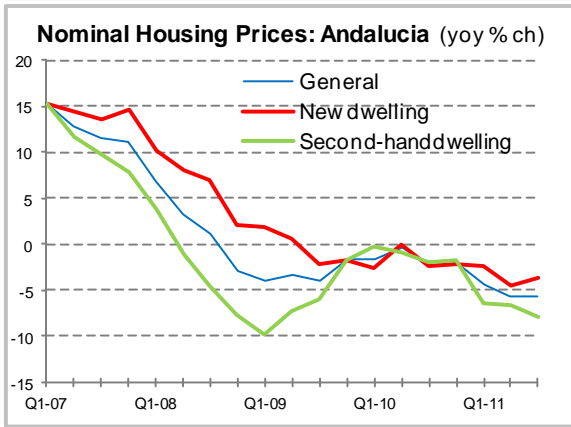
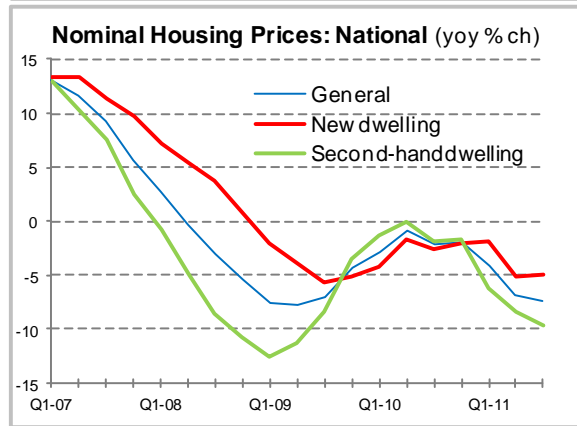
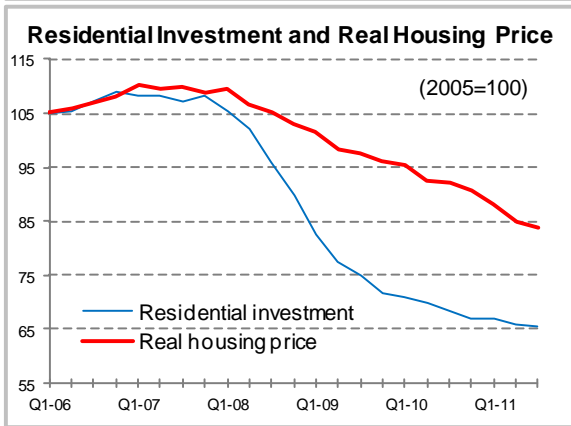
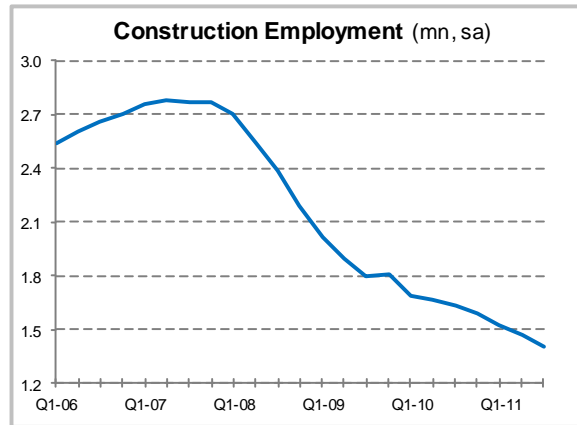
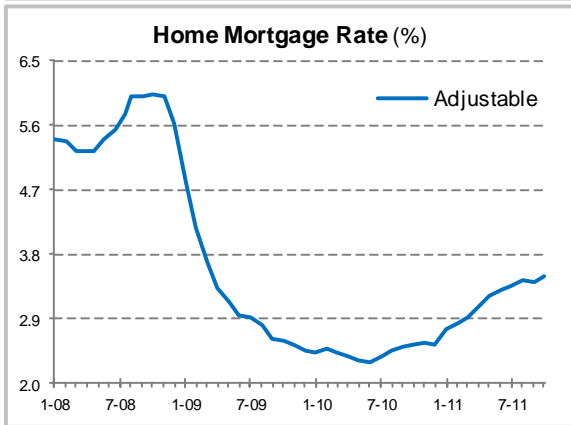
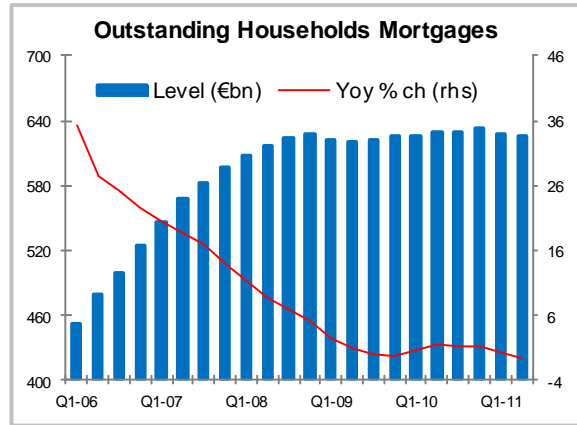
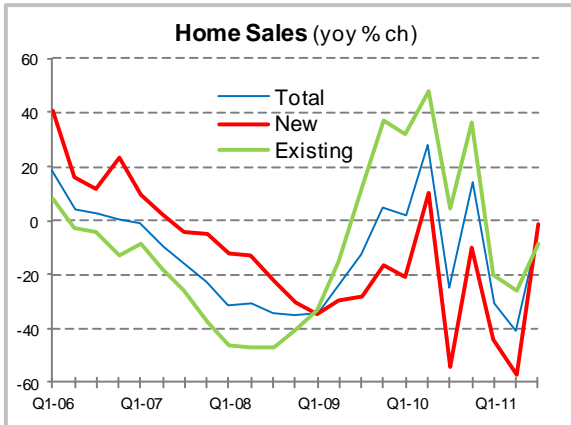


Sources: ISTAT, European Commission, Banca d'Italia, Eurostat, Agenzia del Territorio, Agenzia delle Entrate

SPAIN

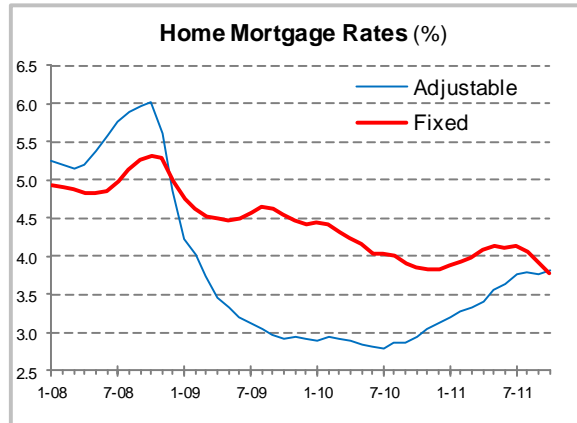
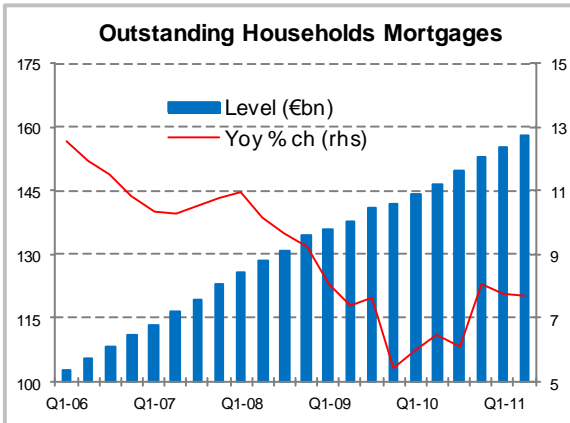
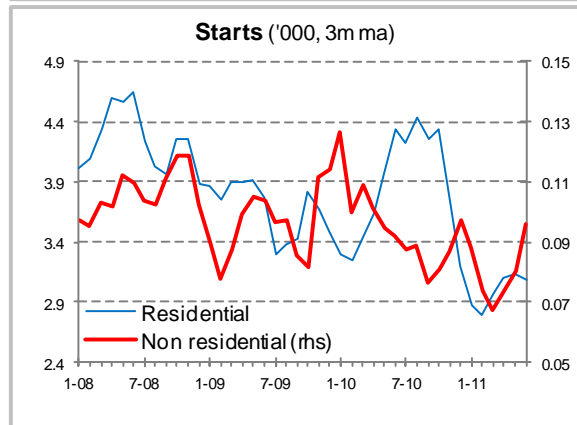
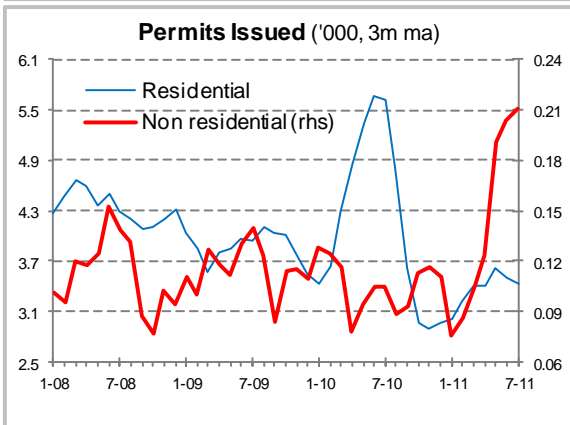
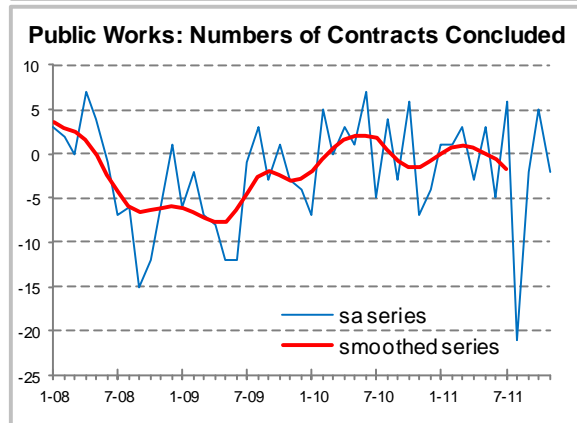
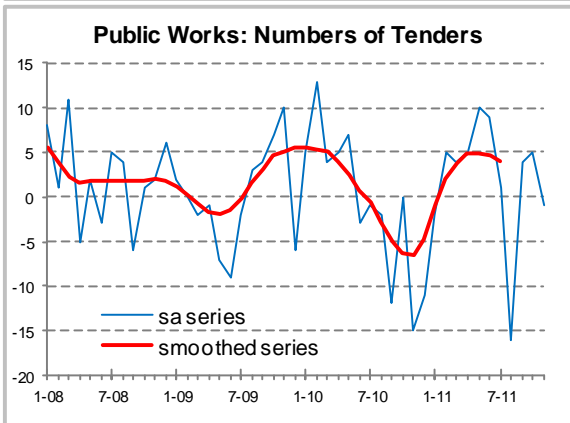
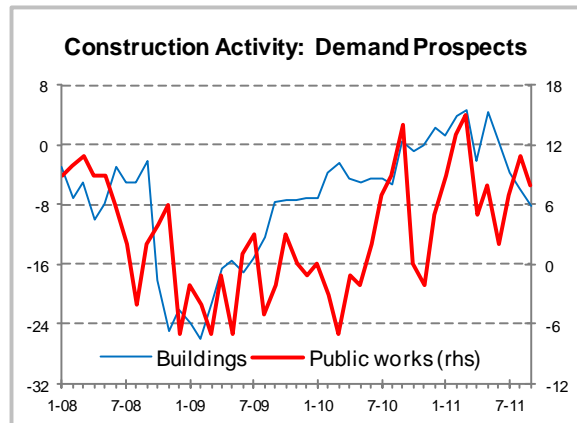
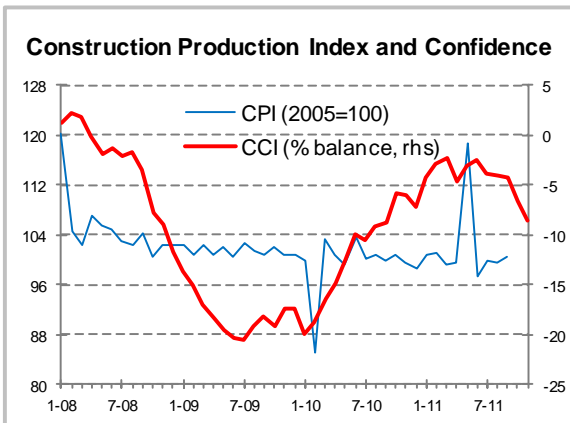


SPAIN



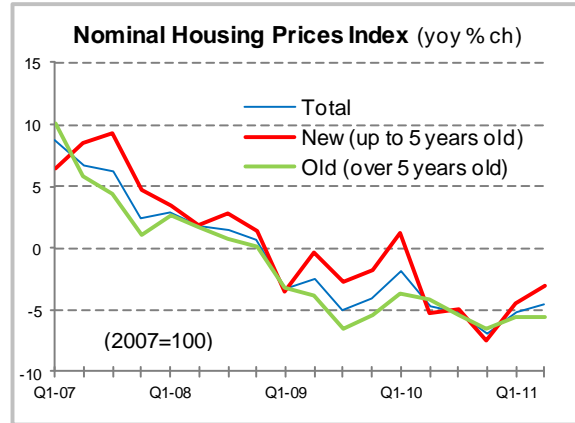
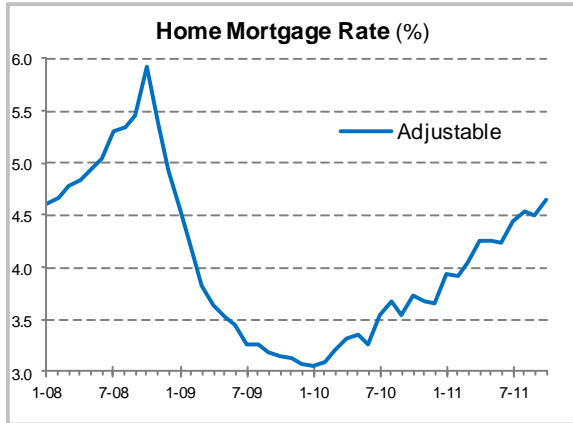
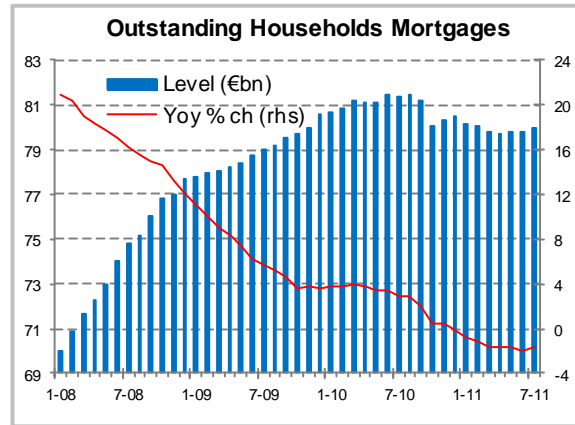
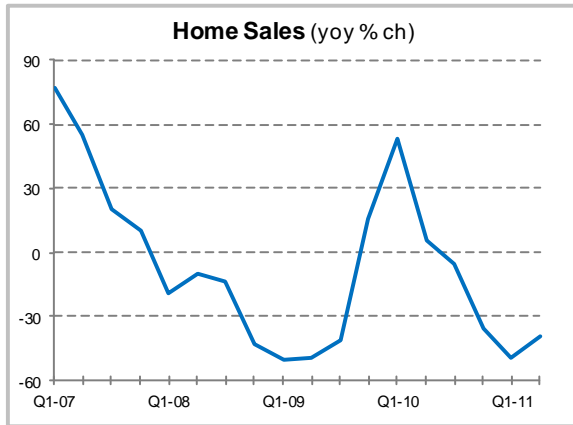
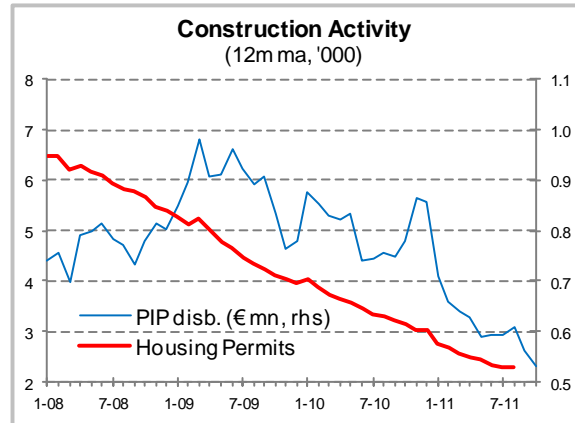
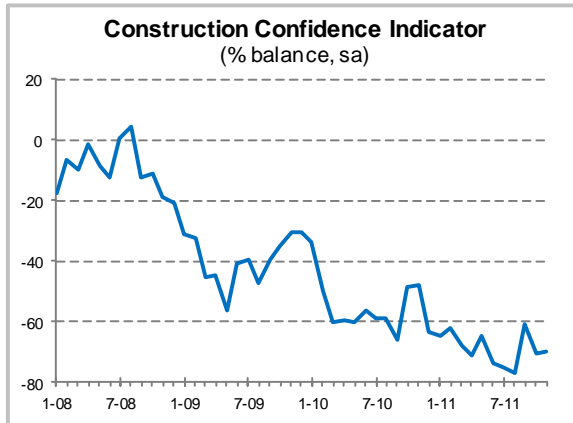
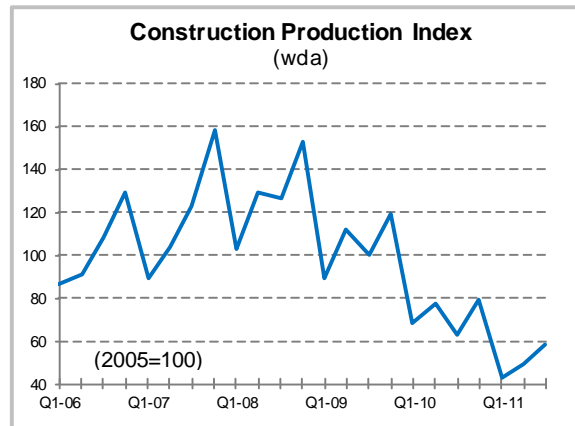
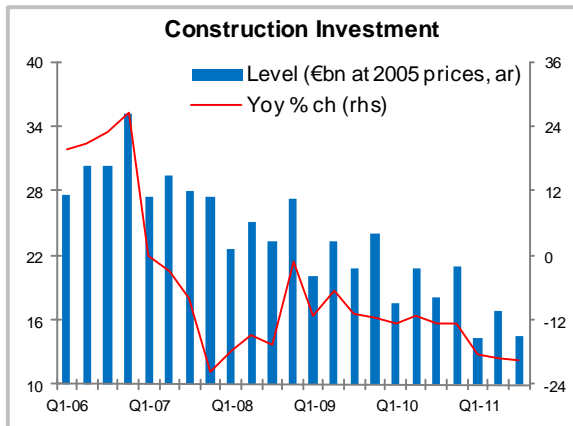
Sources: INE, European Commission, Banco de Espana, OECD, Ministerio de Fomento

BELGIUM



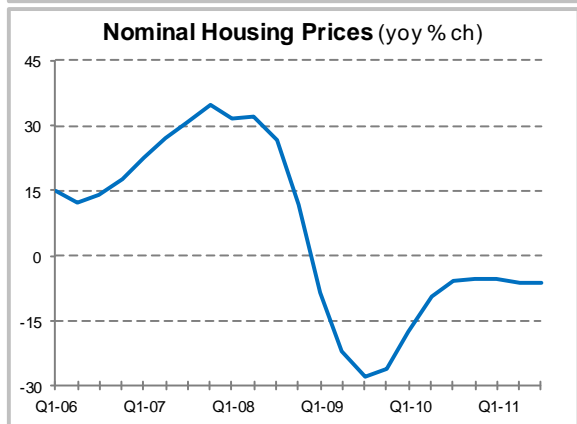
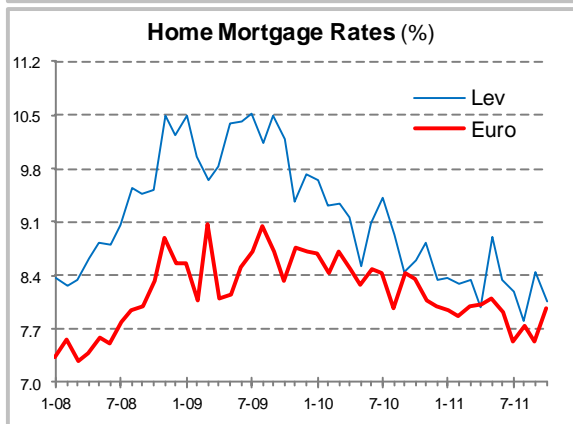
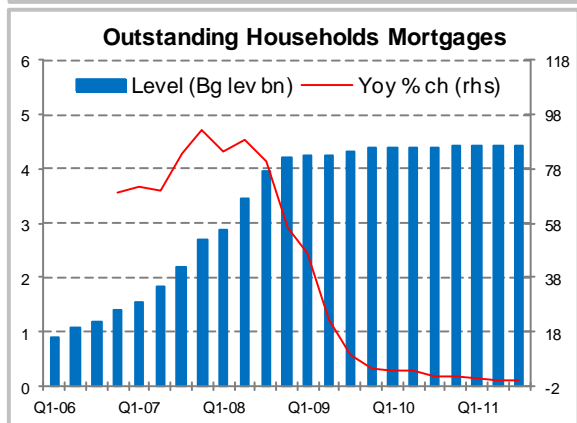
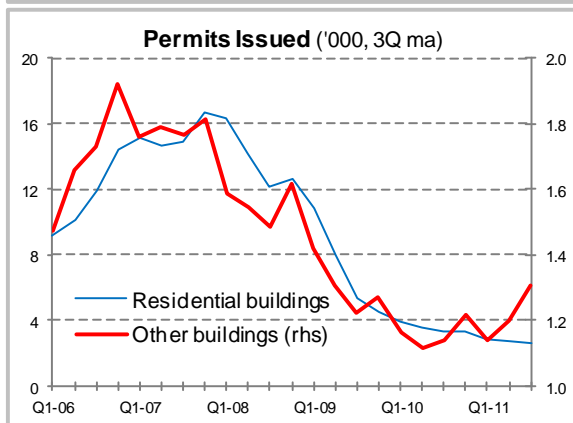
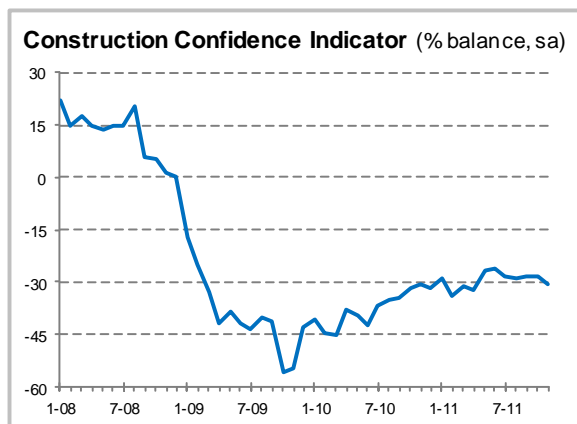
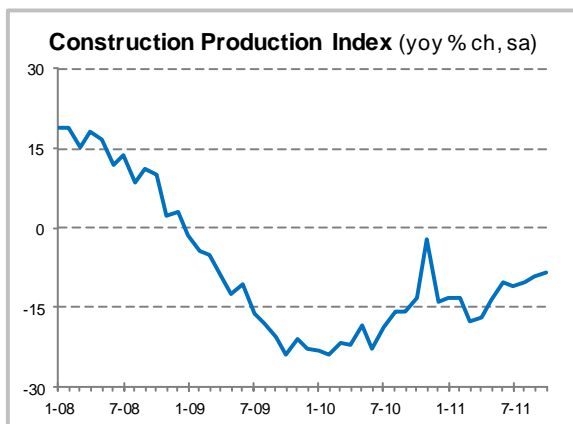
Sources: European Commission, Belgostat

GREECE



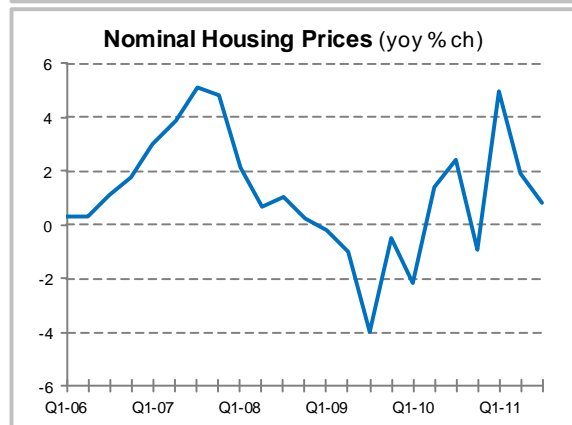
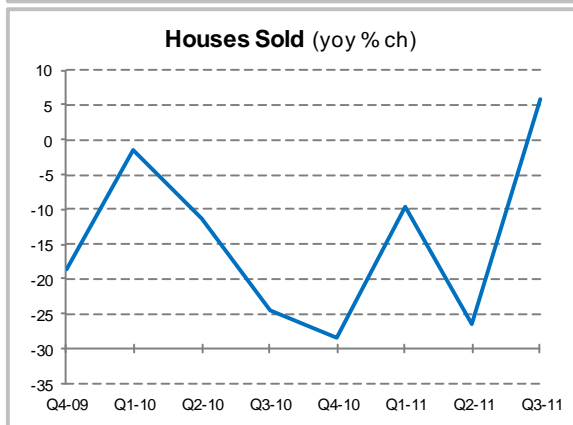
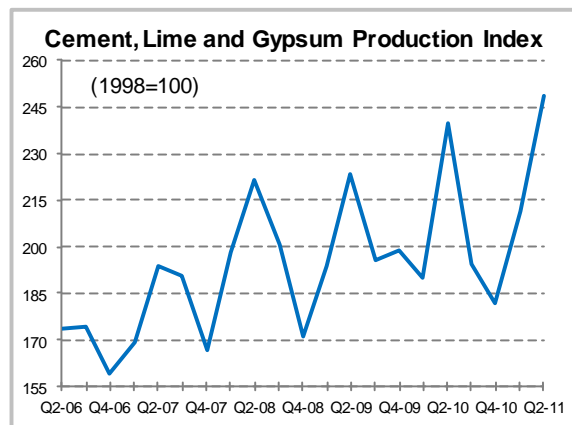
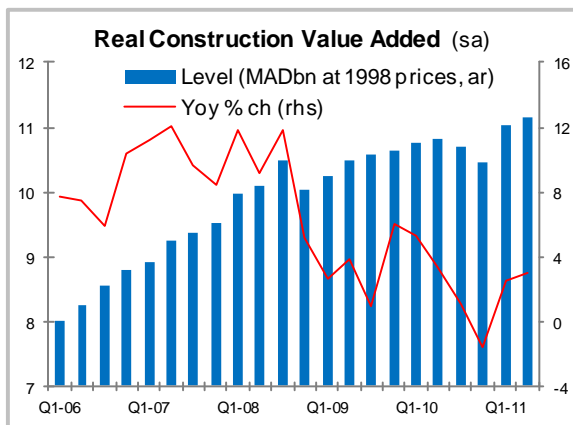
Sources: European Commission, Bank of Greece, National Statistical Service

BULGARIA



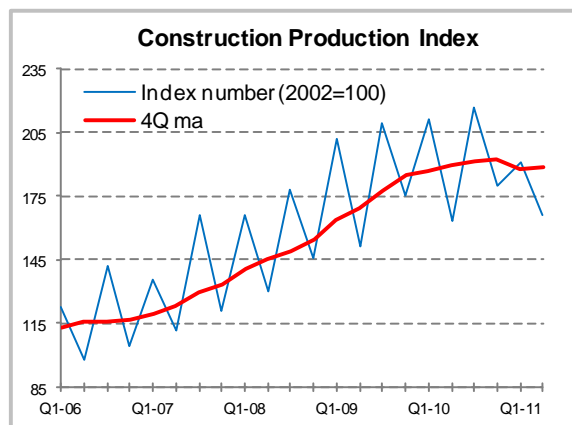
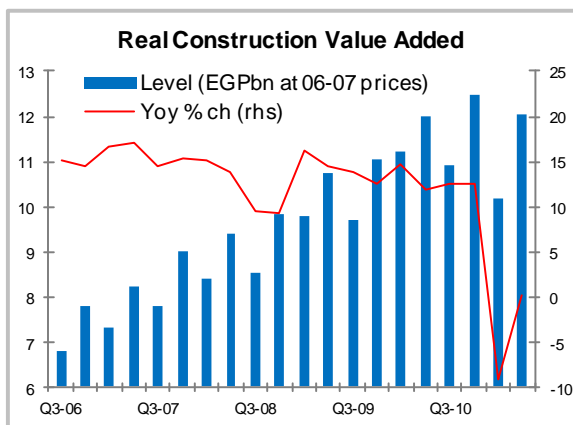
Sources: Eurostat, European Commission, National Institute of Statistics, Bulgarian National Bank

MOROCCO



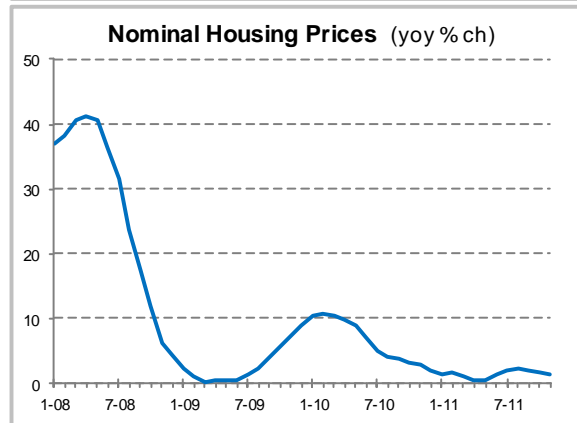
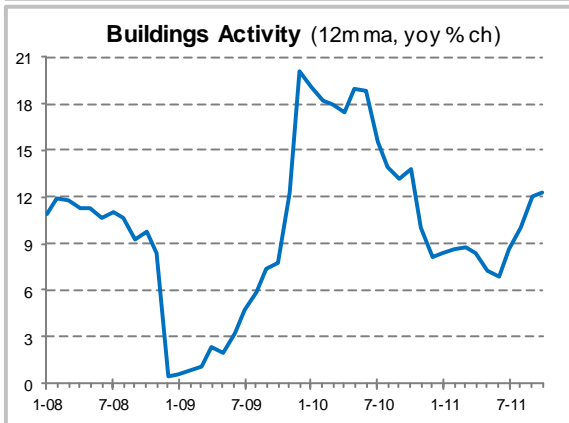
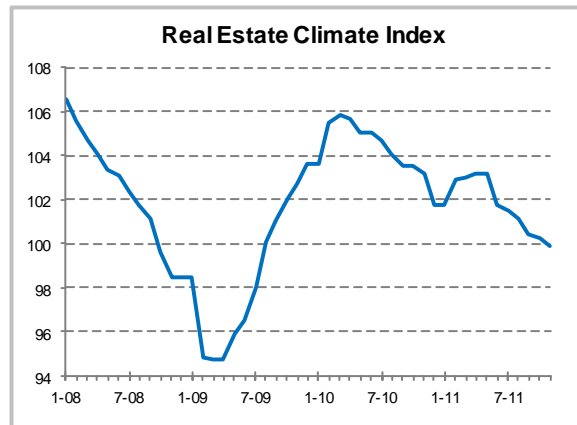
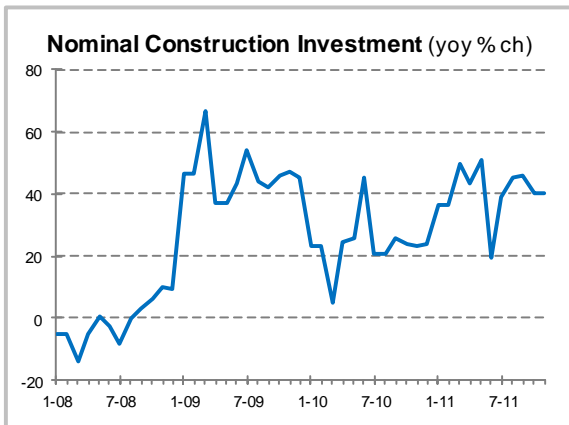
Source: Haut-Commissariat au Plan, ANCFCC

EGYPT



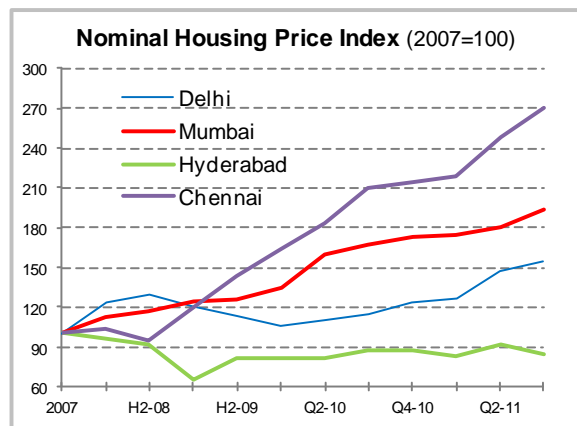
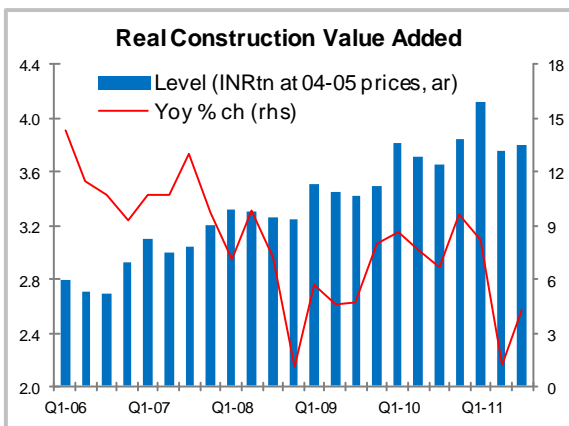
Source: Ministry of Finance

CHINA



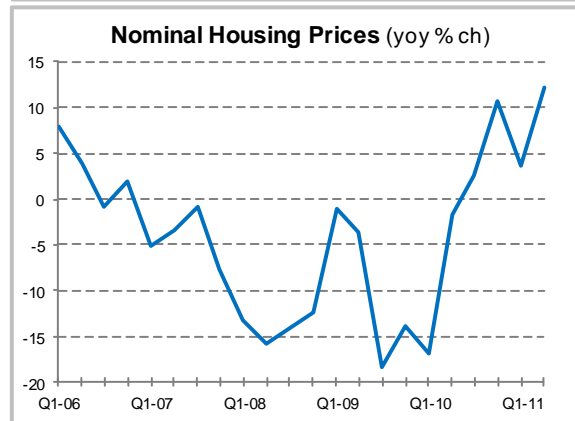
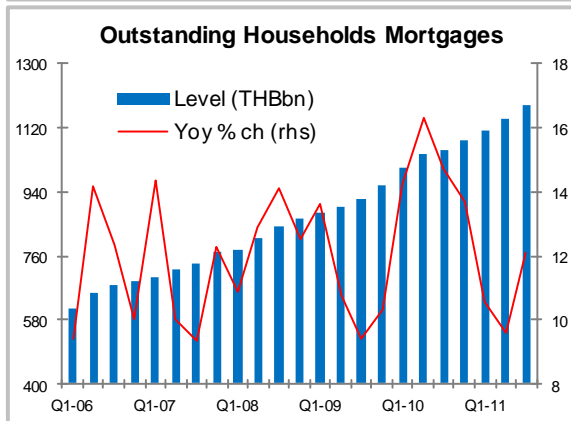
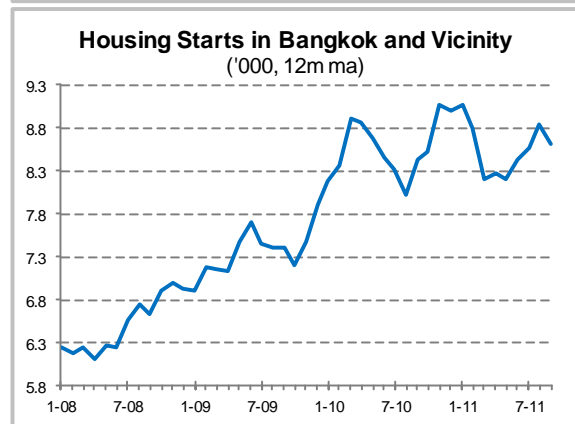
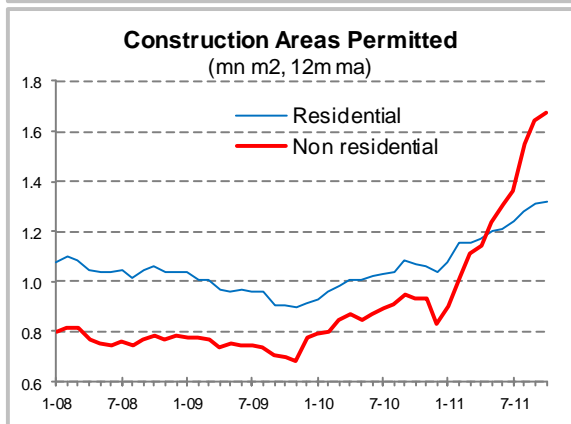
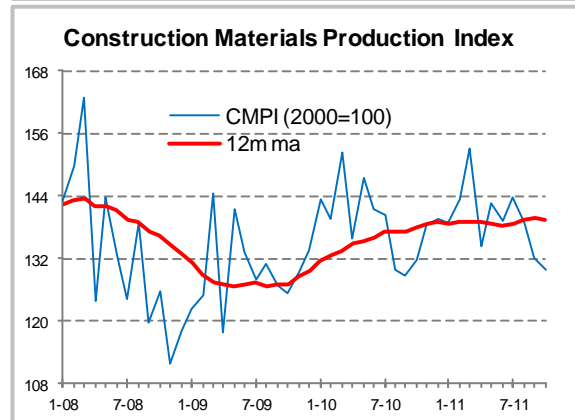
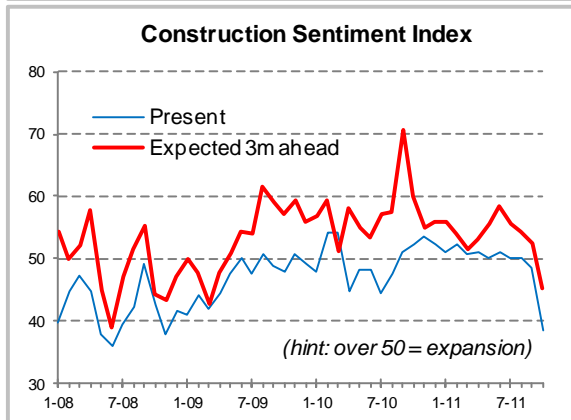
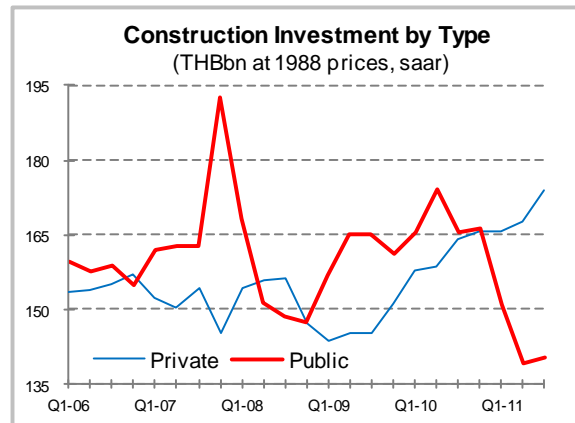
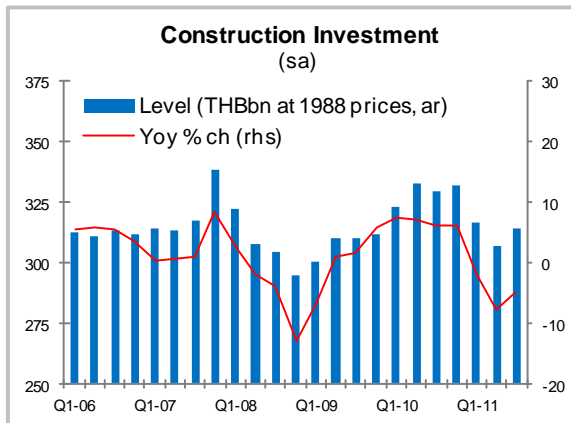
Sources: OECD, National Bureau of Statistics, Ehomeday

INDIA



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

THAILAND



Source: Bank of Thailand