

## Construction Profile in ITC Group Countries

N. 2 – July 5<sup>th</sup> 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

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

**Based on all information up to July, 5<sup>th</sup> 2011**  
**Available in i.like**

## HIGHLIGHTS

- In mature countries, the construction cycle is still in the doldrums. In any case, very uneven weather conditions in the last few quarters hamper the assessment of the real underlying sectoral conditions, so that only in the summer months a clearer view will become available. As a matter of fact, in Europe, Spain and Greece remain mired in a big slump while more promising signs may be detected in France. In North America, Canada seems out of the woods while in the US the long-awaited recovery is not yet fully materialising.
- Housing is still at the center-stage of widespread worries, given tightening fiscal policies, not receding unemployment, higher perspective interest rates and a still huge over-construction to reabsorb. In these conditions, it is no wonder that residential prices do not show clear-cut signs of rebounding and in some cases – to start with the US – are also on a downtrend again.
- Also among the Group emerging countries cyclical positions have been strongly diverging. At one extreme construction is positively sloped and keeps performing better than expected in China and India. At the other extreme, construction has faltered dramatically in Egypt (amid serious political turmoil), and – to a lesser extent – in Thailand.

## COUNTRY FOCUS

- The recovery in the **US** housing market is still far from materialising. The new homes segment in particular is having difficulties due the substantial competition from a glut of steeply discounted, distressed, existing homes that has reduced new single-family home sales' share of the total to 7% (compared to the pre-recession long-term average of 17%). The persistently elevated inventory of existing homes available for sale will continue to weigh down on new homes sales. As a matter of fact, homebuilders' expectations of sales for the next six months dropped to a 27-month low in June. Private non residential construction looks even more vulnerable. Spending on structures such as office, commercial and manufacturing space continues to decline, though at a softer pace. Public construction spending is now in steady retreat since most ARRA funds transferred to states have been used up and states are cutting back on spending in order to maintain their longer-term obligations such as pensions and Medicaid.
- In **France**, the construction sector remained subdued in Q1 11 (-0.1% qoq) mainly due to a weaker than expected performance of the housing sector (-0.3% qoq). Leading indicators show that the residential investment recovery should unfold moderately over the next few months, as a consequence of the declining impact of tax and mortgage incentives, the already announced tax increases and the very slow decline in unemployment. With the economic recovery gradually absorbing production capacity surpluses, building starts in industrial, office-space and shops sub-segments are improving slightly. Public investment recovered in Q1 11 after the dramatic drop in Q4 10 due to very bad weather conditions. Leading indicators show that the sector activity is set to continue to improve in the next few months but at a very moderate pace as a consequence of fiscal budget constraints.
- In **Morocco**, construction value added rebounded in Q1 11 (+2.5% yoy against -1.6% in Q4 10). According to sectoral indicators, activity should have improved also in Q2 mainly driven by strong public spending, largely focused on transport infrastructure (highways, ports and railways), and the buoyant performance of the housing sector. The latter has been benefiting both from the launch of two funds aimed at fostering the acquisition of social housing by civil servants and low-income people, and from a US\$ 150mn loan by the World Bank to help expand access to higher quality housing.

COUNTRY FOCUS

## MAIN CONSTRUCTION INDICATORS

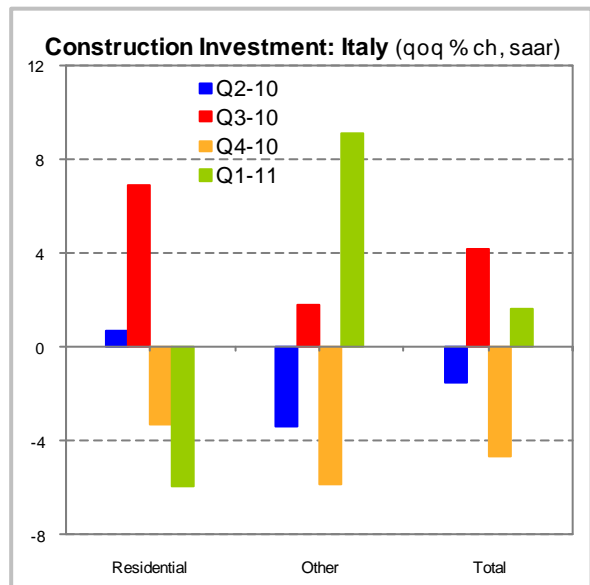
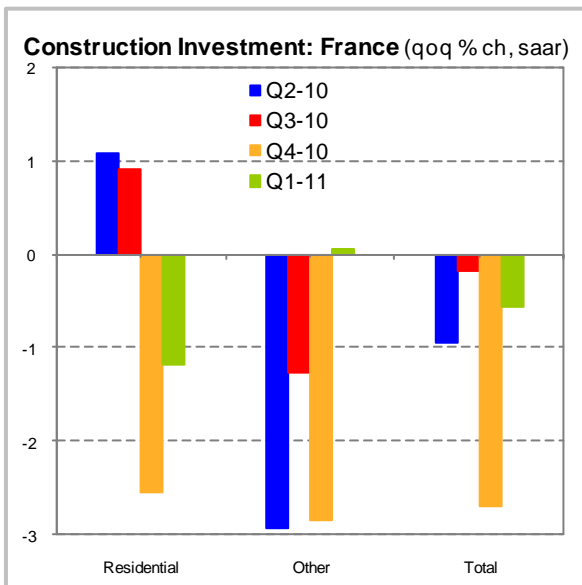
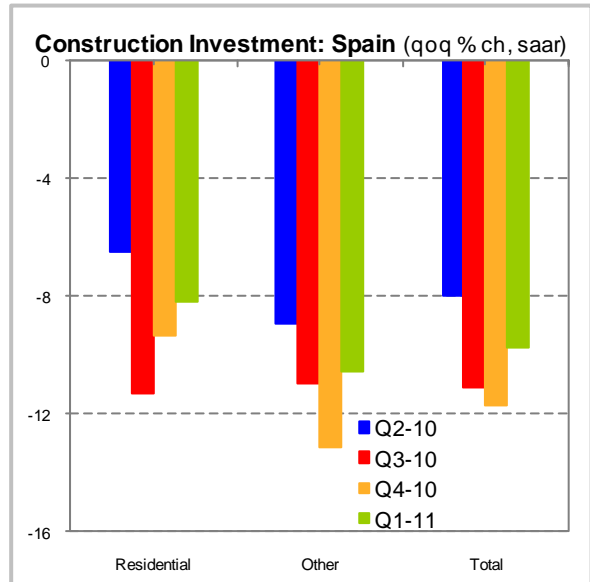
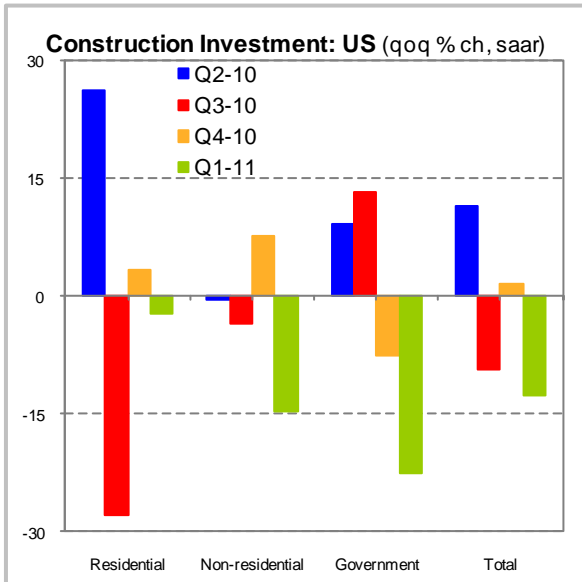
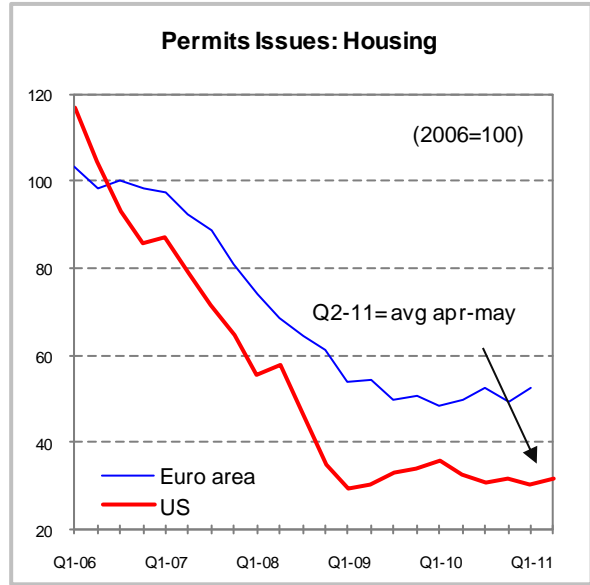
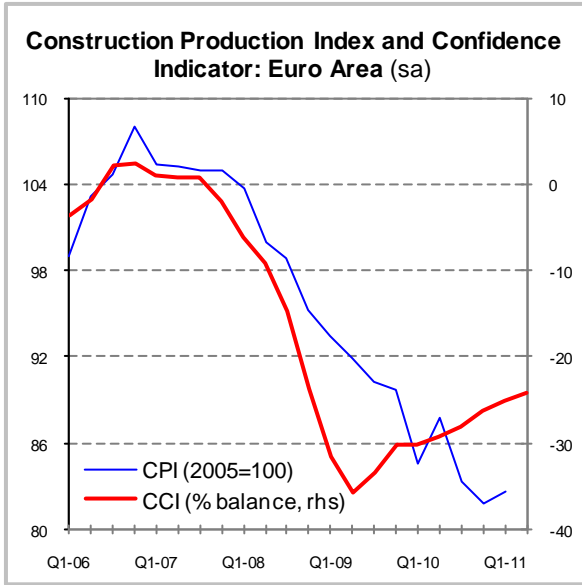
Indicators*	Construction Production				Construction Investment				House Prices			
	2008	2009	2010	Latest	2008	2009	2010	Latest	2008	2009	2010	Latest
<b>USA</b>	-30.4	-28.5	-3.2	-12.0 Apr <sup>(1)</sup>	-8.8	-17.0	-6.9	-2.8 Q1	-15.8	-13.3	1.2	-4.0 Apr
<b>Canada</b>	4.6	-8.2	7.9	6.5 Mar	2.9	-10.9	9.2	7.3 Q1	2.9	-3.0	3.4	2.0 Apr
<b>France</b>	-3.7	-5.9	-3.4	3.9 Apr	-2.0	-5.9	-5.0	-1.1 Q1	1.2	-7.1	6.3	8.7 Q1
<b>Italy</b>	-1.1	-11.7	-3.2	0.8 Apr	-3.0	-8.6	-3.7	-0.1 Q1	2.7	-3.8	-2.2	-1.6 H2 10
<b>Spain</b>	-15.7	-12.1	-18.2	-34.8 Mar	-5.5	-11.0	-10.9	-10.2 Q1	0.7	-7.4	-3.9	-4.7 Q1
<b>Belgium</b>	-1.2	-6.9	-1.5	1.8 Mar	-0.1	-3.4	0.5	8.7 Q1 <sup>(2)</sup>				-
<b>Greece</b>	7.6	-17.4	-31.7	-16.9 Q1	-18.9	-12.3	-12.5	-16.2 Q1	1.7	-3.7	-4.0	-5.6 Q4
<b>Bulgaria</b>	12.1	-13.8	-18.0	-18.2 Apr	21.9	-17.6	-16.5	1.6 Q1 <sup>(4)</sup>	24.9	-21.4	-10.1	-5.6 Q1
<b>Morocco</b>			-		9.4	3.4	2.4	2.5 Q1 <sup>(2)</sup>	-	-	-	5.0 Q1
<b>Egypt</b>			-		11.8	14.2	12.9	-9.1 Q1 <sup>(2)</sup>				-
<b>China</b>			-		3.0	45.5	24.6	50.7 May <sup>(4)</sup>	27.4	2.9	6.5	1.2 Jun <sup>(5)</sup>
<b>Thailand</b>			-		-4.2	0.4	6.8	-2.0 Q1	-13.9	-9.3	-1.4	7.7 Q1
<b>India</b>			-		6.2	5.7	8.2	8.2 Q1 <sup>(2)</sup>				-

**Notes:**

\* yoy % ch, sa, unless otherwise indicated; <sup>(1)</sup> Production of dwellings ; <sup>(2)</sup> Gross value added; <sup>(3)</sup> Gross fixed capital investment; <sup>(4)</sup> Investment in fixed assets: construction; <sup>(5)</sup> Shanghai second-hand index

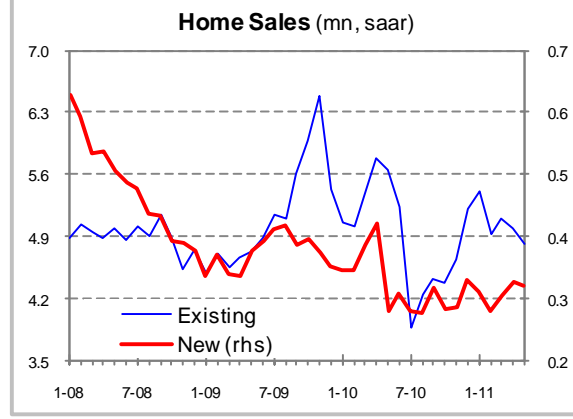
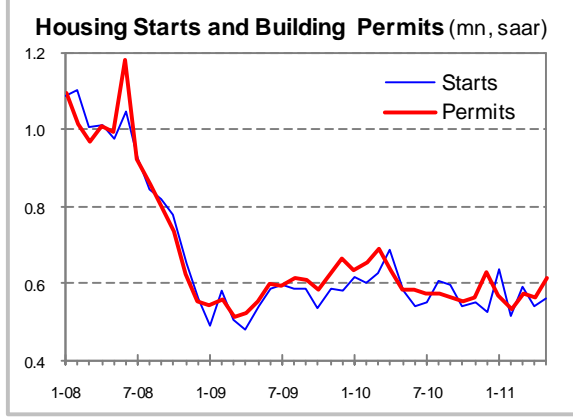
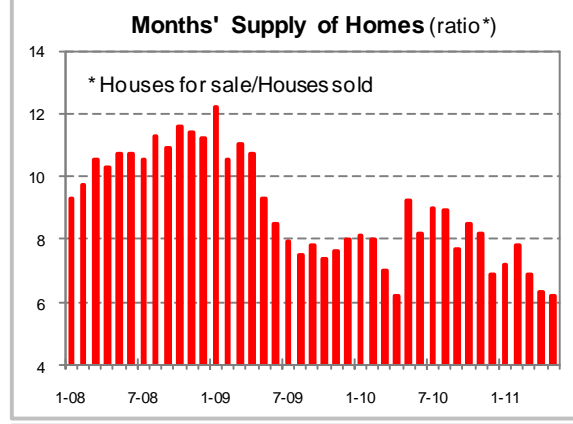
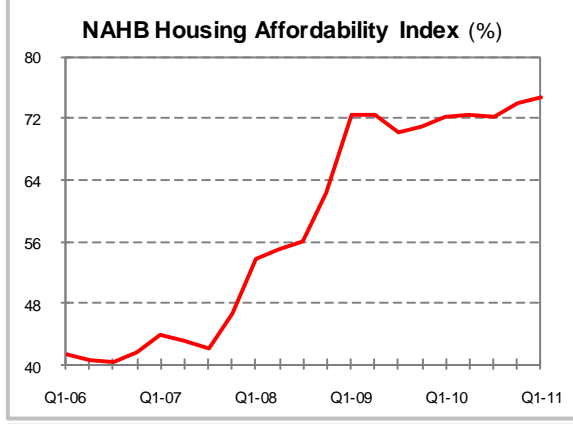
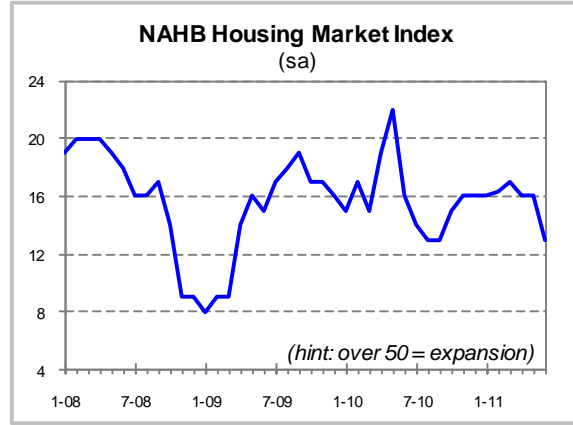
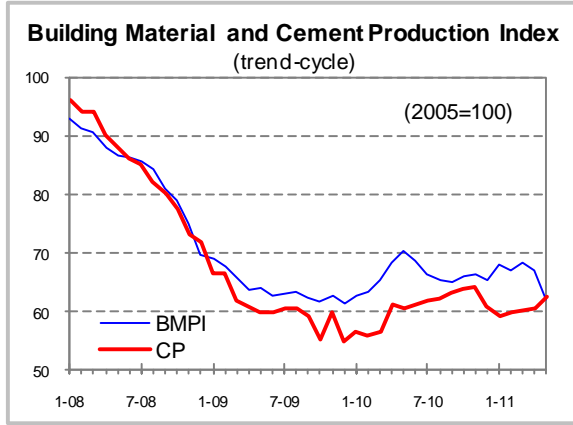
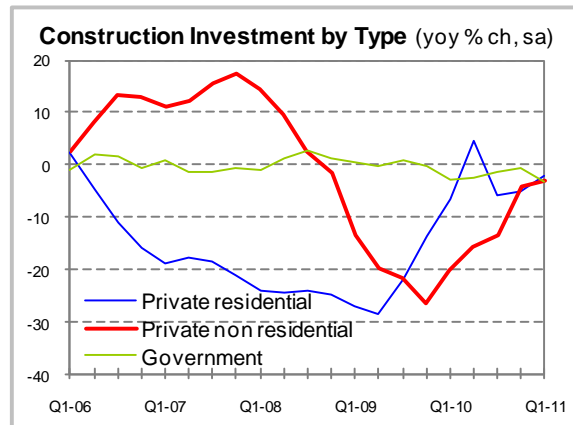
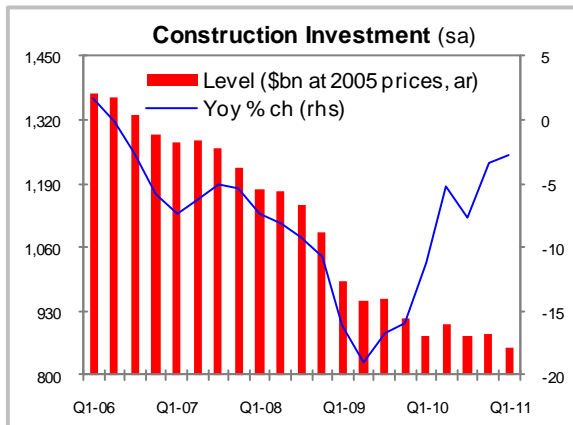
Sources: Eurostat, OECD, National Statistics

MAIN CONSTRUCTION INDICATORS

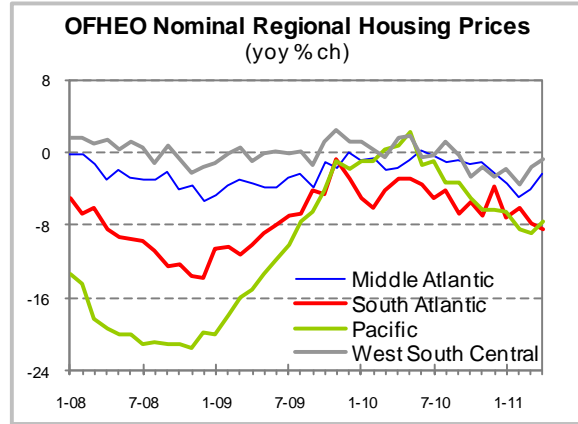
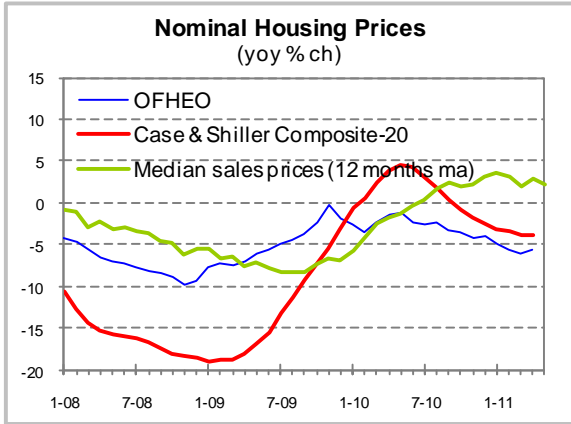
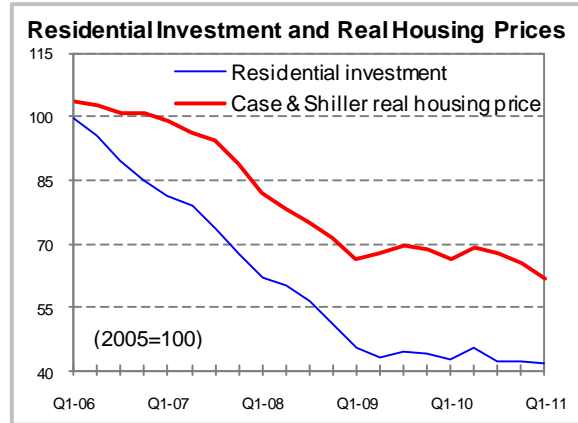
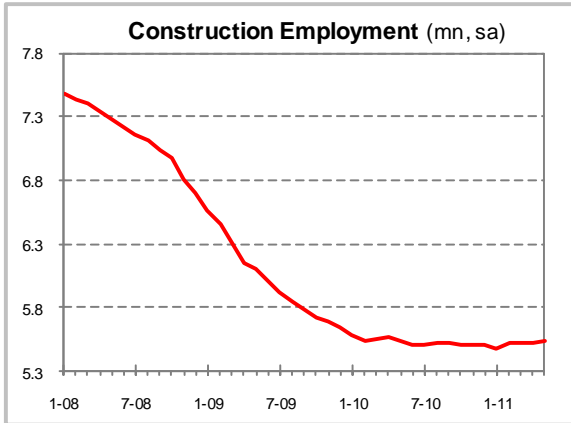
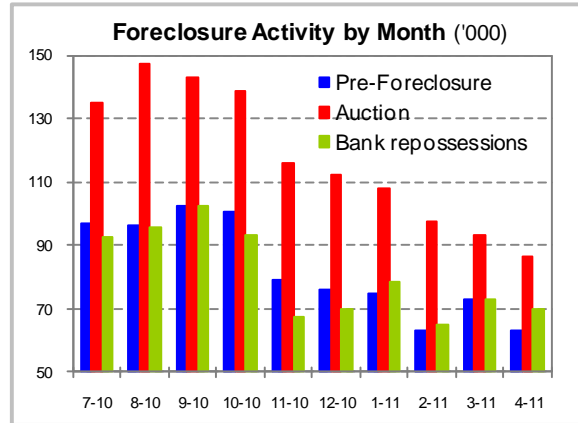
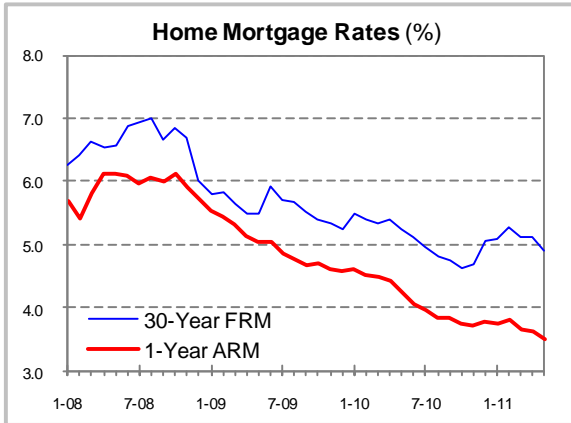
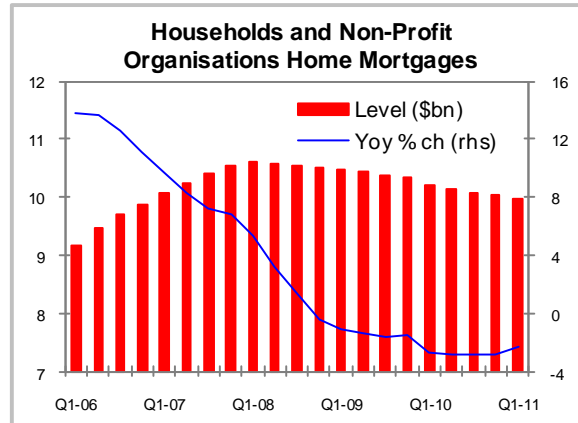
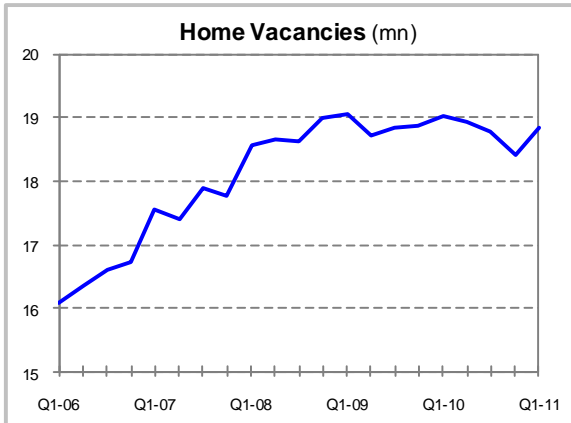


Sources: BEA, Eurostat, US Census, OECD

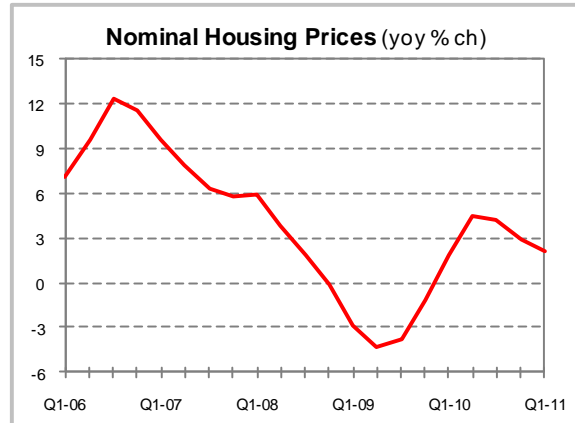
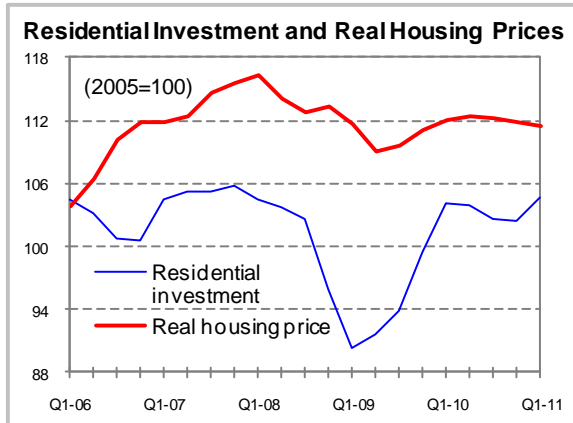
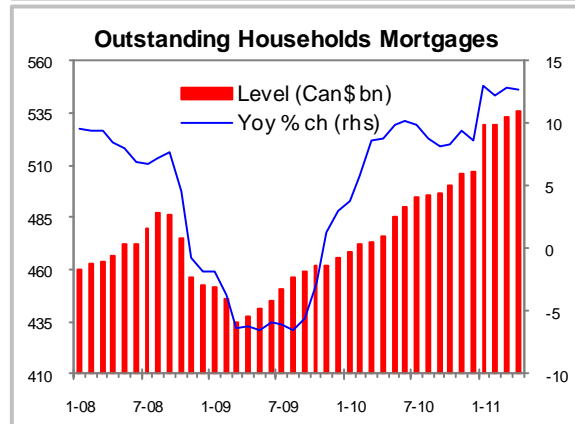
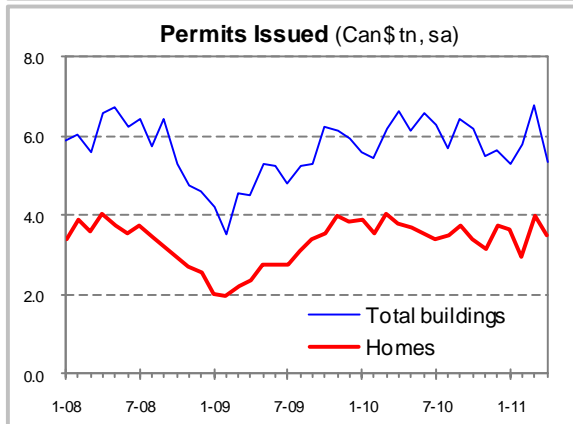
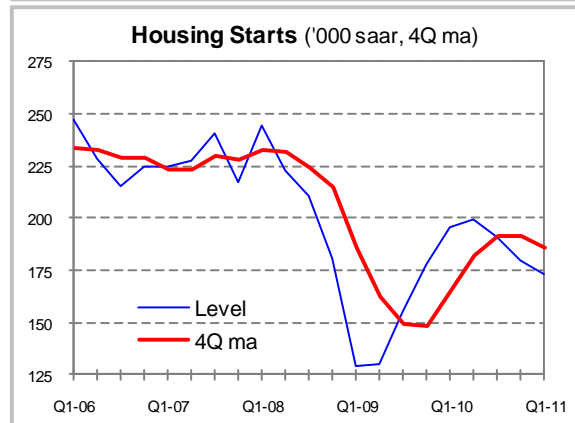
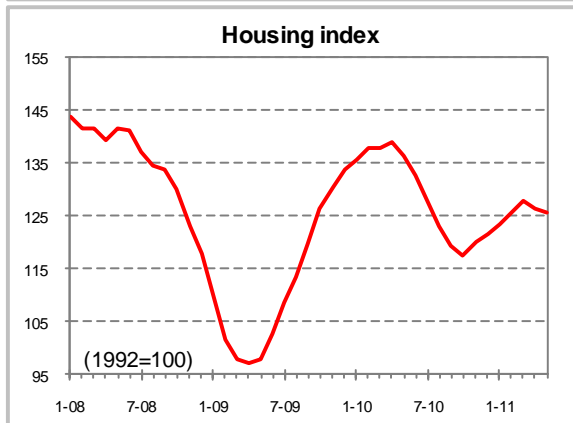
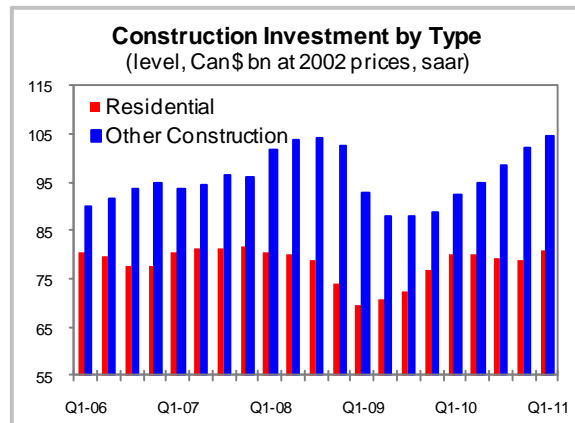
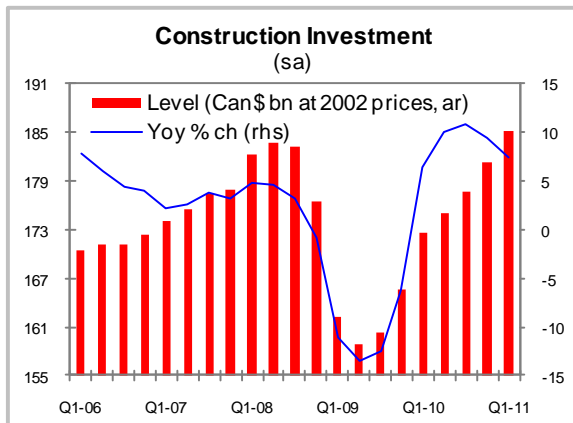
# UNITED STATES



UNITED STATES

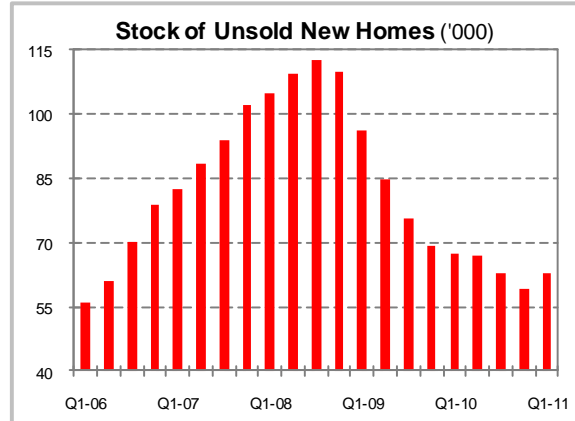
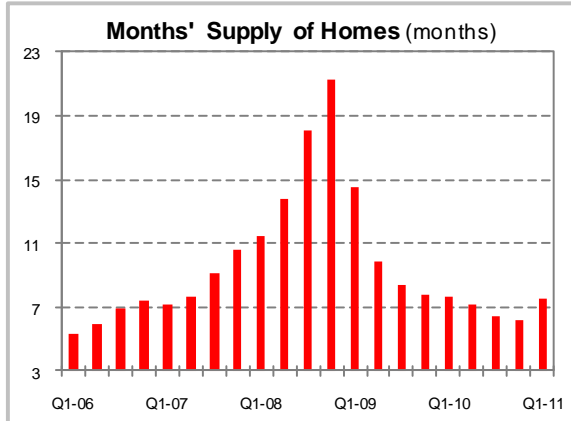
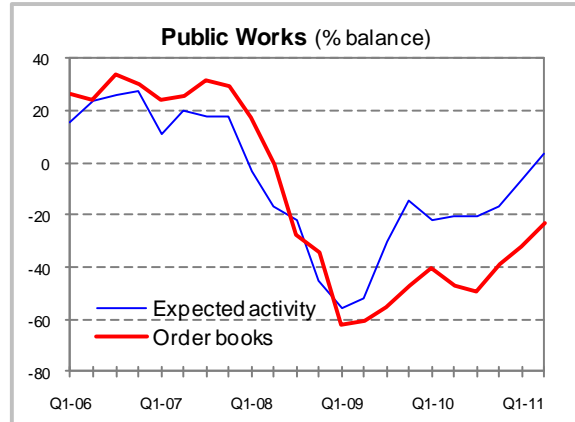
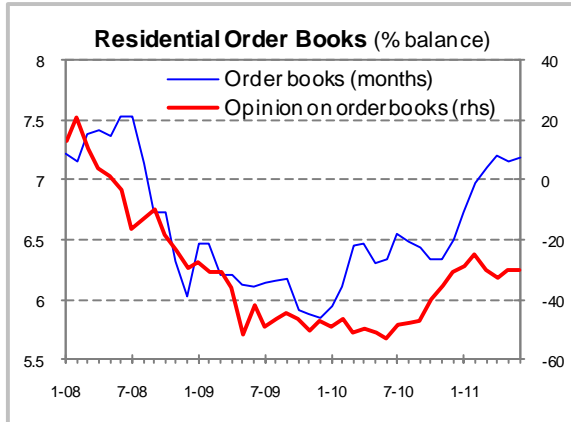
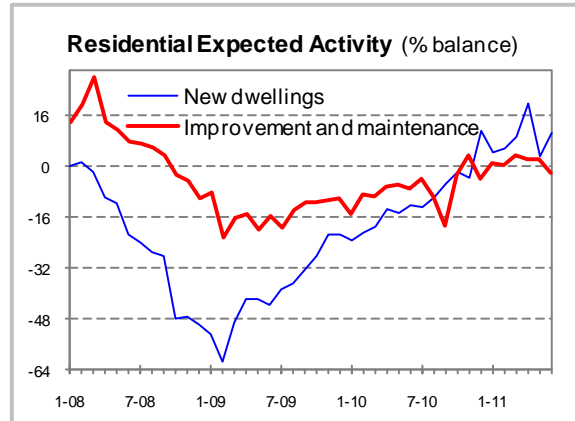
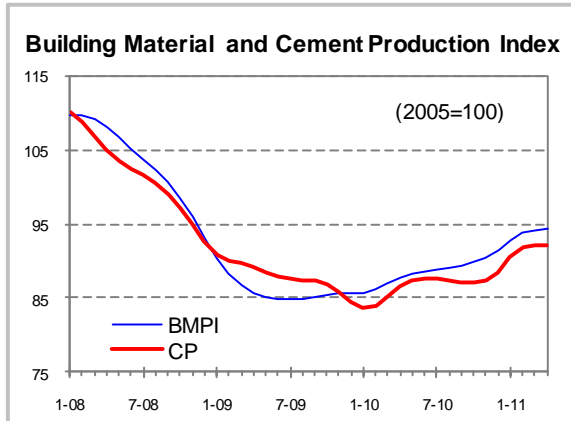
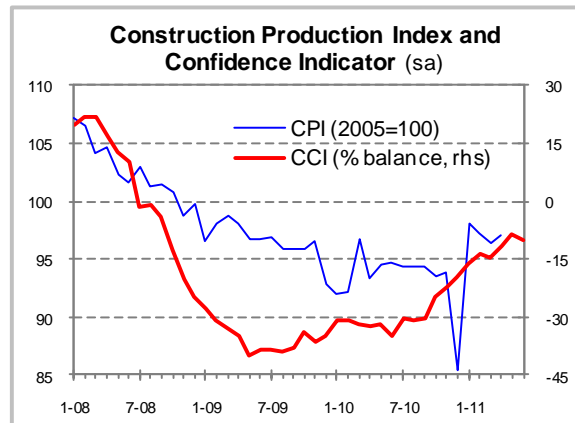
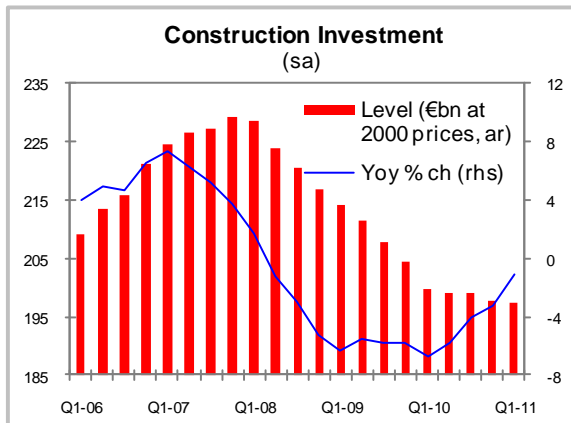


Sources: US Census, National Association of Home Builders, Dept. of Labour, HSH Associates, Bureau of Economic Analysis, Standard & Poor's, Bureau of Labour Statistics, OFHEO, RealtyTrac

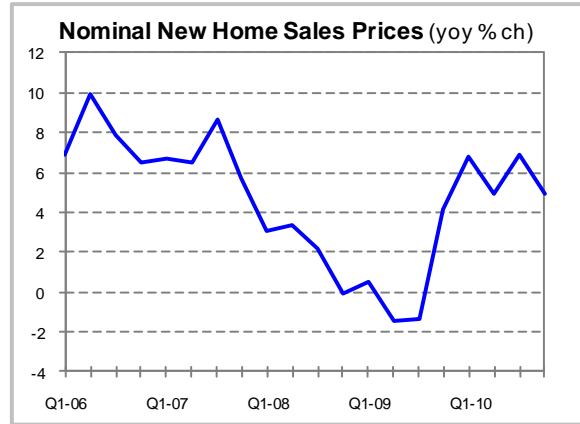
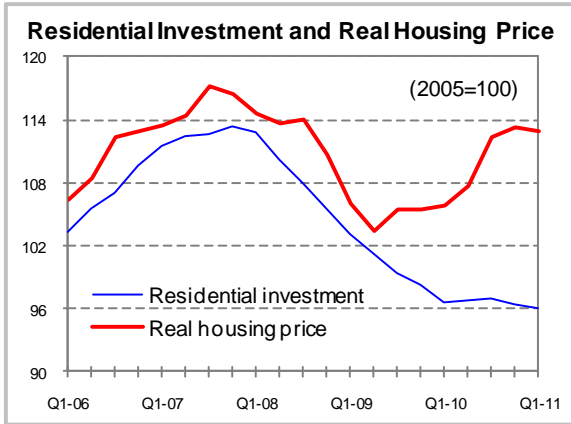
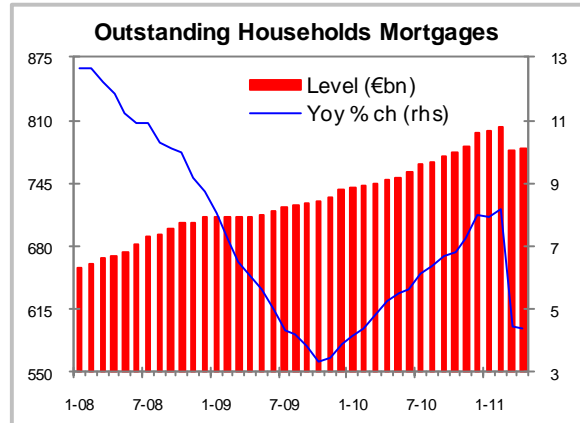
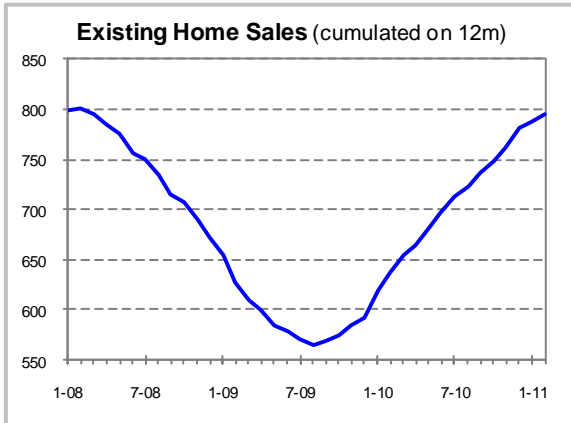
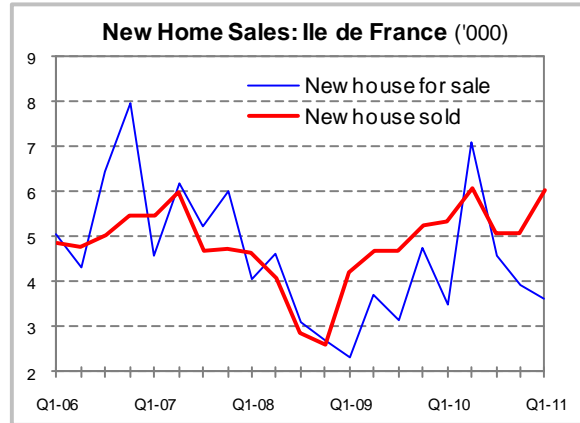
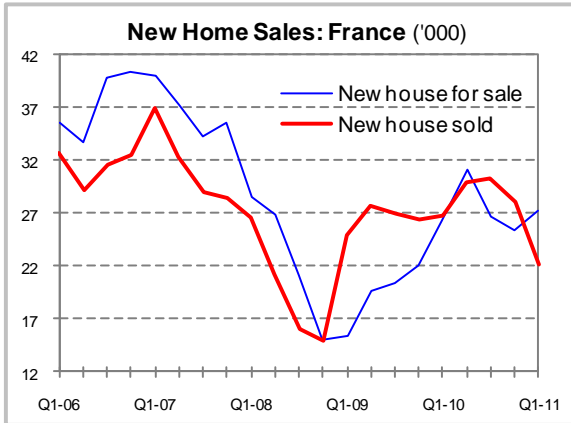
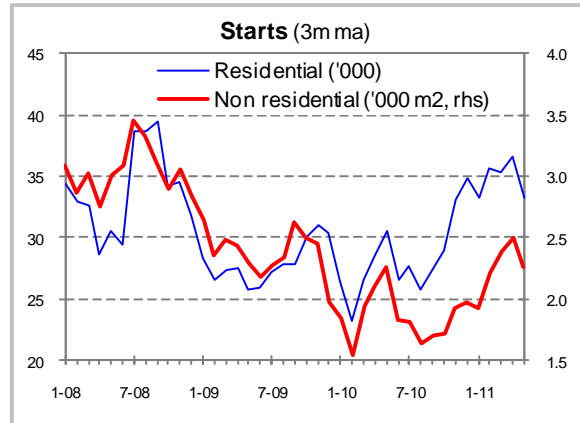
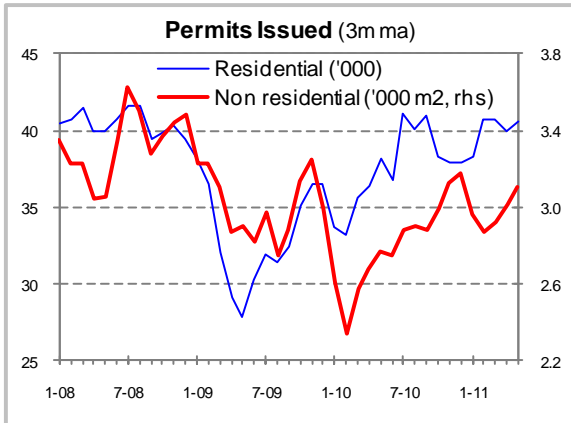


Sources: OECD, Canada's Statistics Agency, CMHC, Bank of Canada

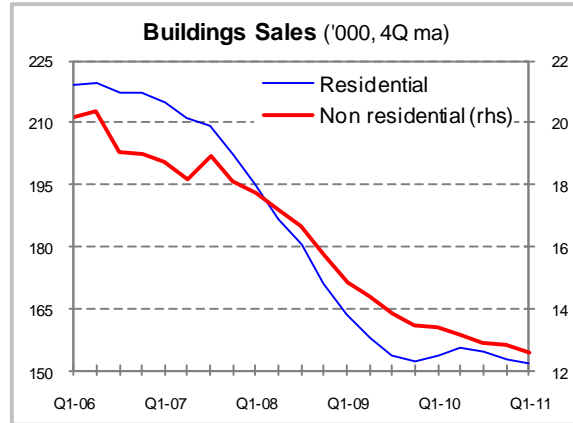
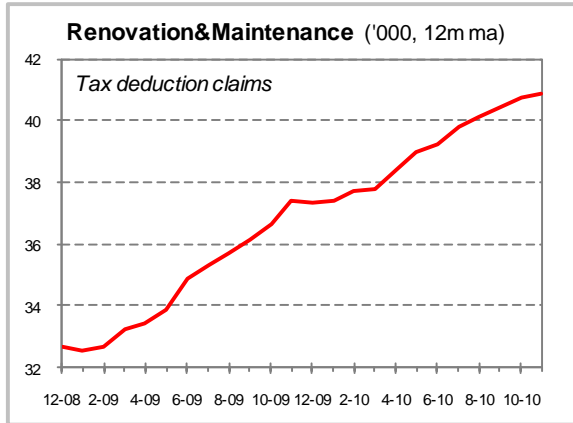
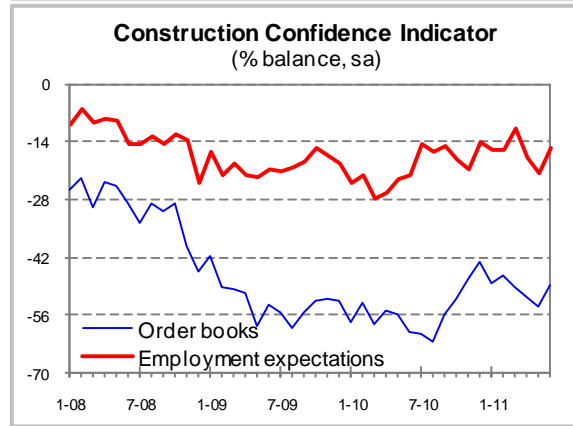
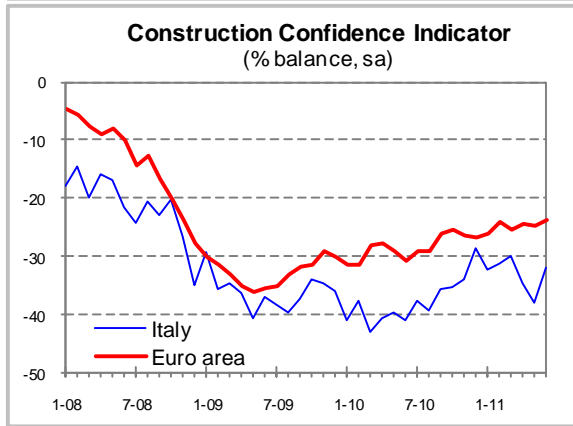
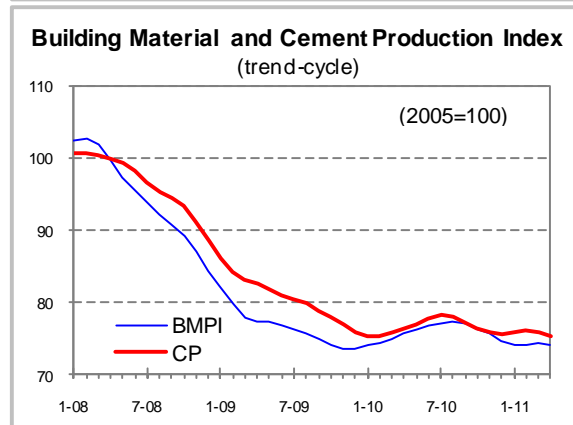
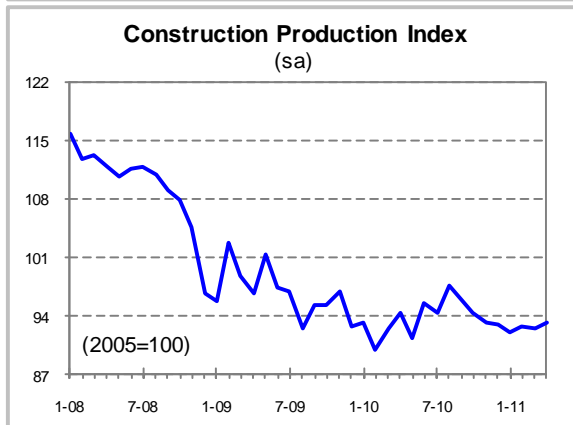
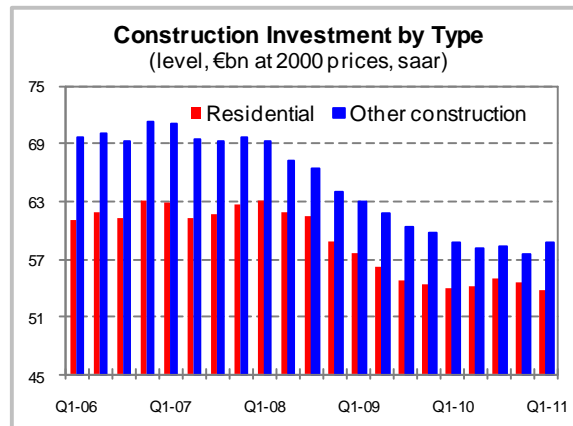
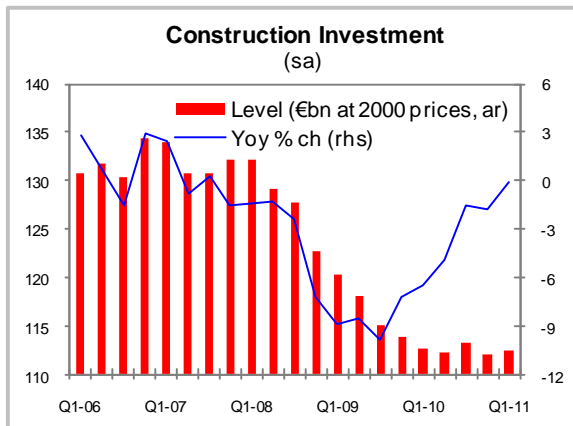




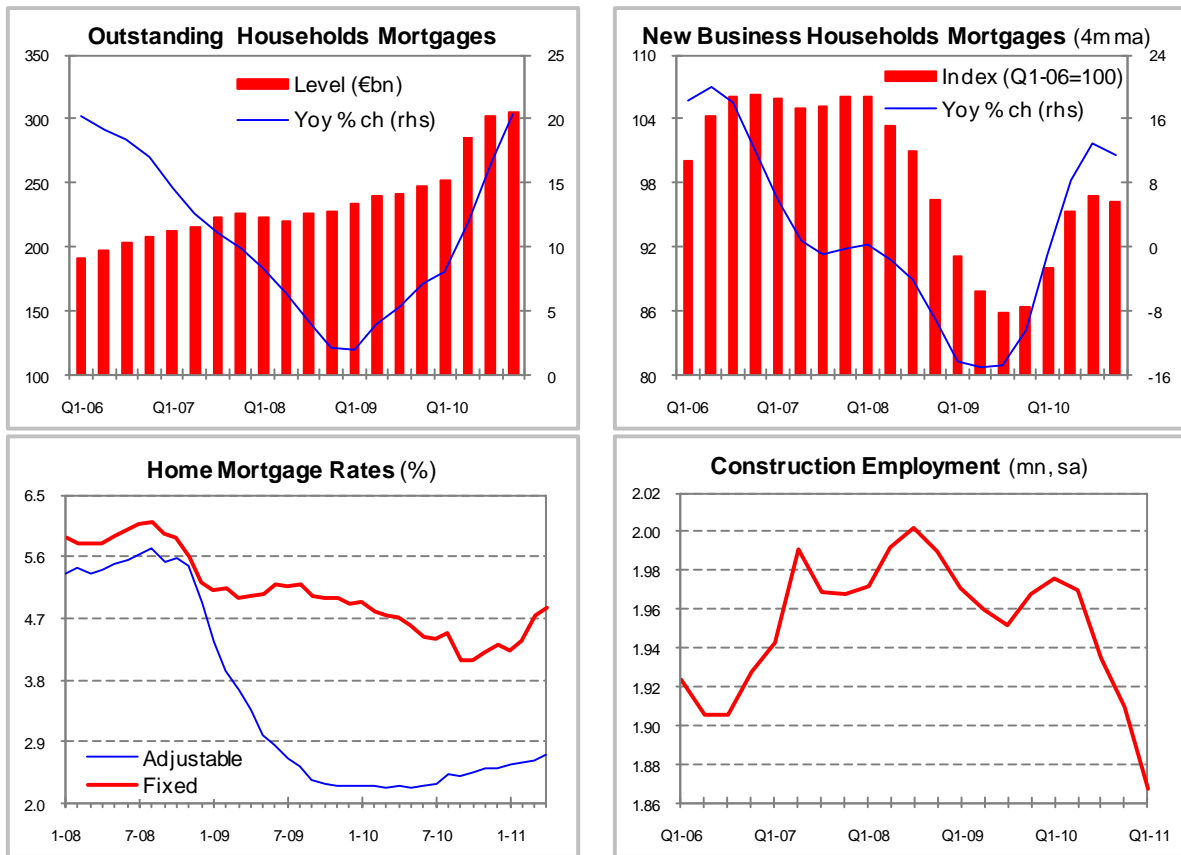
FRANCE



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

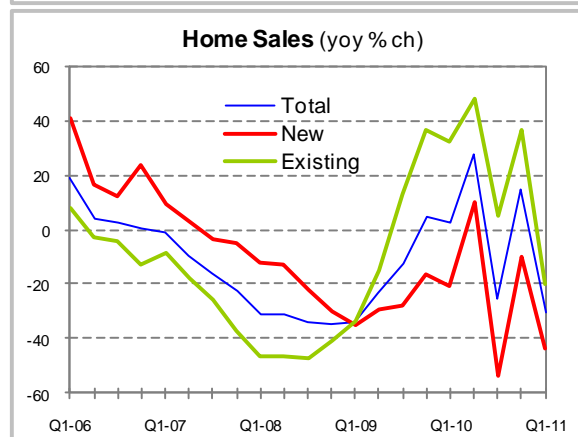
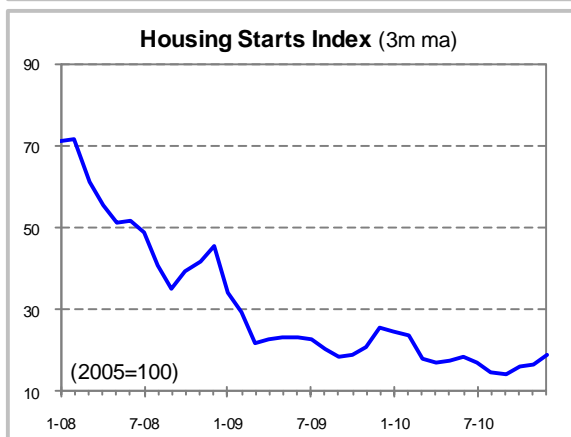
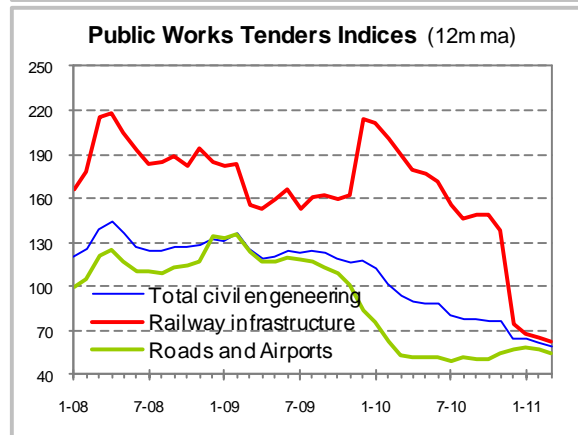
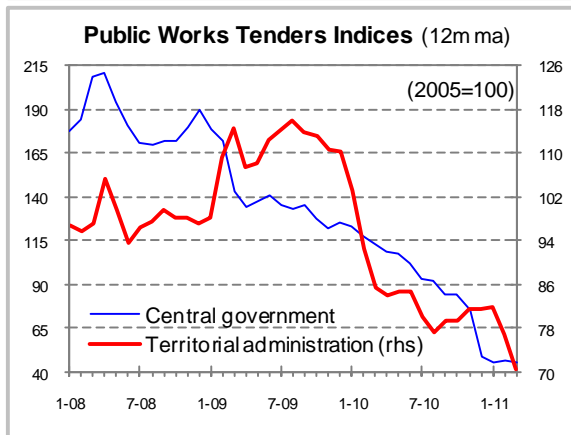
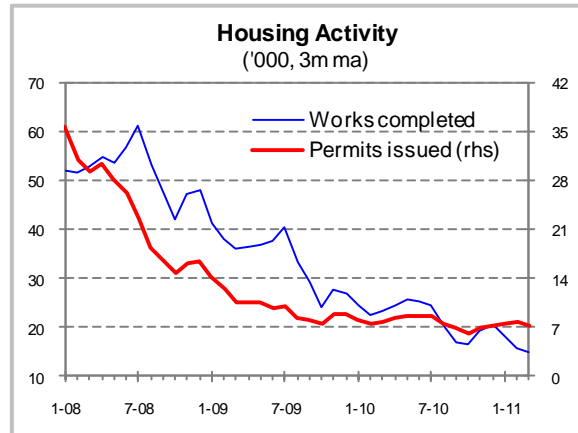
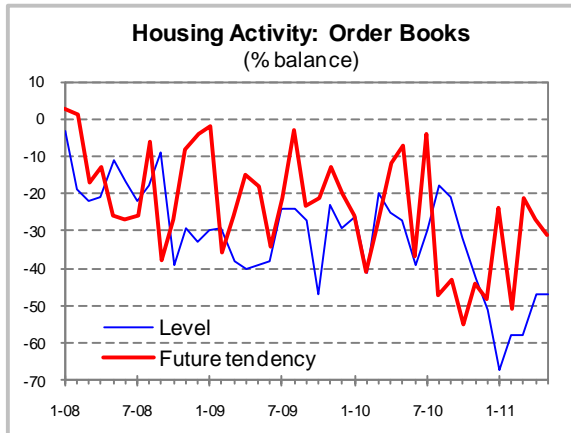
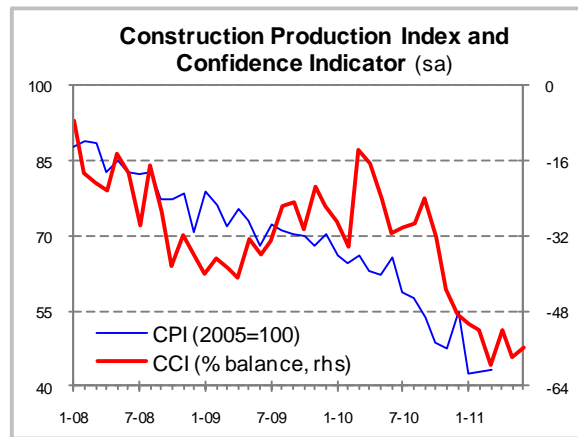
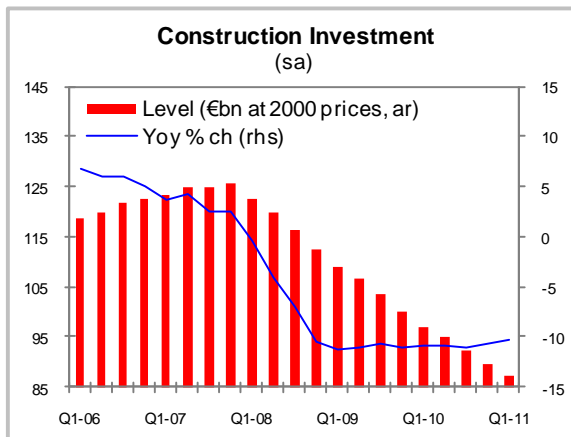


# ITALY

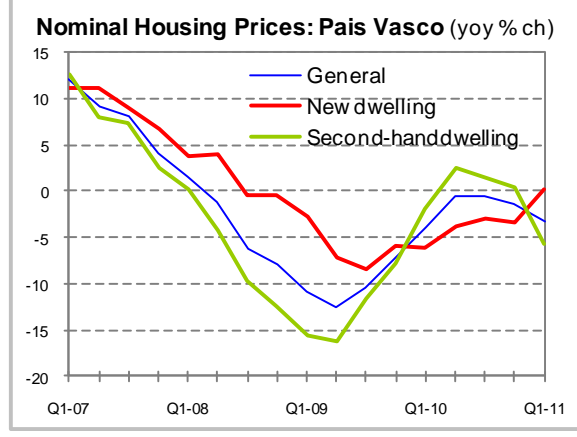
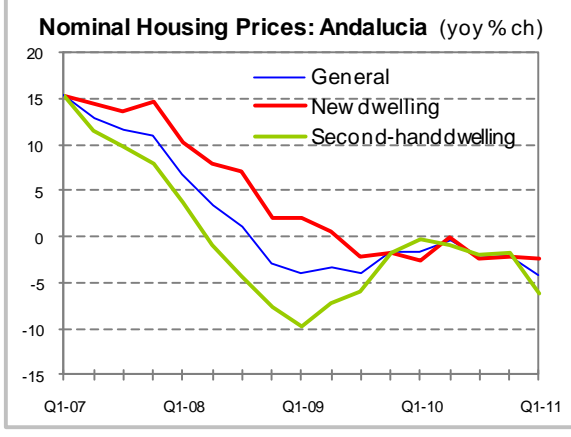
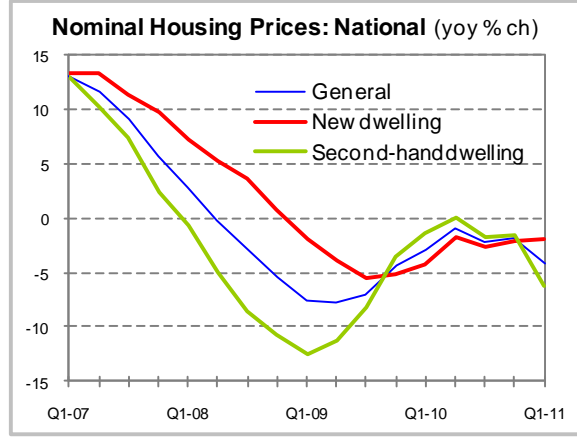
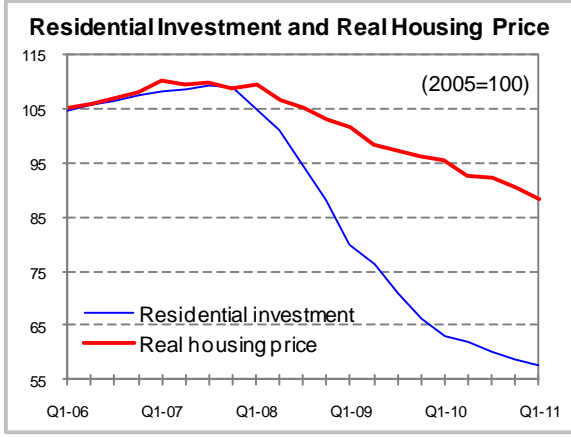
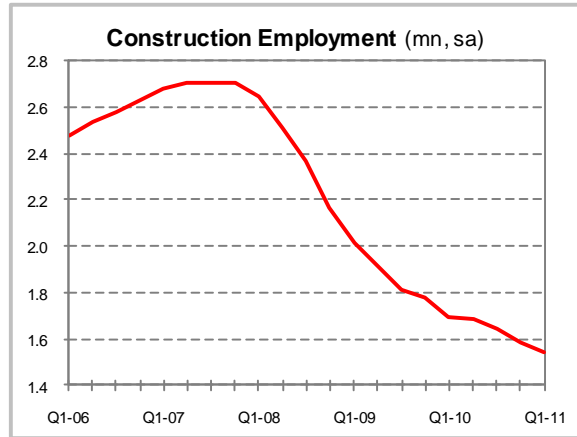
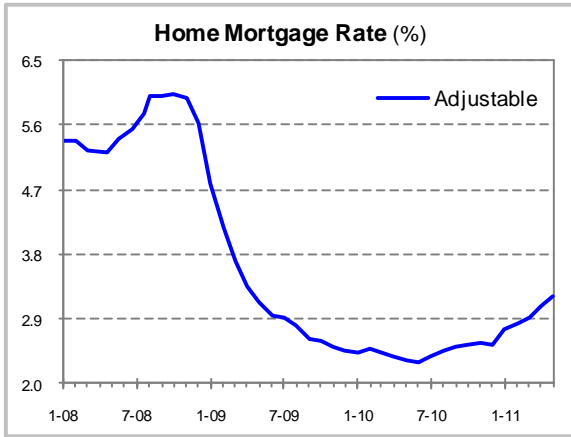
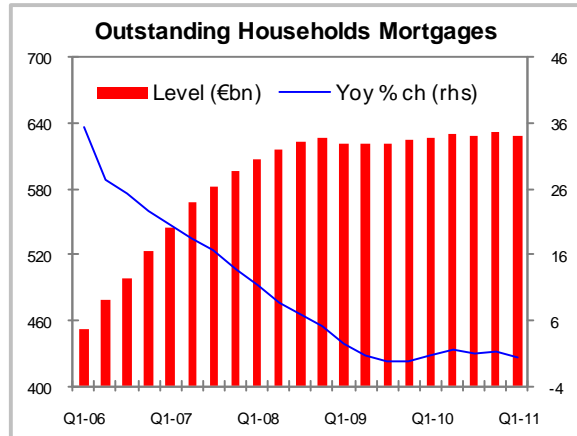
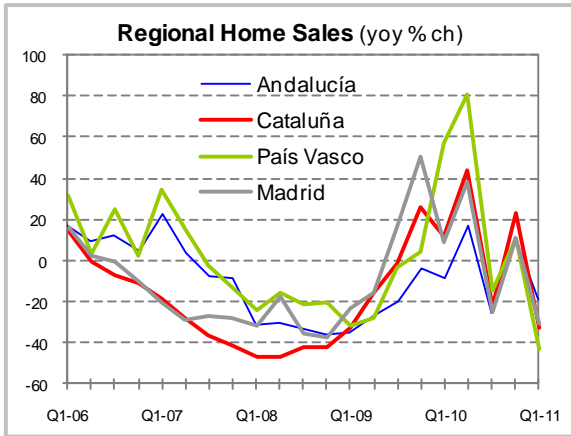


Sources: ISTAT, European Commission, Banca d'Italia, Eurostat, Agenzia del Territorio, Agenzia delle Entrate

# SPAIN

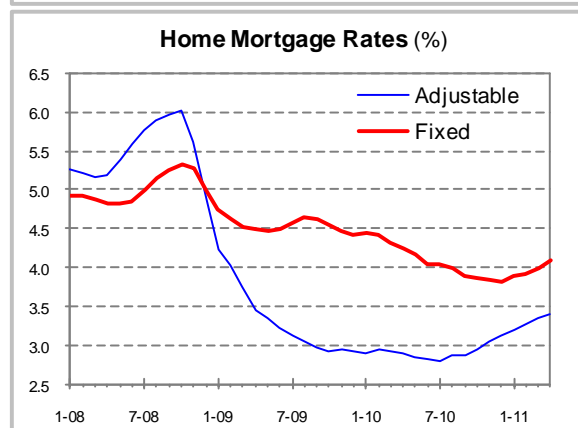
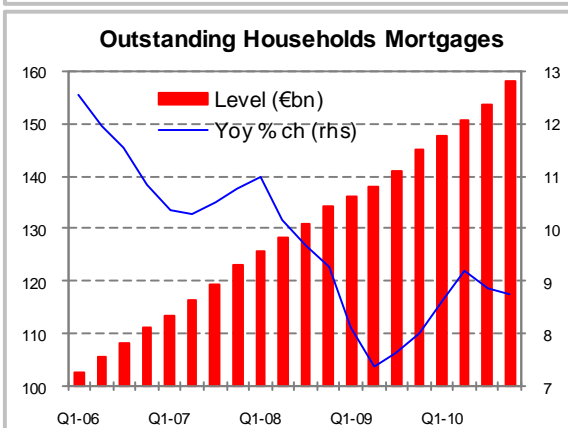
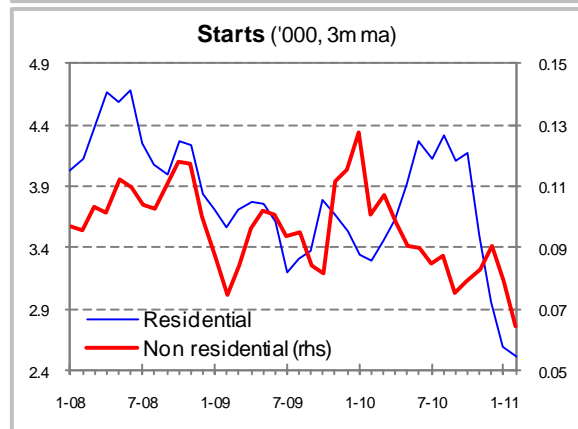
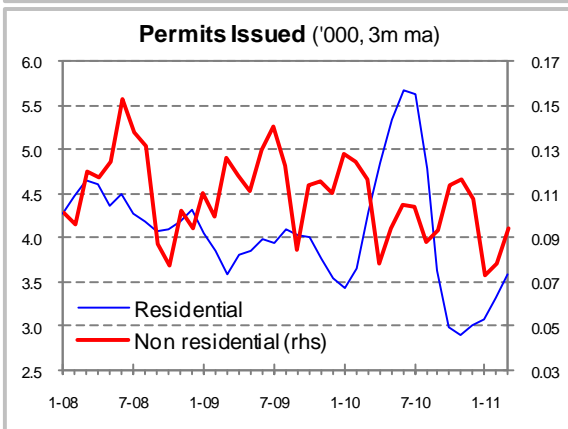
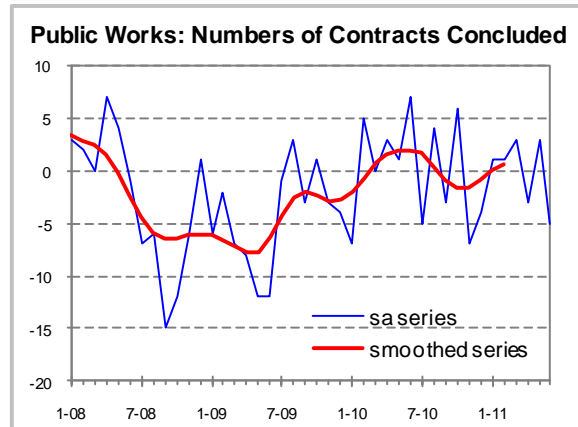
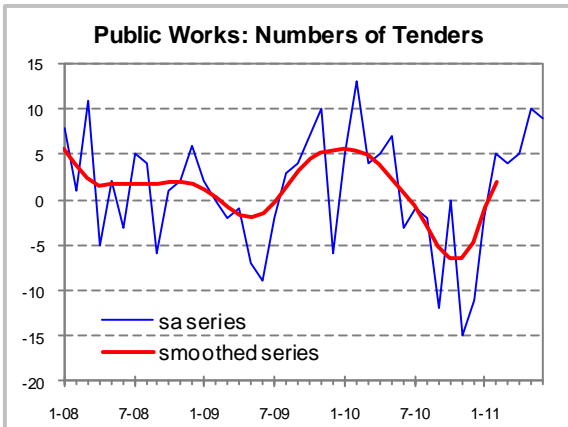
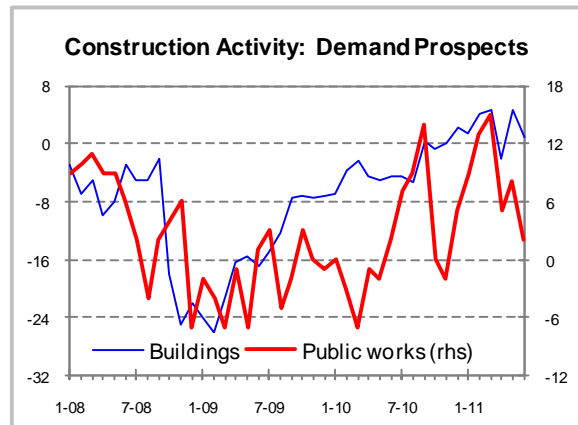
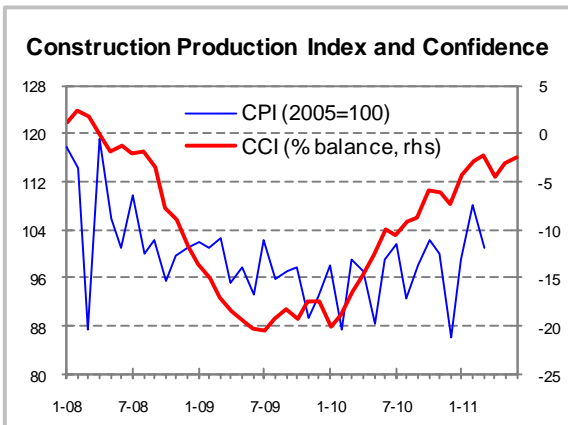


SPAIN



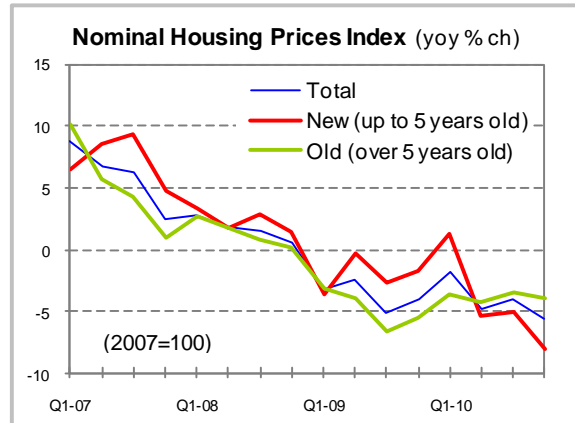
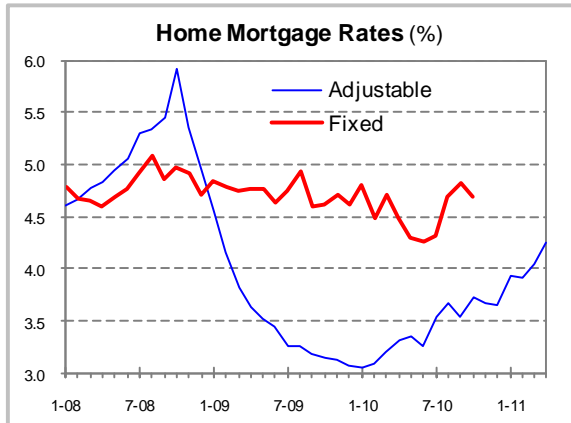
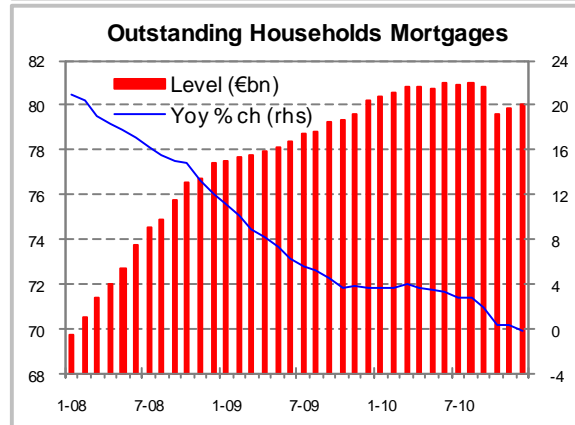
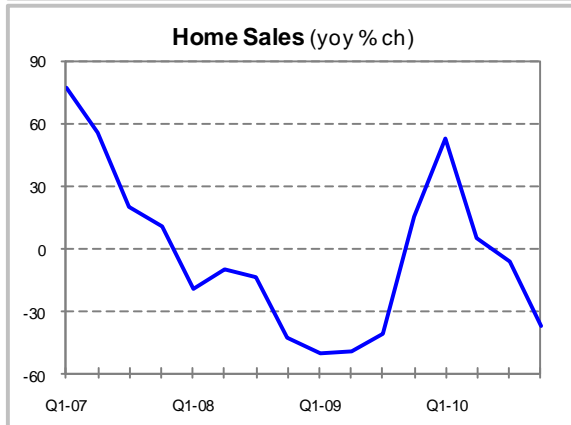
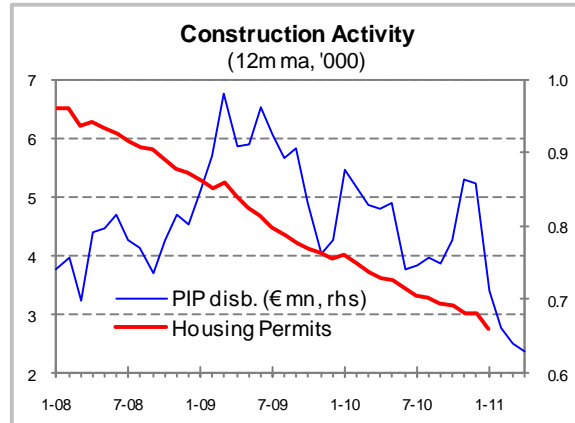
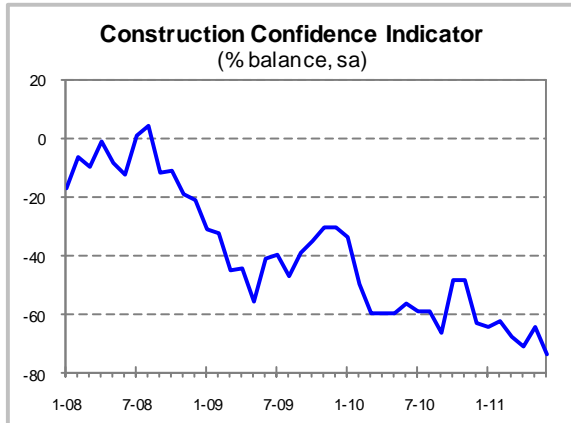
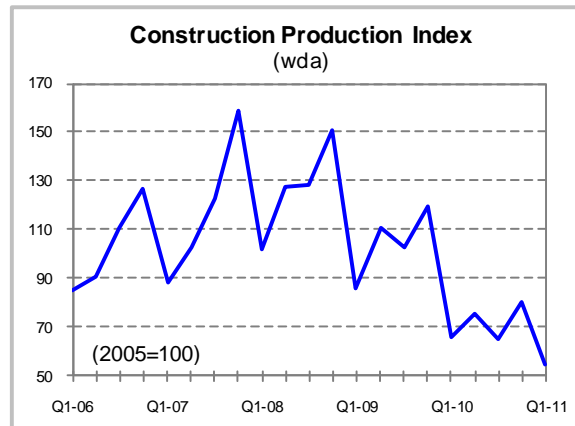
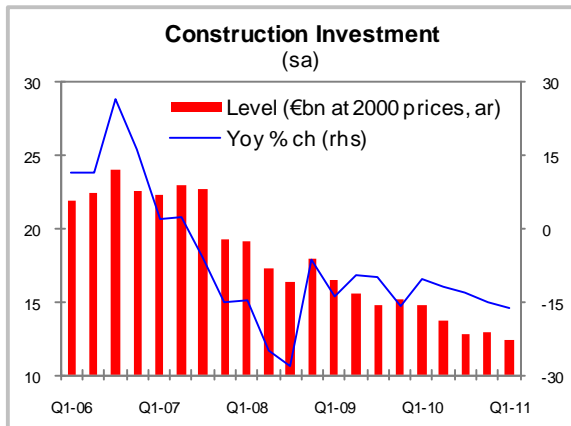
Sources: INE, European Commission, Banco de Espana, OECD, Ministerio de Fomento

# BELGIUM



Sources: European Commission, Belgostat

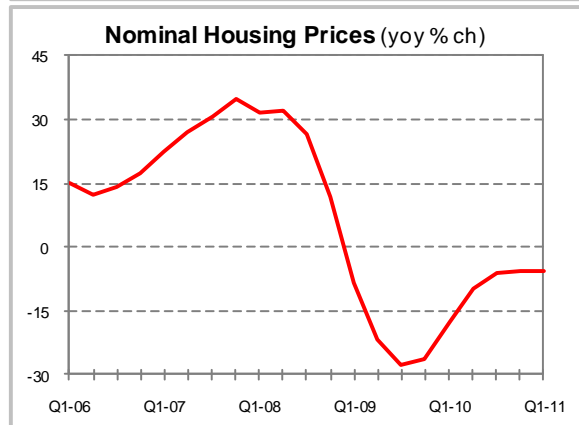
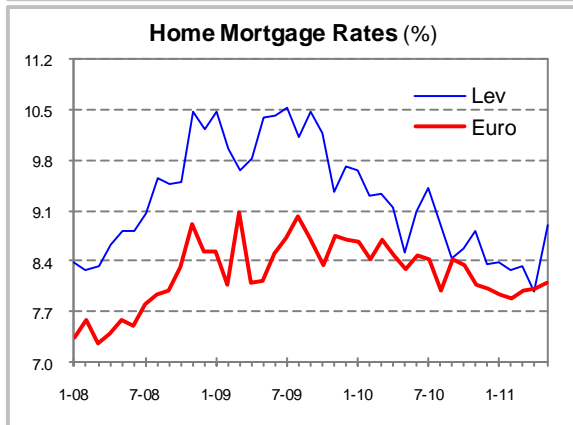
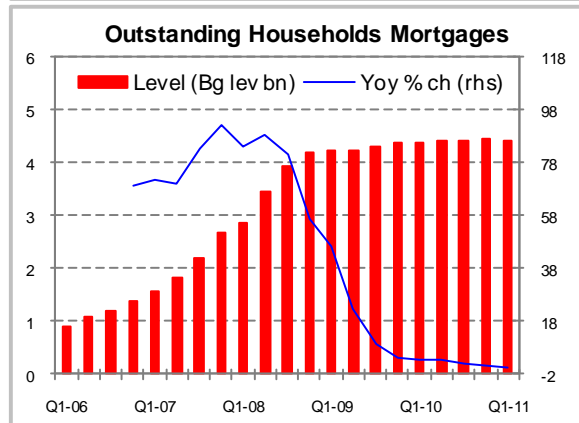
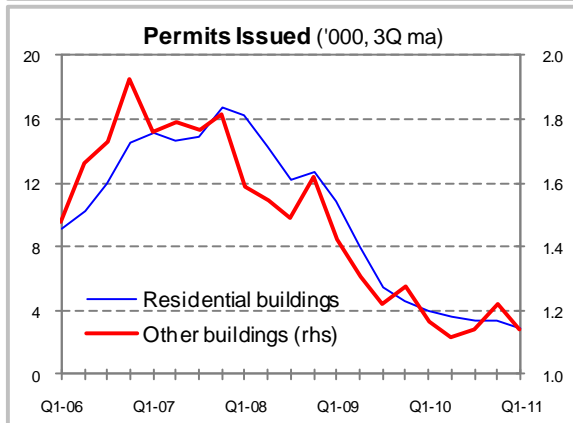
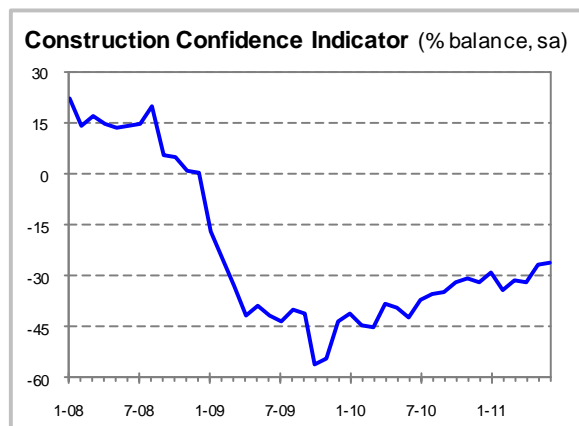
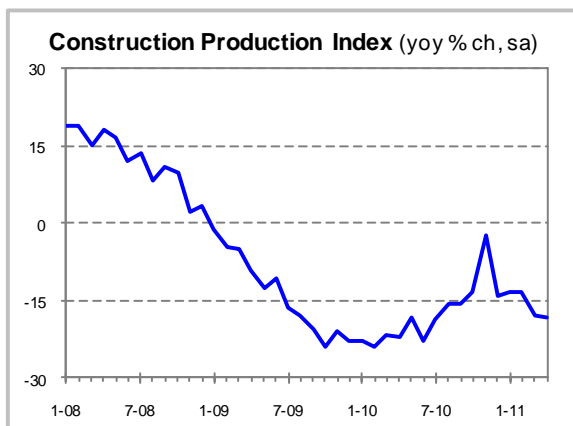
# GREECE



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

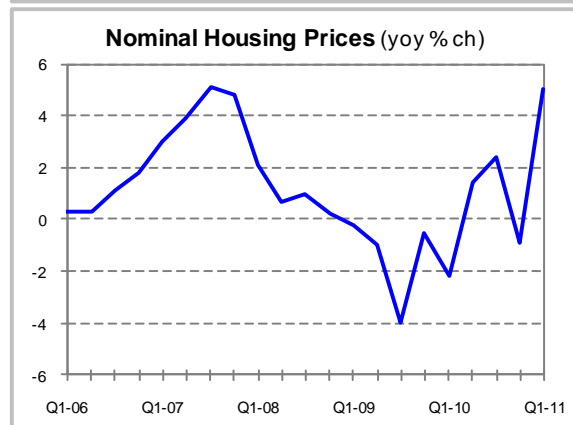
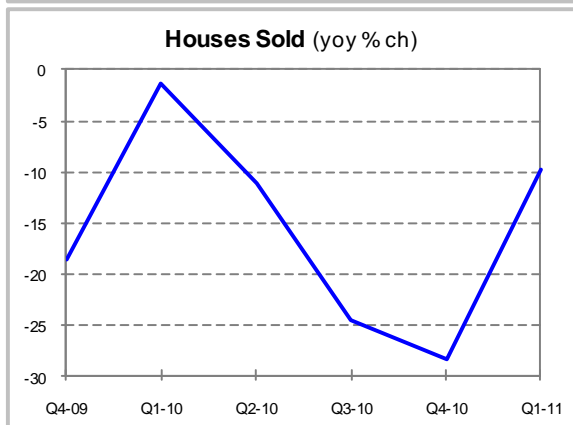
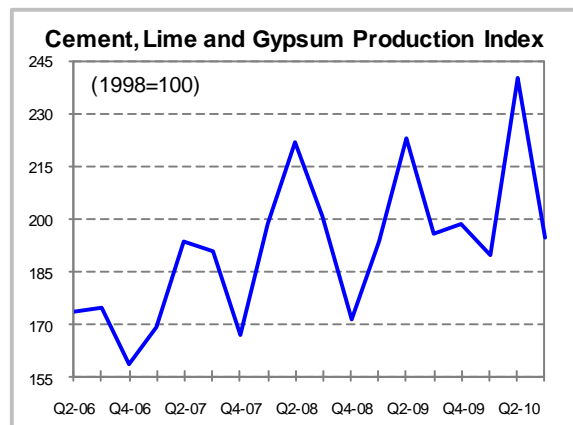
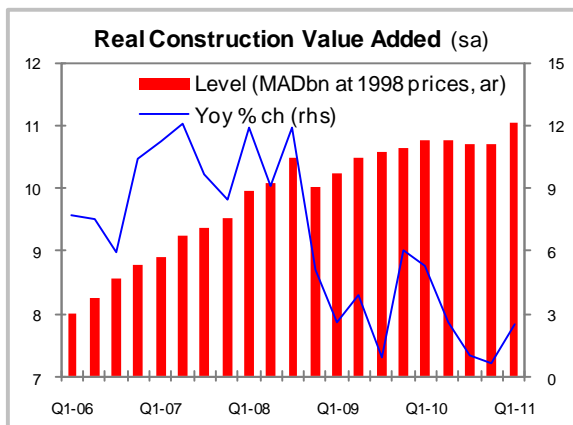


# BULGARIA



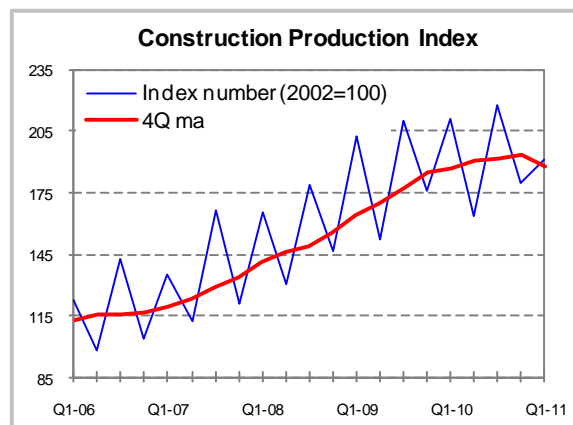
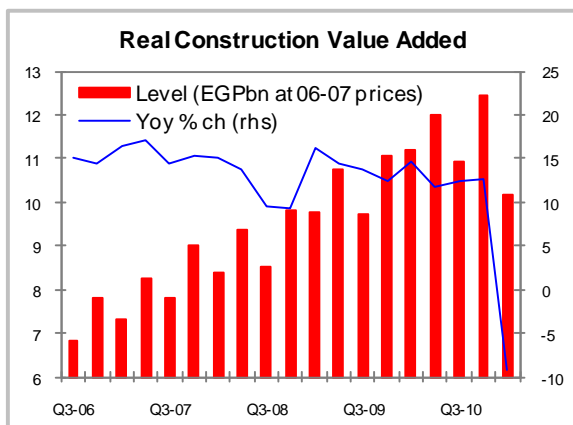
Sources: Eurostat, European Commission, National Institute of Statistics, Bulgarian National Bank

# MOROCCO



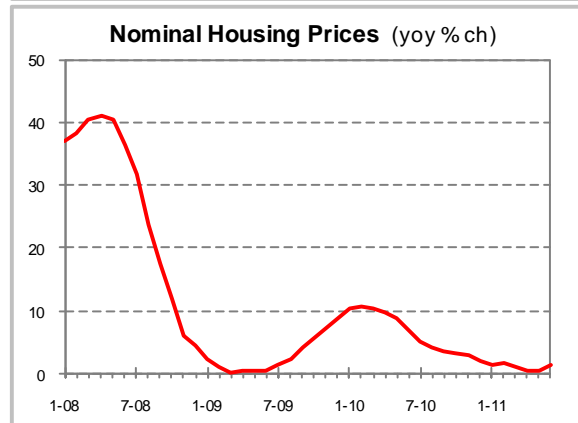
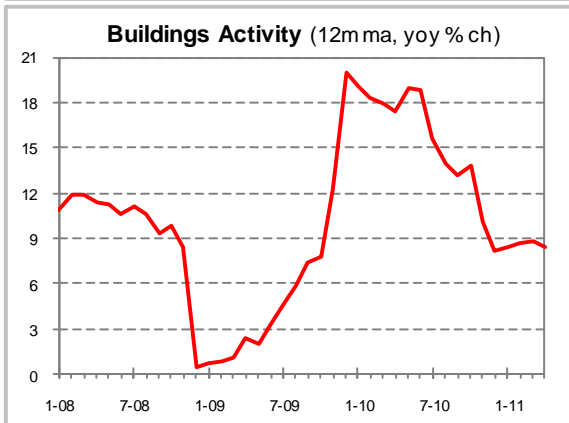
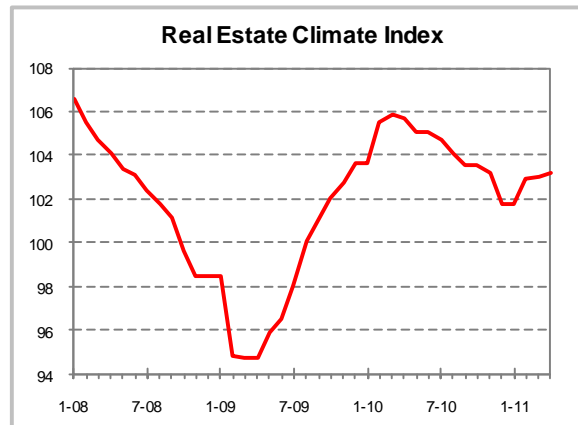
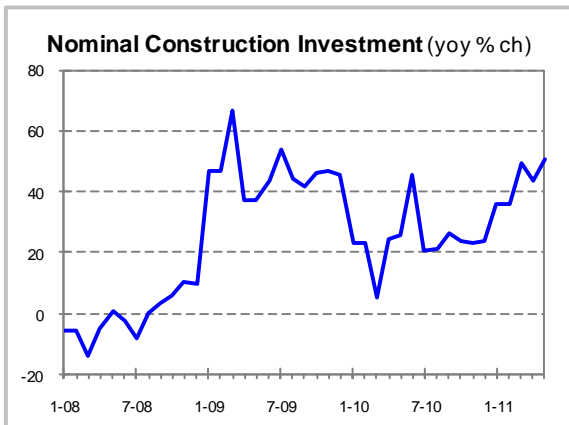
Source: Haut-Commissariat au Plan, ANCFCC

# EGYPT



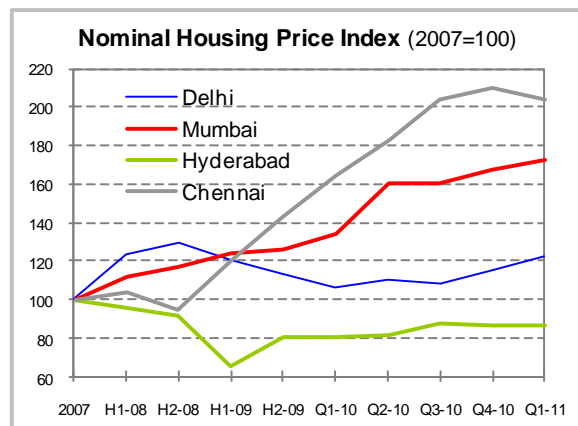
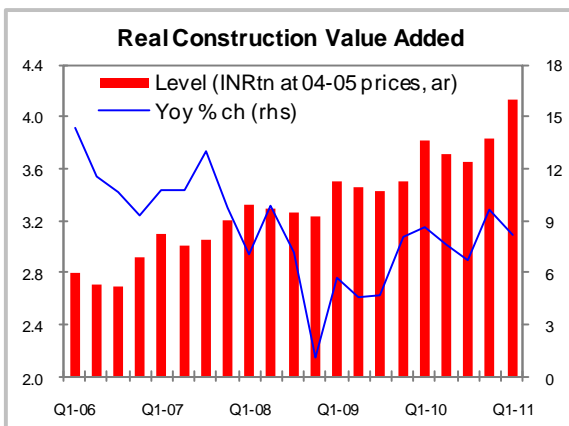
Source: Ministry of Finance

# CHINA



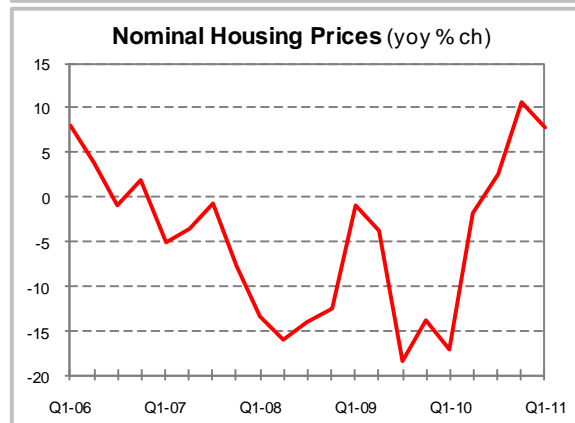
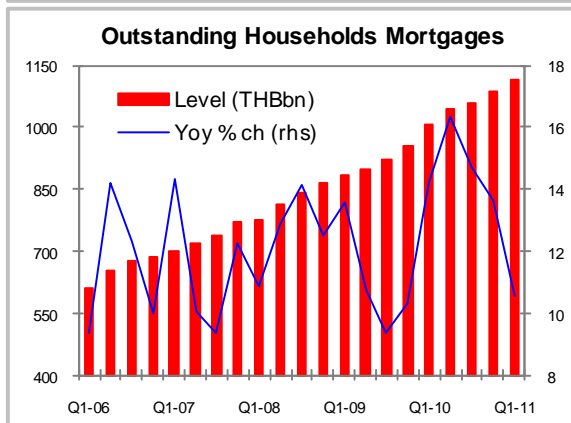
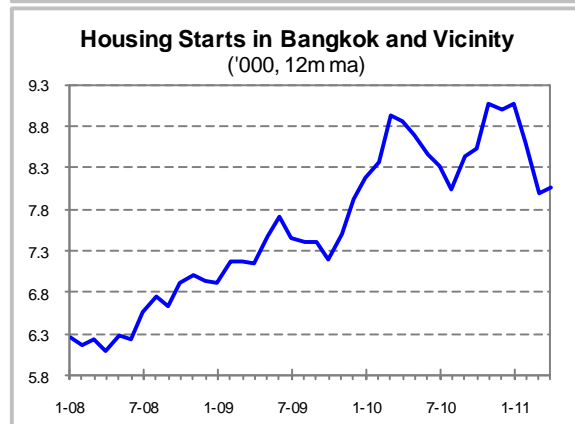
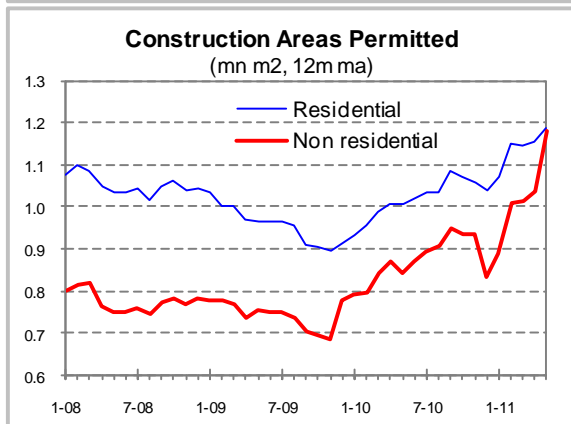
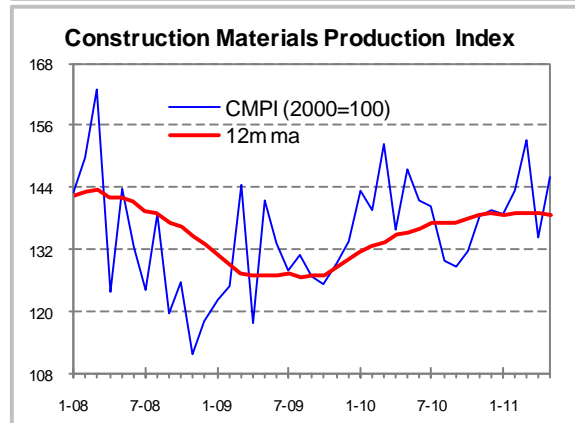
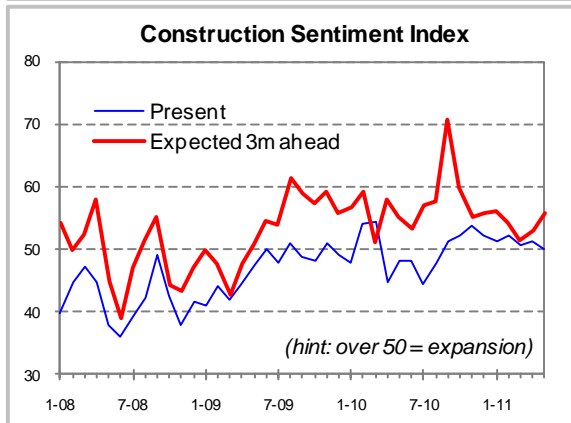
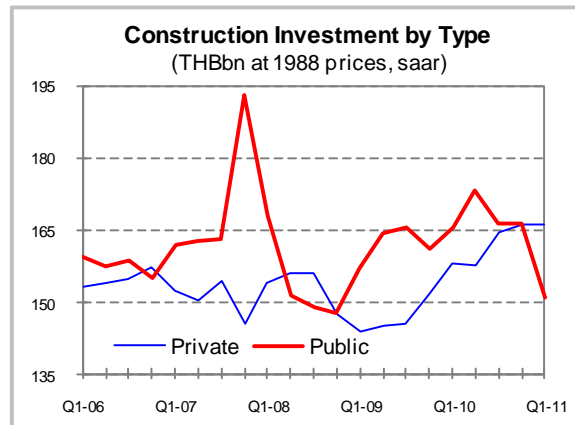
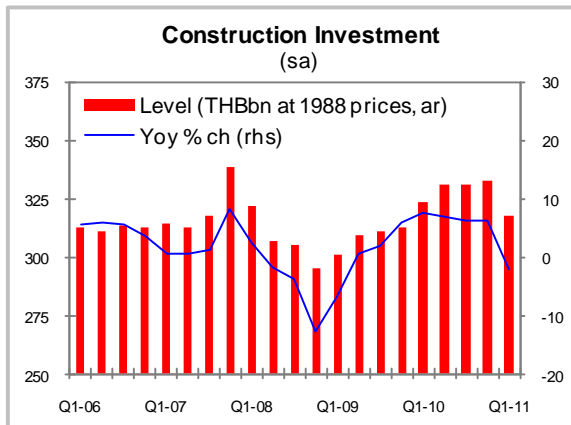
Sources: OECD, National Bureau of Statistics, Ehomeday

# INDIA



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

# THAILAND



Source: Bank of Thailand