



**Italcementi**  
Italcementi Group

Social and Economic  
Studies Office

## Construction Profile in ITC Group Countries

N. 1 - February, 2<sup>nd</sup> 2009

### Countries:

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

## 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 January, 30<sup>th</sup> 2009**  
**Available in @Gold**

## Highlights

- The construction cycle is rapidly worsening on a global scale. Housing in America shows no sign of bottoming out, while in the euro countries the sectoral downturn is deeper than previously expected.
- In the emerging countries, cyclical positions are diverging widely, with Turkey, Thailand, and possibly Kazakhstan expected to contract during 2009. On the other hand, Egypt, Morocco, China, and India are in a better shape although construction investment is expected to decelerate significantly.
- In most of the Group countries, large countercyclical plans have been set up by governments to sustain the economy. Among the most relevant ones:
  - in the US, the incoming Obama administration has enacted a multi-year plan totalling as much as \$825bn. Over \$100bn (\$92bn for infrastructure and \$13bn for housing) should be addressed to boost construction investment.
  - the EU has designed an ambitious package worth totally around €200bn, of which above 30% – or around €70bn – is earmarked for infrastructure & housing;
  - China has launched an economic stimulus package worth nearly \$585bn. About 80% of this amount should be in infrastructure investment.
  - India has passed two stimulus packages of about €16bn over the next 18 months, that will facilitate funding of pending and future additional infrastructure projects.
- It is widely accepted that the above programmes will impact positively. However, only in Spain and China the effects could be felt already in 2009, while in all the others countries the full impact should be perceived starting from 2010.

## Country focus

- The residential sector continues its downturn unabated in the **US**. Conditions remain critical as shown by latest national accounts data and by all housing indicators. In particular, in Q4 08 residential investment was down by 45% since the peak of the housing boom, sales of new homes hit their lowest pace in 45 years, and the backlog of unsold homes surged to a new record. The supply/demand imbalance continues to push down prices and activity. The non residential sub-sector has remained surprisingly strong in 2008 but a sharp turnaround is in the cards as most indicators point to corporate retrenchment and the economy is going to contract significantly this year. Public works are also set to decelerate following the marked deterioration in fiscal balances.
- **France** has approved a large stimulus package (valued at €26bn or 1.3% of GDP) that includes a sharp increase in public works (€10.5bn). It also contains measures to step up house building and activity in the construction sector (€1.6bn). In particular, some 70,000 additional housing units are to be built in 2009 and 2010. Although the stimulus package is set to provide some support to the construction sector, its actual implementation and timing remain a question mark.
- **Spain** has unveiled three consecutive stimulus packages since the general elections in 2008, for a total amount of 2.5% of GDP. The third and largest plan was adopted last November and valued at €11bn (1% of GDP) of which €8bn is intended to accelerate spending of ongoing projects or finance works which can start very soon. To guarantee a rapid implementation of the stimulus package, works will have to begin by April 2009 at the latest, and the target is to enable the creation of 200,000 jobs.

# MAIN CONSTRUCTION INDICATORS

Indicators*	Construction Production				Construction Investment				House Prices			
	2006	2007	2008	Latest	2006	2007	2008	Latest	2006	2007	2008	Latest
<b>United States</b>	-1.6	-17.8	-22.9	Nov <sup>(1)</sup>	-2.4	-5.6	-5.8	-5.4 Q4	7.6	-3.8		-18.2 Nov
<b>Canada</b>	6.3	3.0		1.6 Oct	5.3	2.2		0.5 Q3	10.2	7.4		-0.4 Nov
<b>France</b>	3.6	3.7		-2.1 Nov	5.3	4.5		-1.9 Q3	12.2	6.5		0.8 Q3
<b>Italy</b>	4.2	5.6		-2.4 Q3	1.7	2.0		-1.2 Q3	6.5	5.3		4.3 H1
<b>Spain</b>	1.1	-0.4		-11.3 Nov	5.9	3.8		-5.8 Q3	10.4	5.8		0.4 Q3
<b>Belgium</b>	3.2	2.3		-5.5 Nov	8.5	3.5		1.7 Q3 <sup>(2)</sup>				-
<b>Bulgaria</b>	13.9	20.1		3.9 Nov	14.7	21.7		22.3 Q3 <sup>(4)</sup>				-
<b>Greece</b>	7.4	23.7		1.4 Q3	21.6	11.4		-	13.0	3.8		3.0 Q2 <sup>(3)</sup>
<b>Morocco</b>				-	7.8	10.2		9.4 Q3 <sup>(2)</sup>				-
<b>Turkey</b>				-	17.8	6.0		-3.4 Q3				-
<b>Egypt</b>				-	-	15.8		9.5 Q3 <sup>(2)</sup>				-
<b>Thailand</b>				-	4.0	2.0		-3.7 Q3				-
<b>India</b>				-	13.4	9.6		9.7 Q3 <sup>(2)</sup>				-
<b>China</b>				-	42.0	23.8		10.2 Nov <sup>(5)</sup>	6.1	7.6	6.5	0.4 Dec

## Notes

\* yoy % ch, sa, unless otherwise indicated

<sup>(1)</sup> Production of dwellings

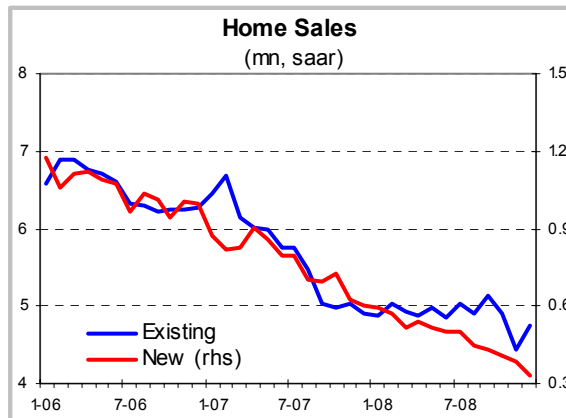
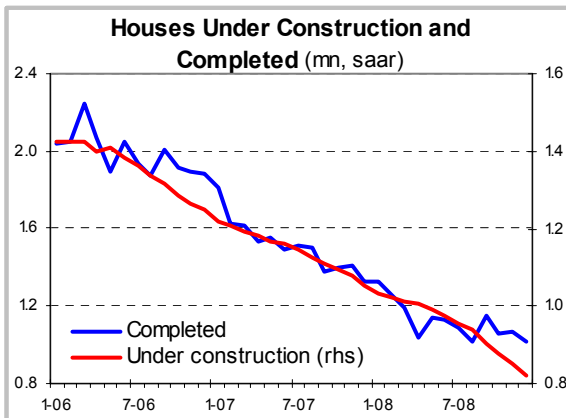
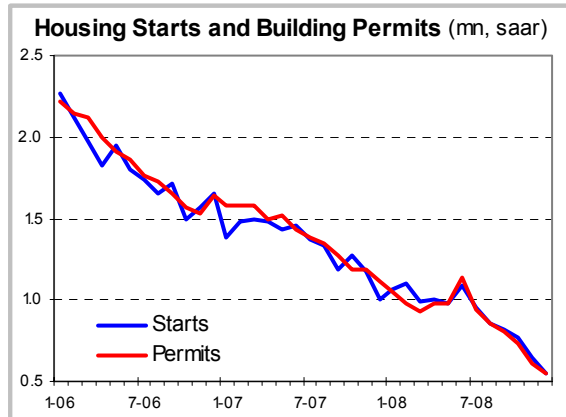
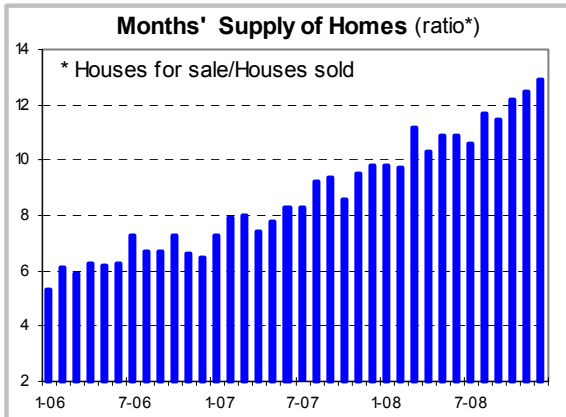
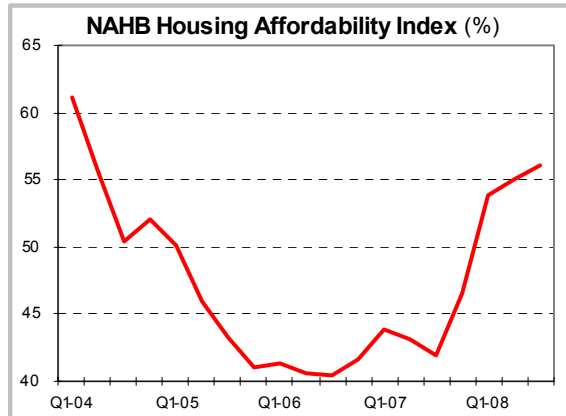
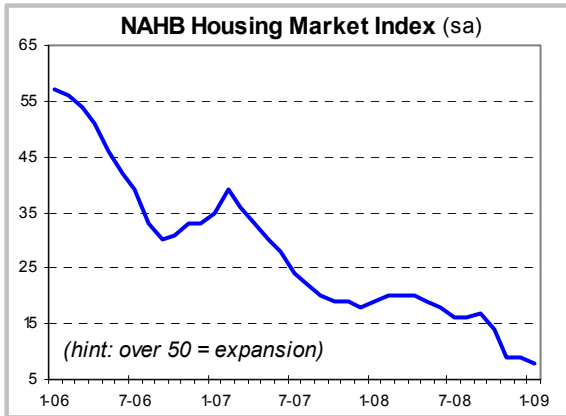
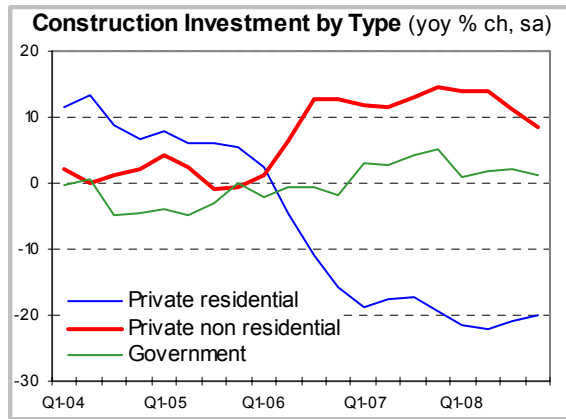
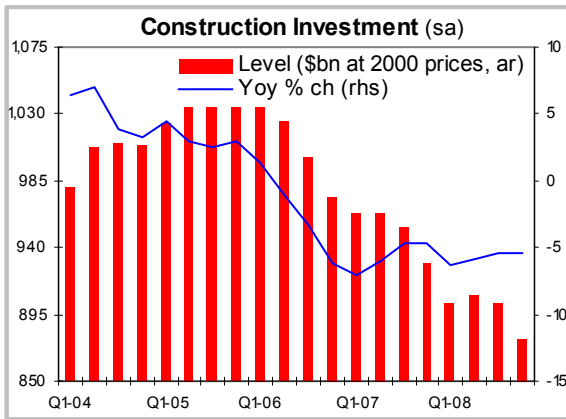
<sup>(2)</sup> Gross value added

<sup>(3)</sup> Urban areas excluding Athens

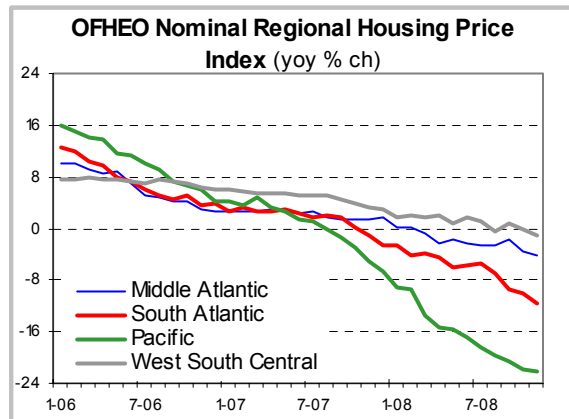
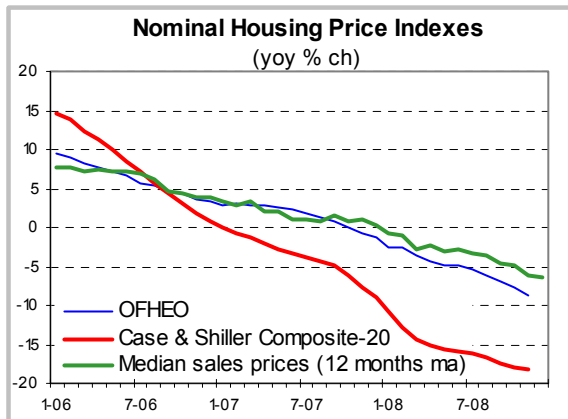
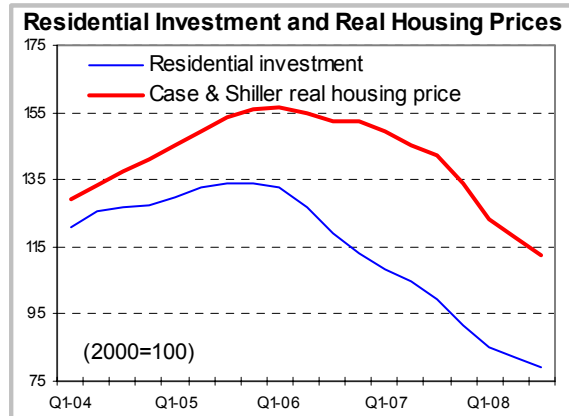
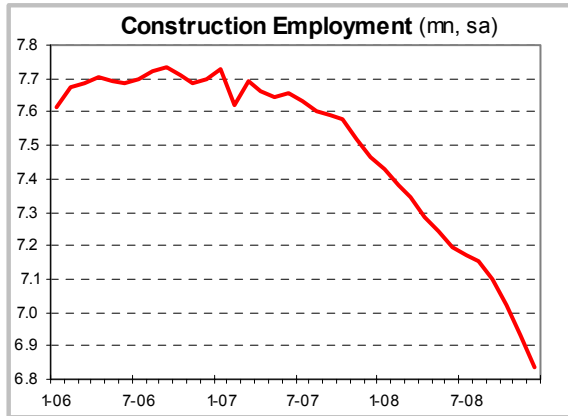
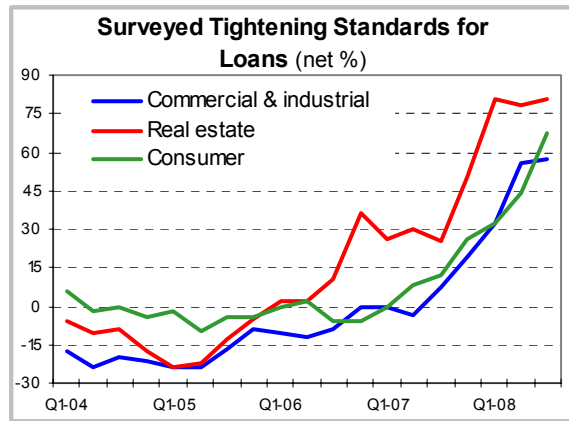
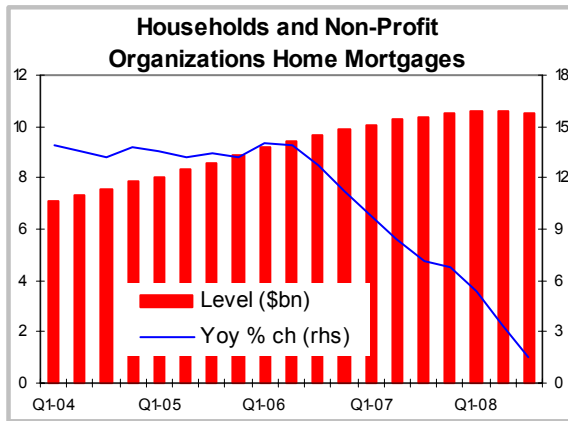
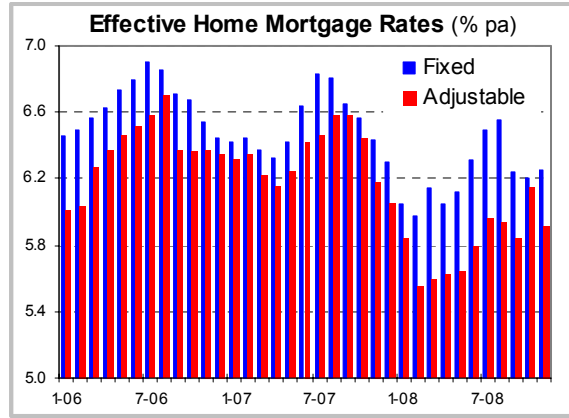
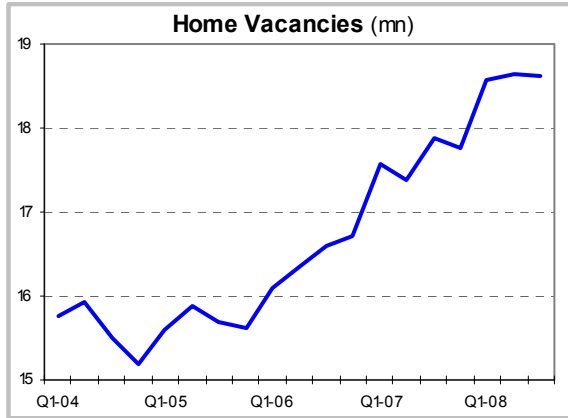
<sup>(4)</sup> Gross fixed capital investment

<sup>(5)</sup> Investment in fixed assets: construction

# UNITED STATES

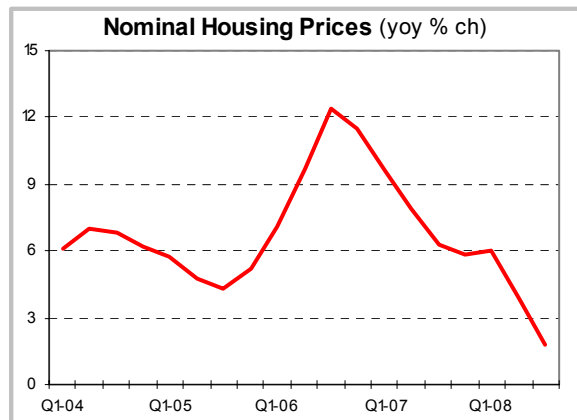
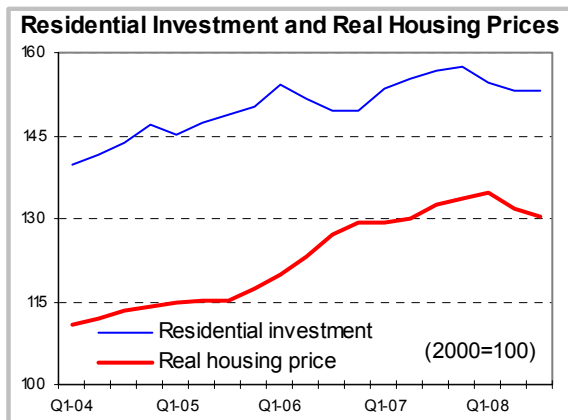
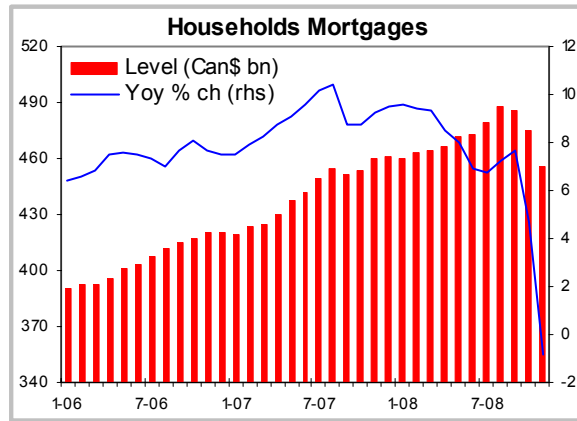
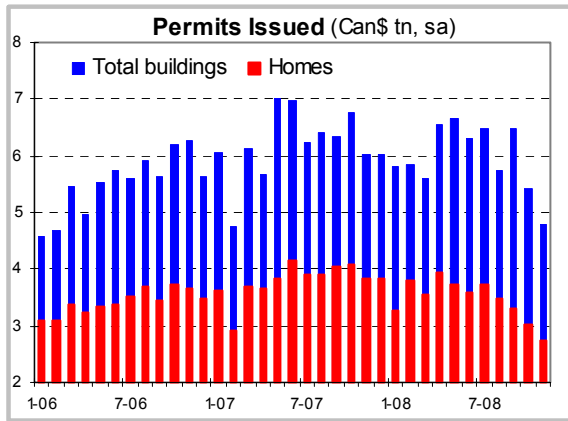
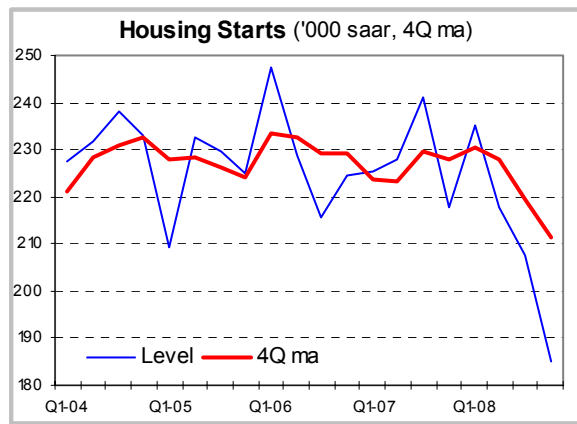
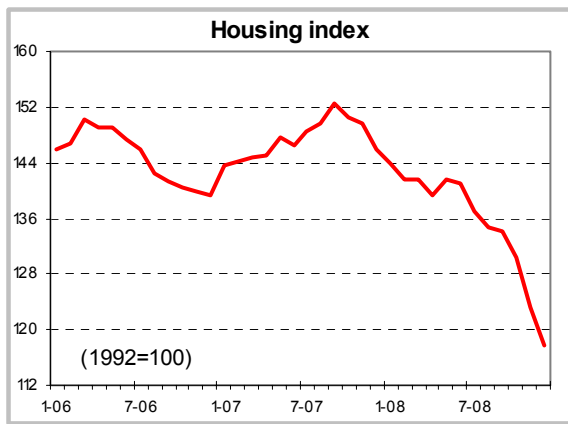
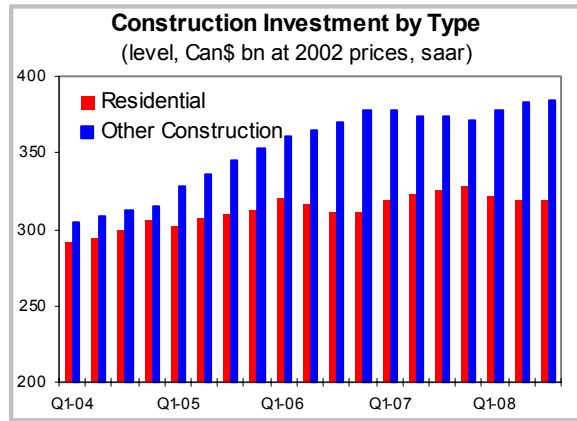
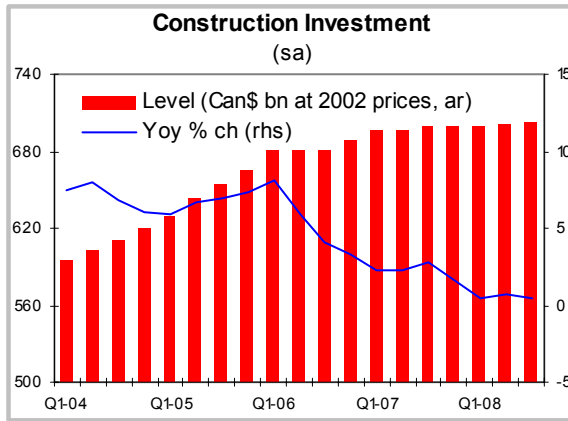


## UNITED STATES



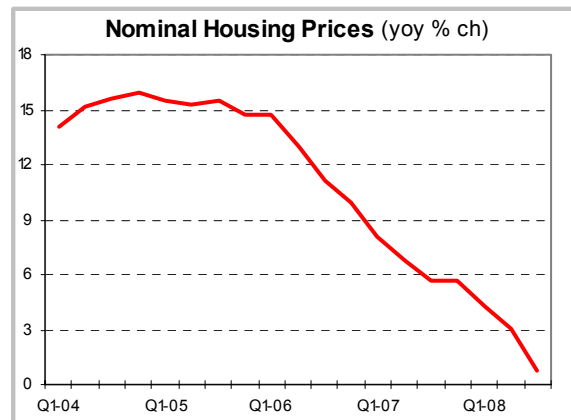
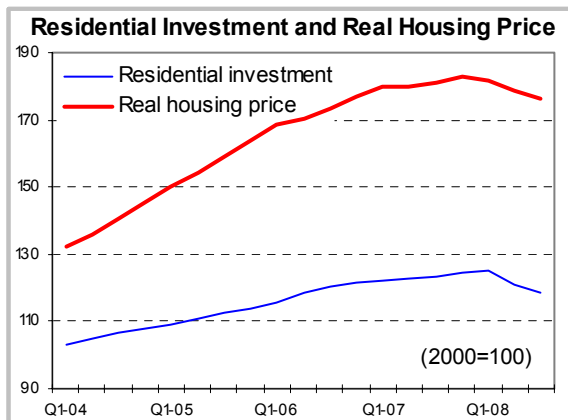
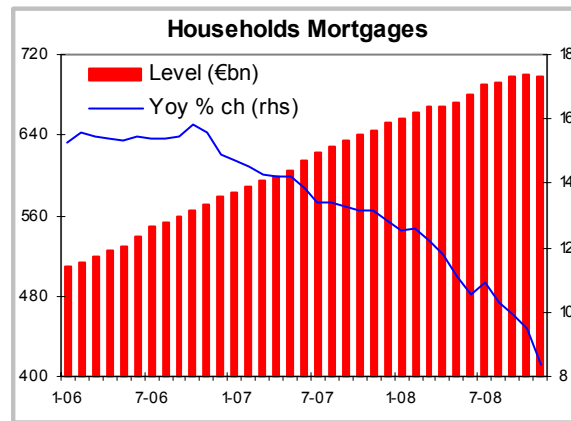
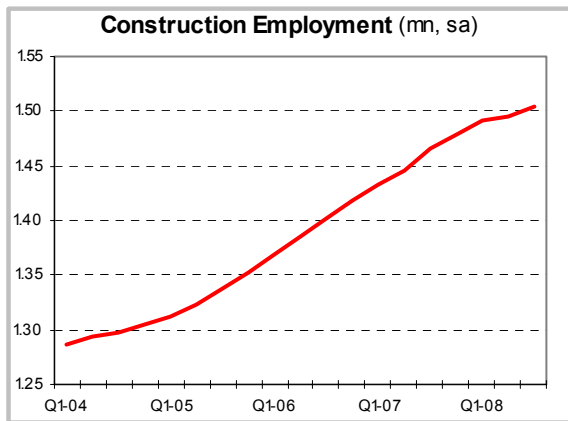
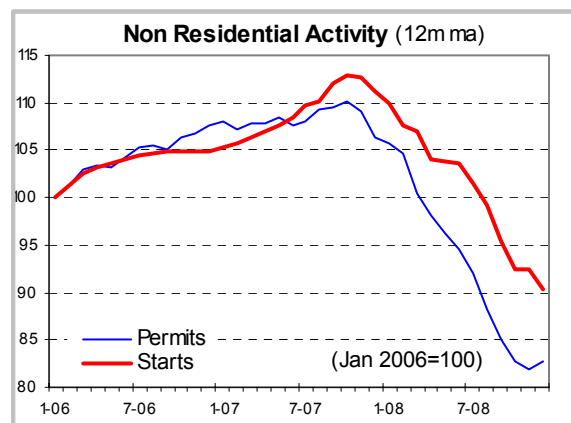
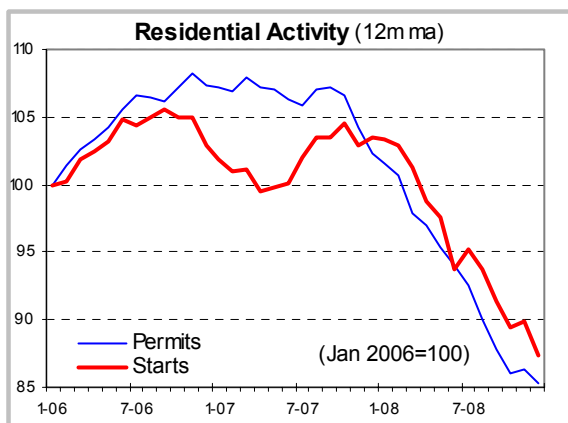
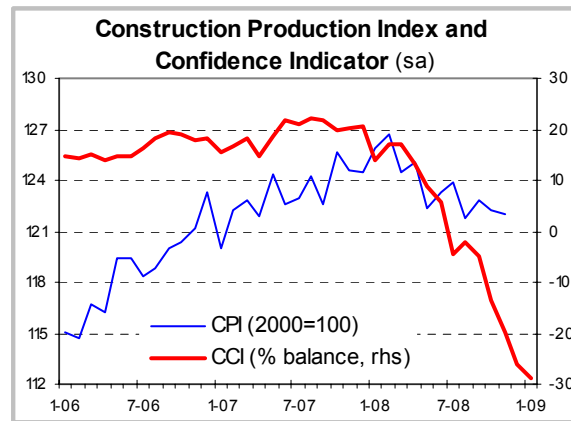
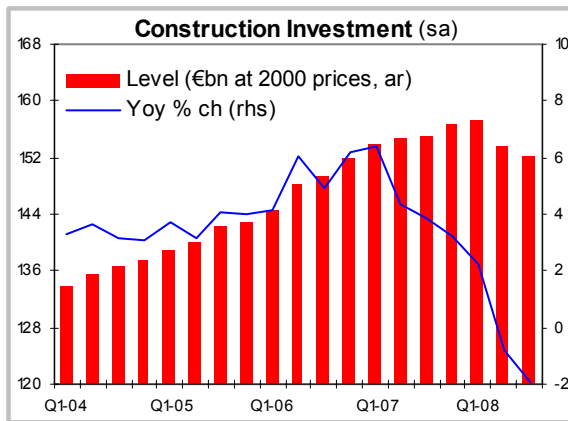
Sources: US Census, National Association of Home Builders, Dept. of Labour, Federal Housing Finance Board, Bureau of Economic Analysis, Standard & Poor's, Bureau of Labour Statistics, OFHEO

# CANADA



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

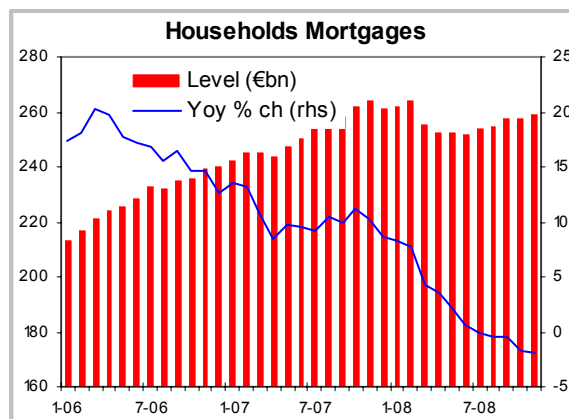
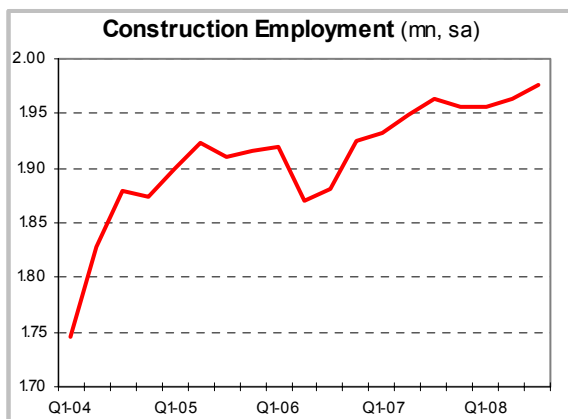
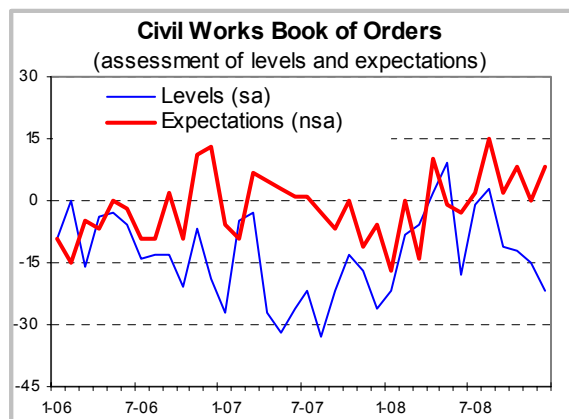
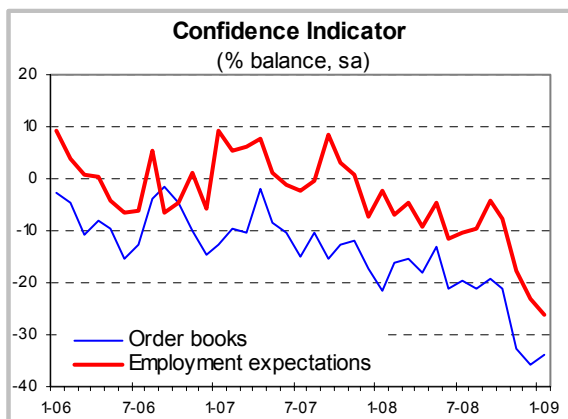
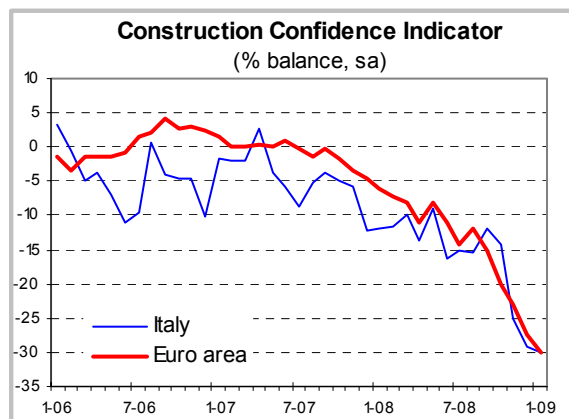
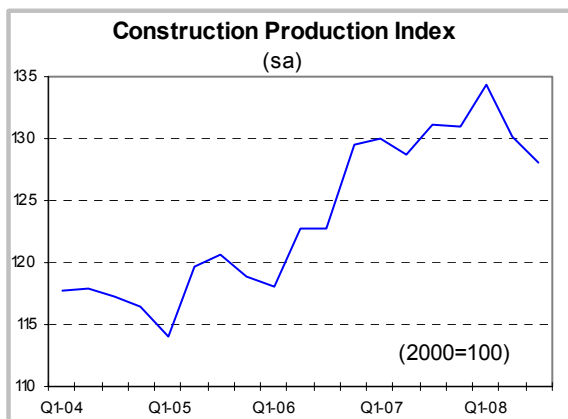
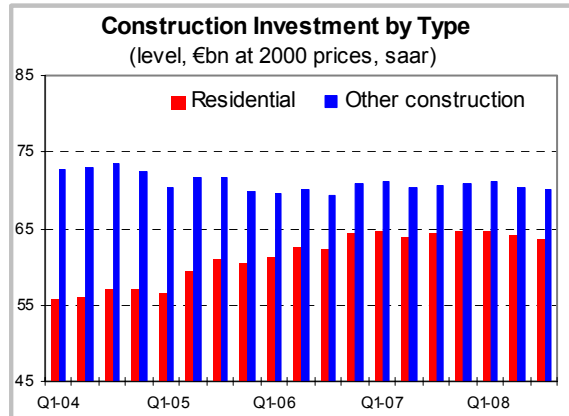
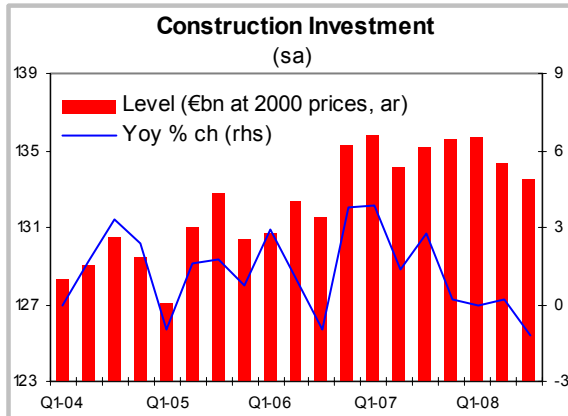
# FRANCE



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



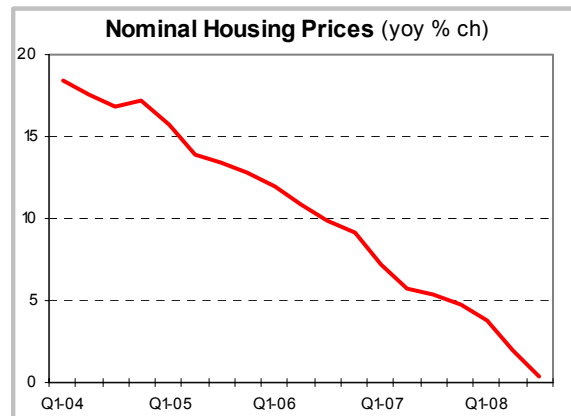
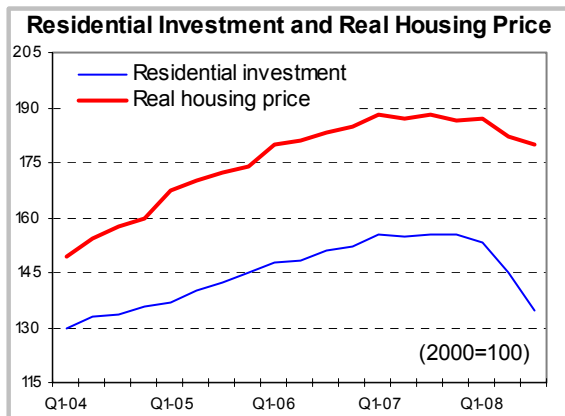
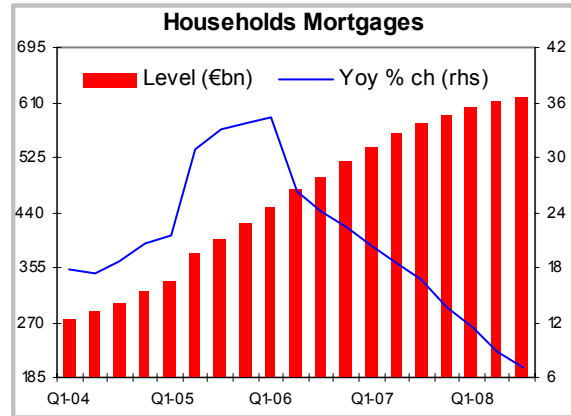
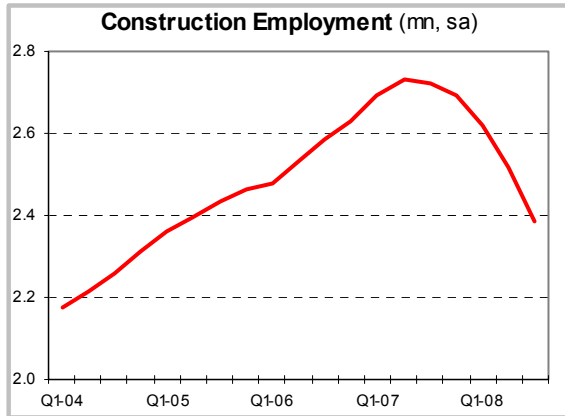
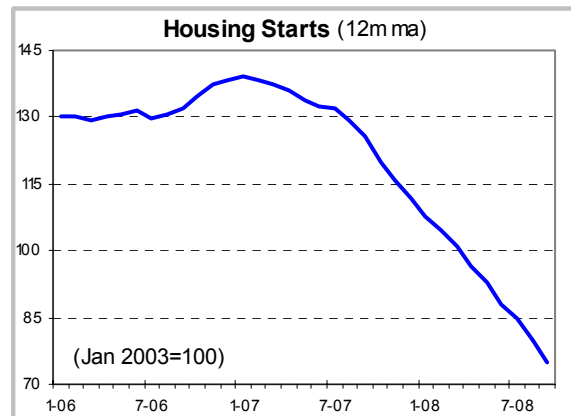
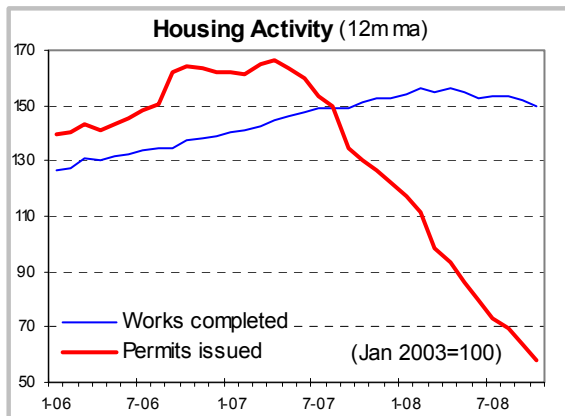
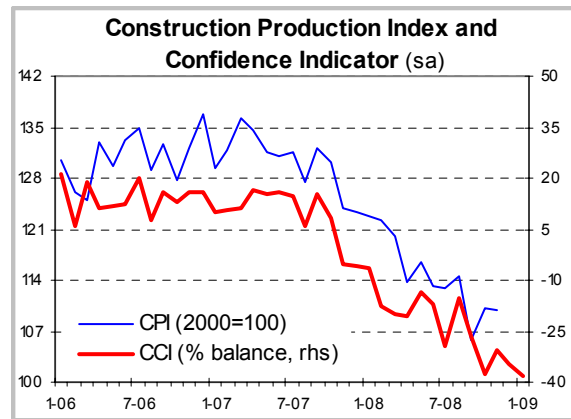
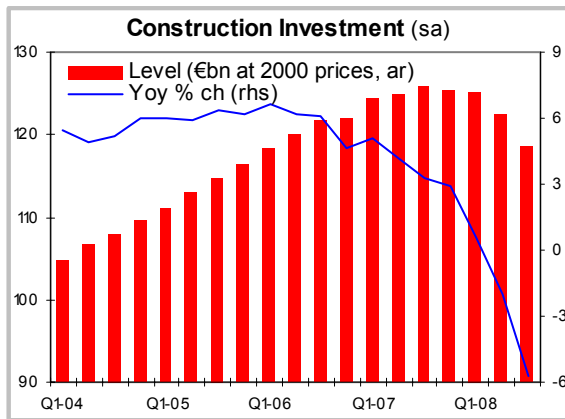
# ITALY



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

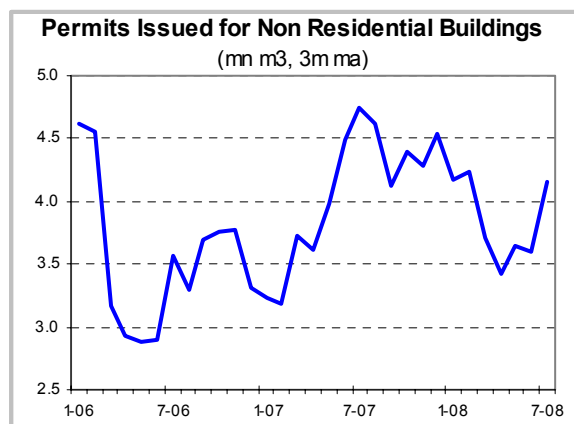
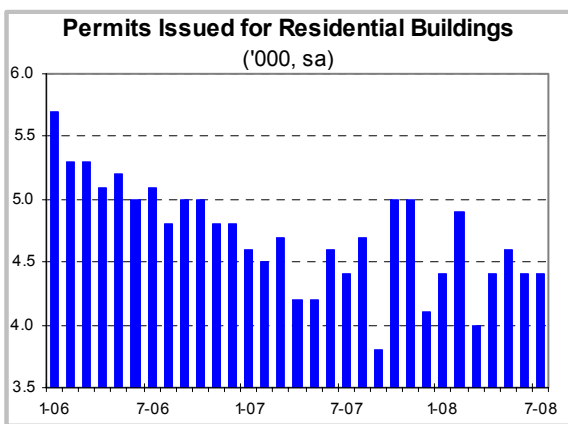
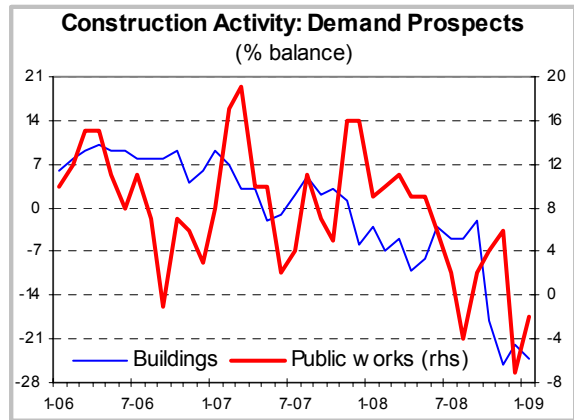
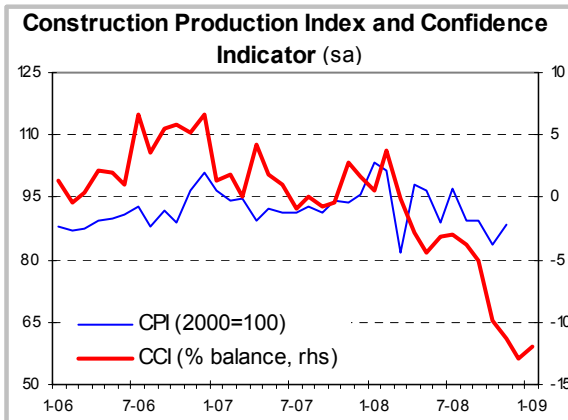
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# SPAIN



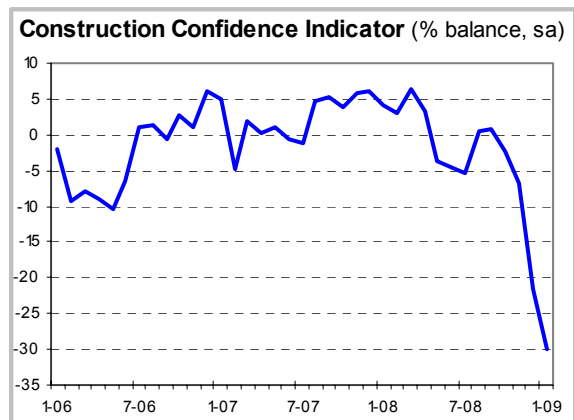
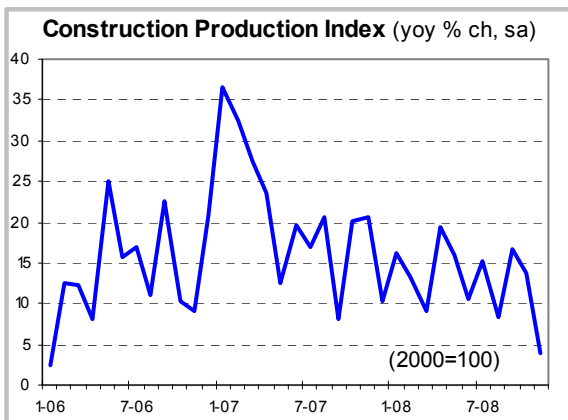
Sources: INE, European Commission, Banco de Espana, OECD

# BELGIUM



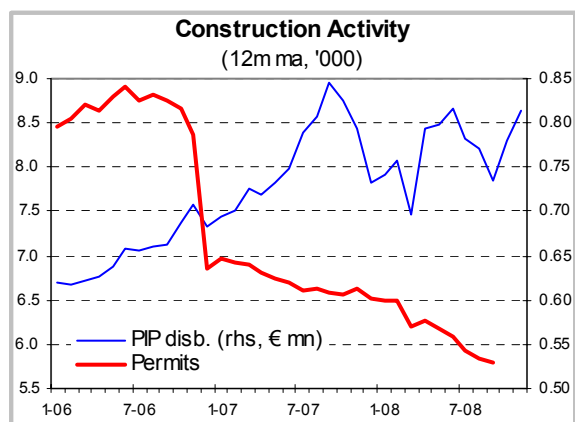
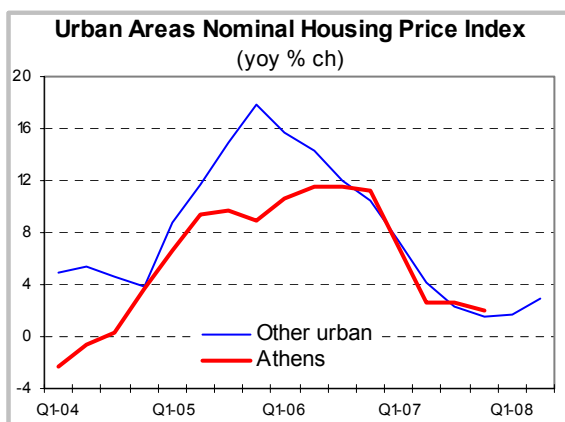
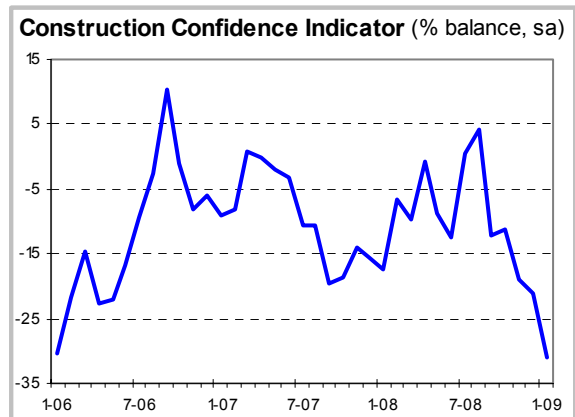
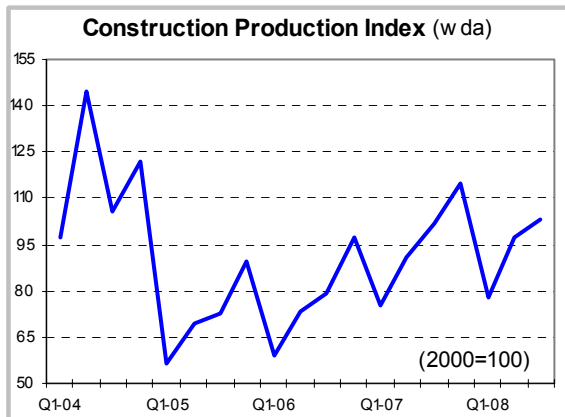
Sources: European Commission, Belgostat

# BULGARIA



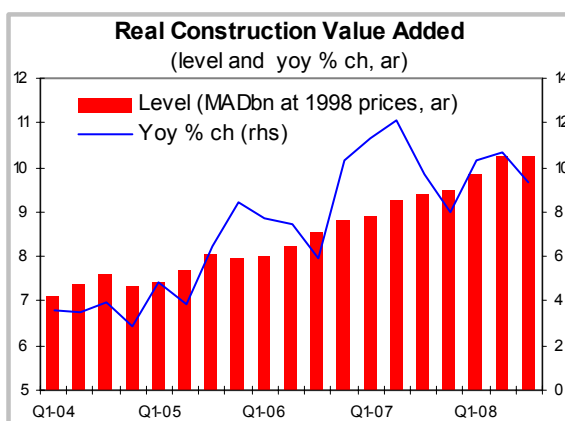
Sources: Eurostat, European Commission

# GREECE

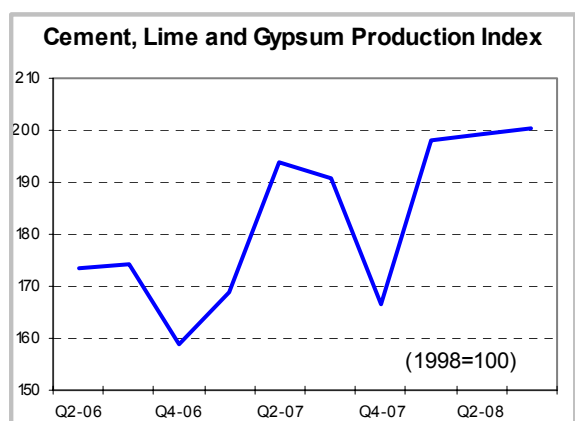


Sources: European Commission, Bank of Greece, Ministry of Economy and Finance, National Statistical Service

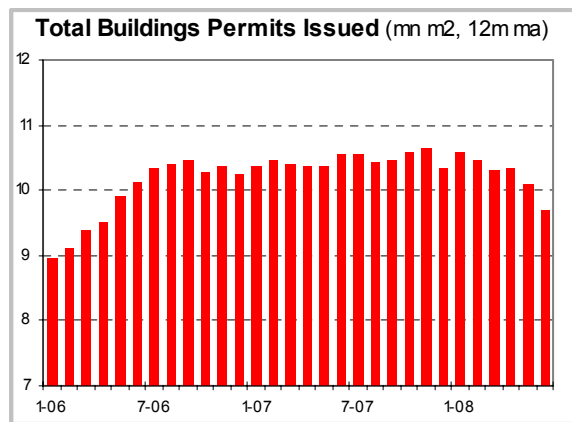
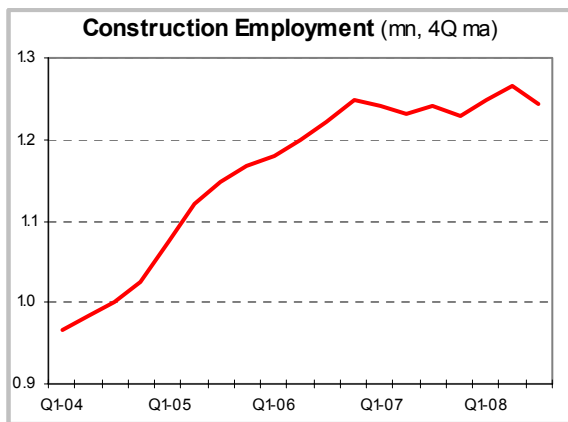
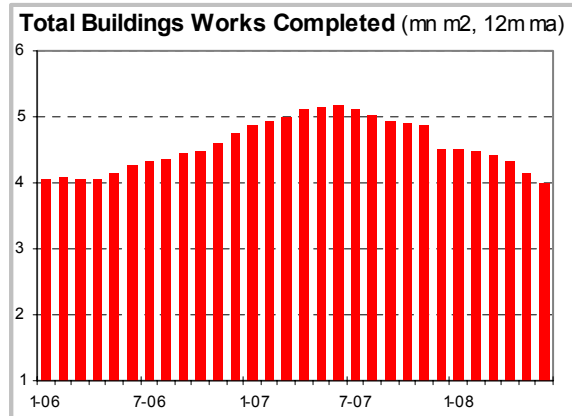
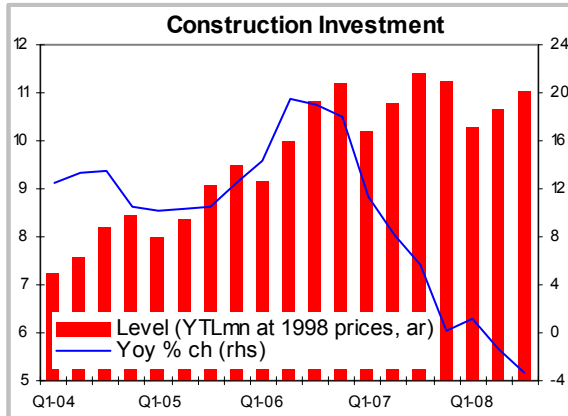
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Source: Haut-Commissariat au Plan

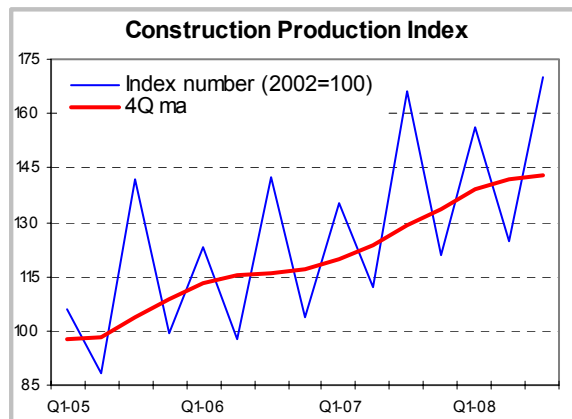
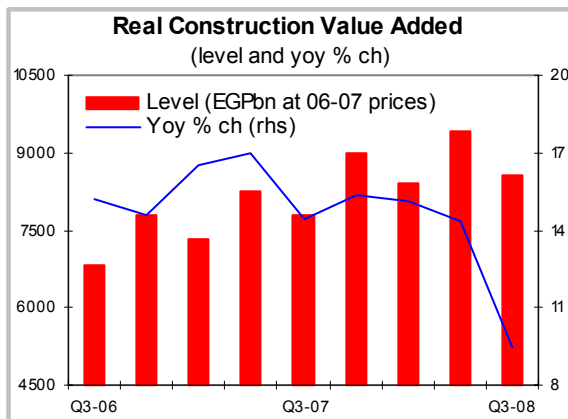


# TURKEY



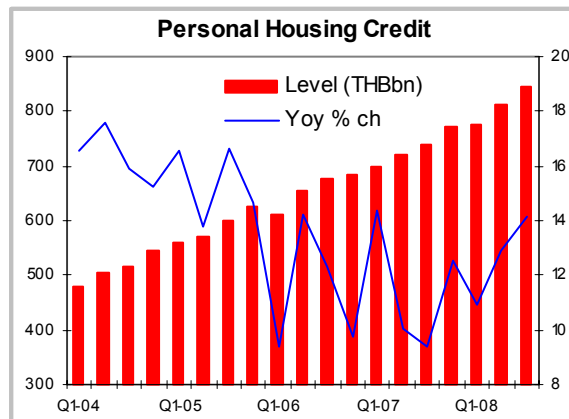
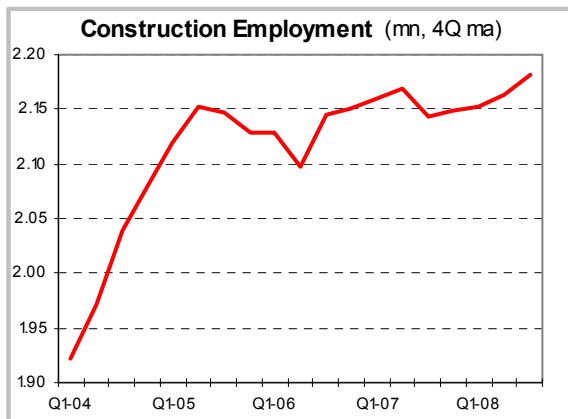
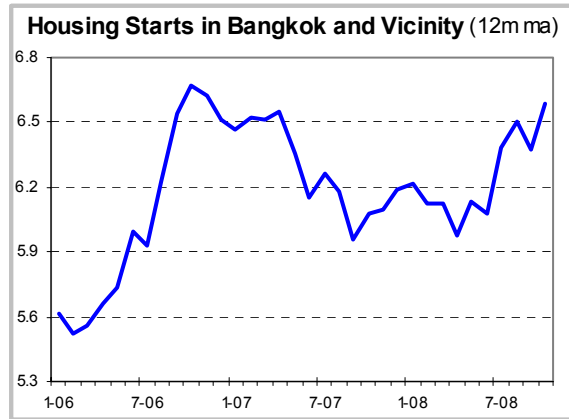
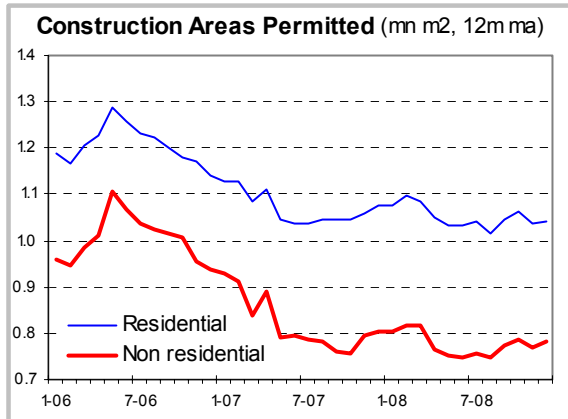
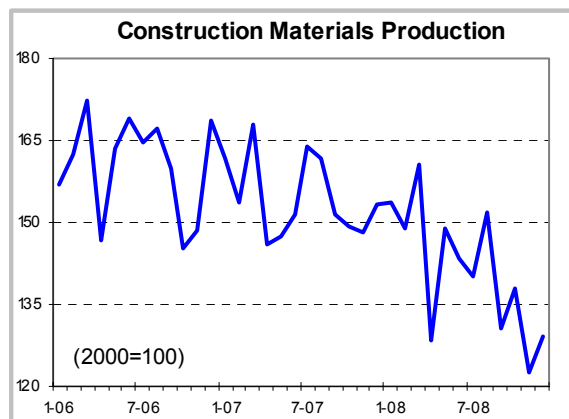
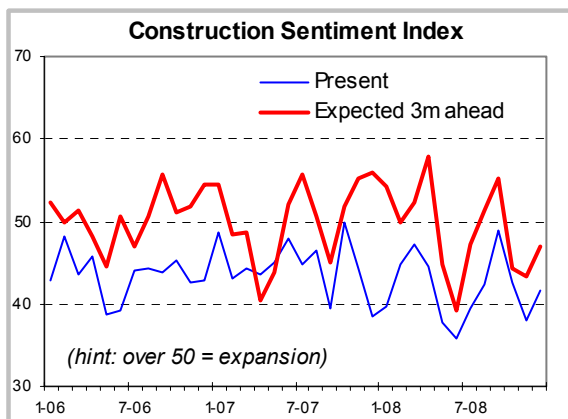
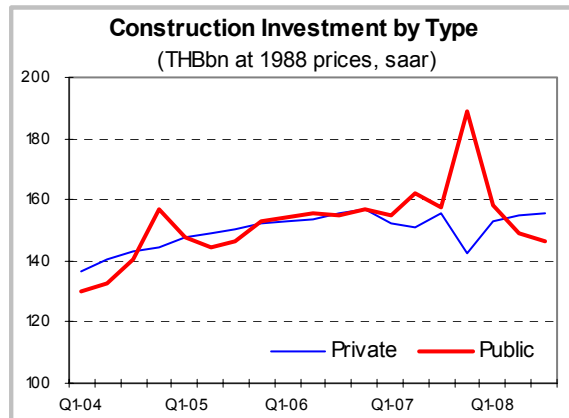
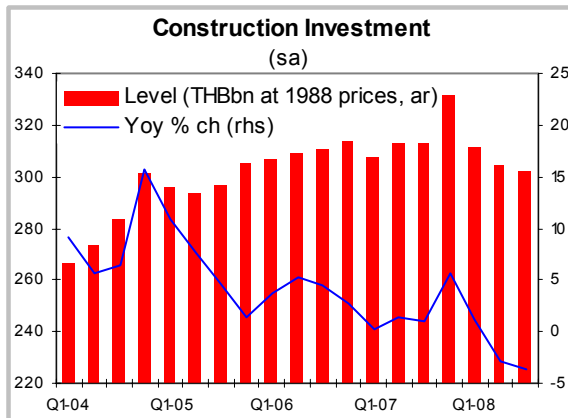
Sources: OECD, SIS (State Institute of Statistics)

# EGYPT



Source: Ministry of Finance

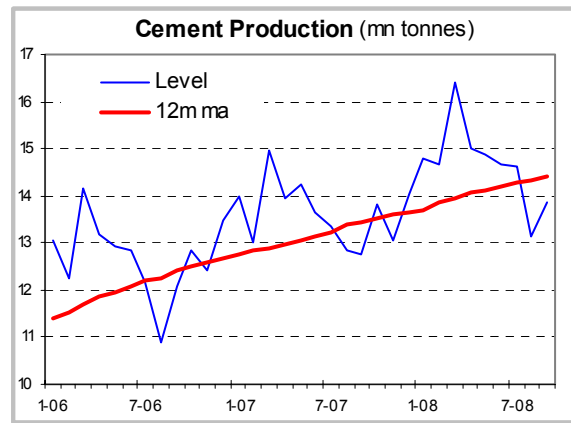
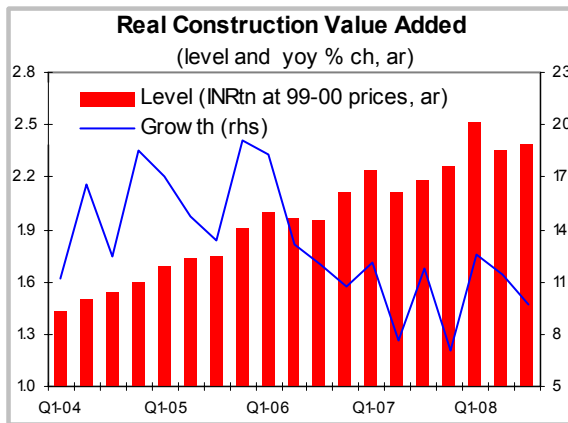
# THAILAND



Source: Bank of Thailand

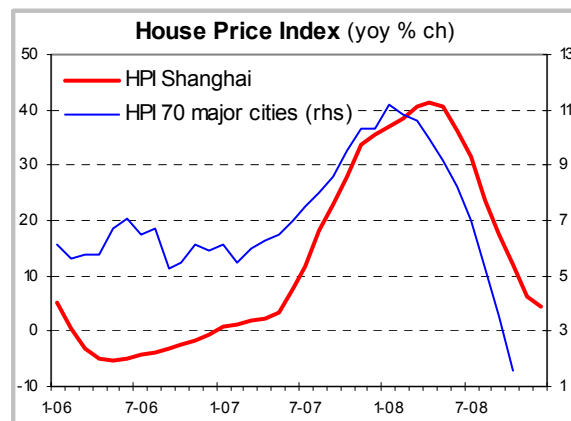
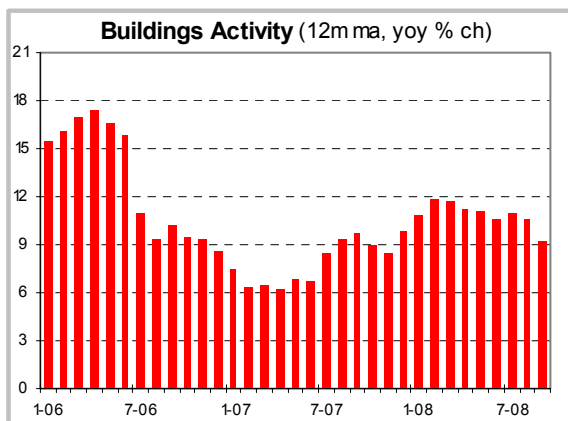
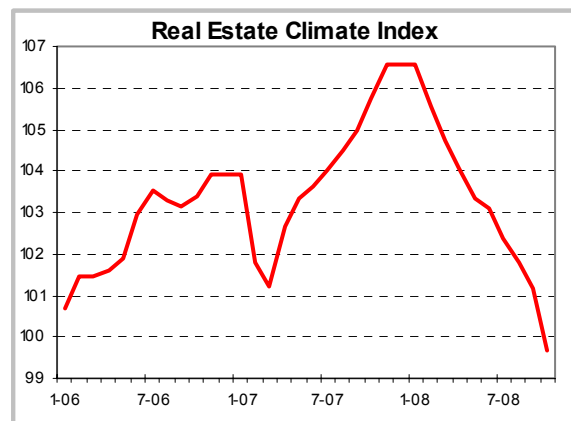
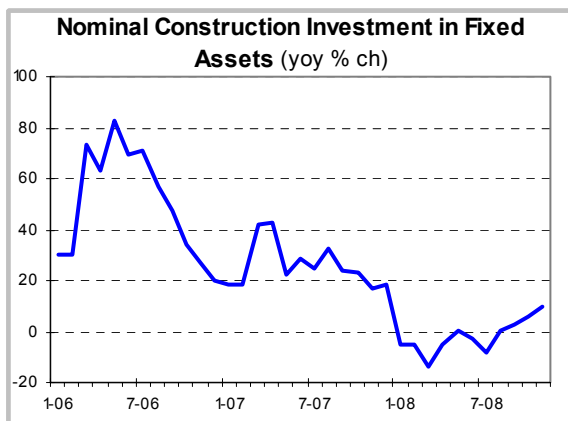
N. 1 – February, 2<sup>nd</sup> 2009

# INDIA



Sources: OECD, Office of Economic Advisor

# CHINA



Sources: OECD, National Bureau of Statistics, Ehomeday