

Construction Profile in ITC Group Countries

N. 2 – July 26th 2012

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 July, 26th 2012
Available in i.like

HIGHLIGHTS

- The new round of financial crisis in the euro zone is clearly not helping construction to come out from its long recession, particularly in the southern euro countries. As a matter of fact, in these countries extremely weak economic conditions (output keeps falling in Spain and Italy and at a more impressive pace in Greece), growing unemployment, tight credit conditions, and increasing fiscal austerity make up the recipe for a continuing construction decline. On the other hand, in the US the sectoral recovery is now plainly unfolding although at a pace far below past recoveries. However, prospects are threatened by the weak federal budget position which needs bold corrective action soon after next November presidential elections.
- The construction cycle is also diversified within the Group emerging countries, but on balance, construction keeps expanding at a fairly good pace. In addition, positive news stems from Thailand which is experiencing a rebound after the floods that hit the country last year and – to some extent – also from Egypt where the impact of domestic political turbulence over construction activity has proven so far less severe than previously forecast (although risks still loom ahead).

COUNTRY FOCUS

- In **Italy**, construction recorded a sharp decline in Q1 12 (-3.3% qoq) mainly due to the worsening of macroeconomic conditions. Latest coincident and leading indicators confirm that sector activity is set to remain depressed also in the next few months: home sales decreased steeply in Q1 12 (-19.6% yoy), the construction confidence indicator remained in the doldrums in June, while the building material production index hit a new low in June. On the other hand, tax deduction claims for renovation&maintenance works continued to perform fairly well also in the first months of 2012 and will continue to support construction investment given the extension (until June 2013) and enlargement of the fiscal bonus for property renovation (the rate has been raised to 50% vs. the previous 36% and the amount eligible for the tax deduction has been doubled). The non-residential component stood mired in recession in Q1 12 as a consequence of anaemic domestic demand and tight credit conditions. As for public works, activity levels are expected to contract dramatically for the rest of 2012, mainly given the constraints related to fiscal consolidation. In addition, measures approved by the government last June with a growth-enhancing package aimed at boosting new infrastructure investment – i.e. mainly by attracting private capital – will take some time to bear fruit.
- In **France**, the construction sector contracted in Q1 12 (-0.2% qoq) after four quarters in a row of recovery, mainly due to a weaker than expected performance of the non residential sector (-0.7% qoq). Leading indicators show that residential investment is set to slow down also in the third quarter, as a consequence of worsening macroeconomic conditions and the fading impact of the expiring tax and mortgage incentives. In the non residential sector building permits and starts contracted by 3 and 17% yoy, respectively, in the January-May period, and activity is expected to remain sluggish due to tighter credit conditions, uncertain demand prospects and declining capacity utilization rates. Fiscal budget constraints are in turn impacting heavily on public works.
- In **Morocco**, construction value added slowed down in Q1 12 (+5.7% yoy against +7.2% yoy in Q4 11). However, according to sector indicators, activity should rebound in H2 12 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 is benefiting from the ongoing “Villes sans bidonvilles” project which aims to build roughly 500k low-income houses between 2012 and 2016.

MAIN CONSTRUCTION INDICATORS

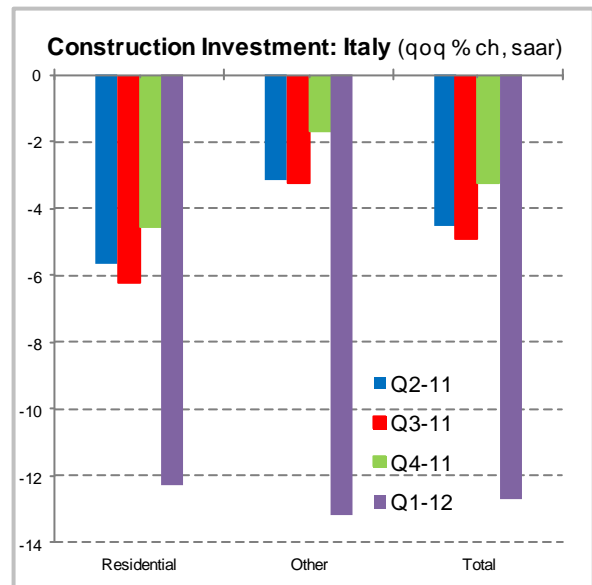
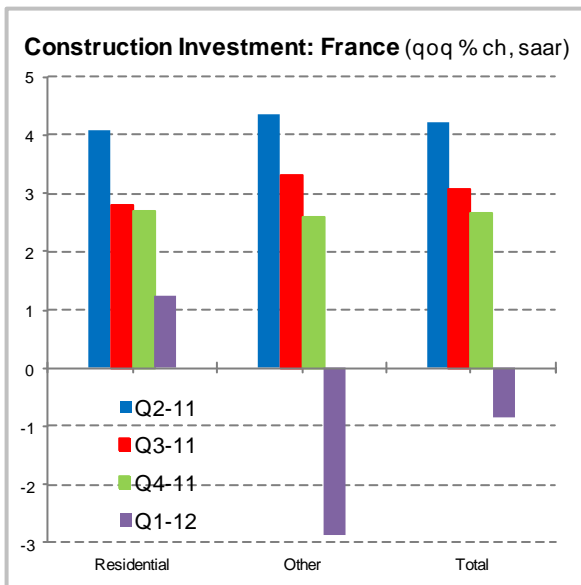
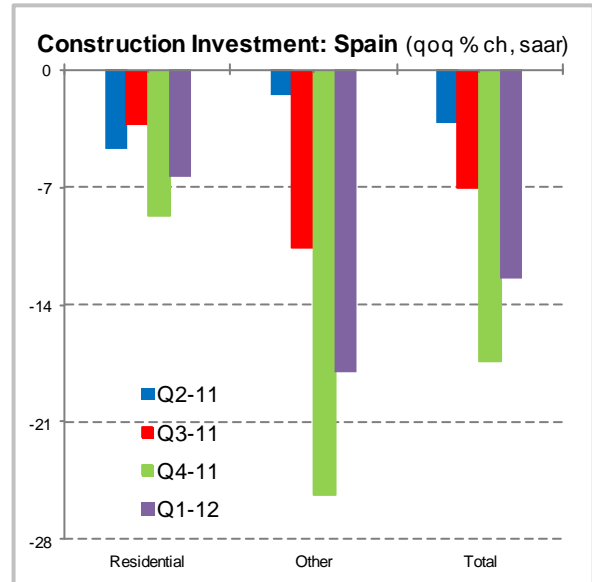
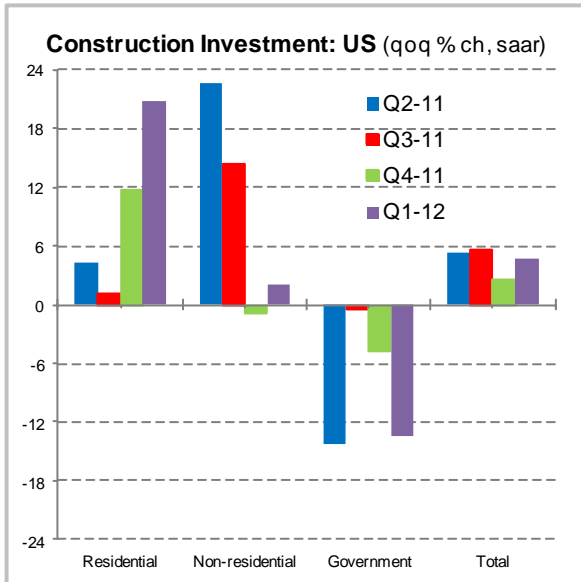
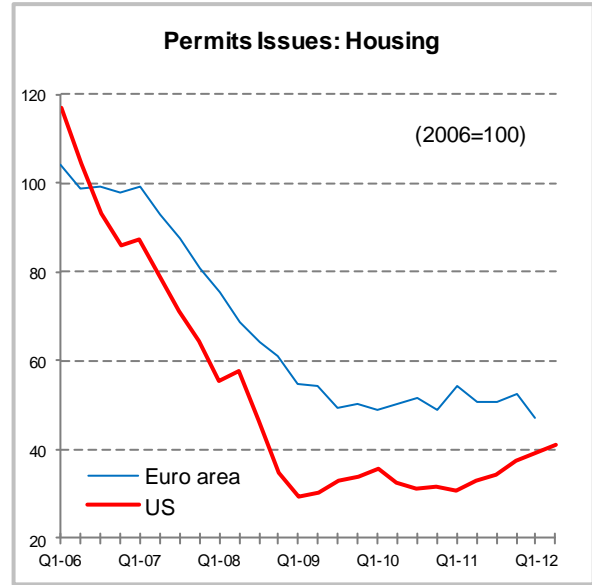
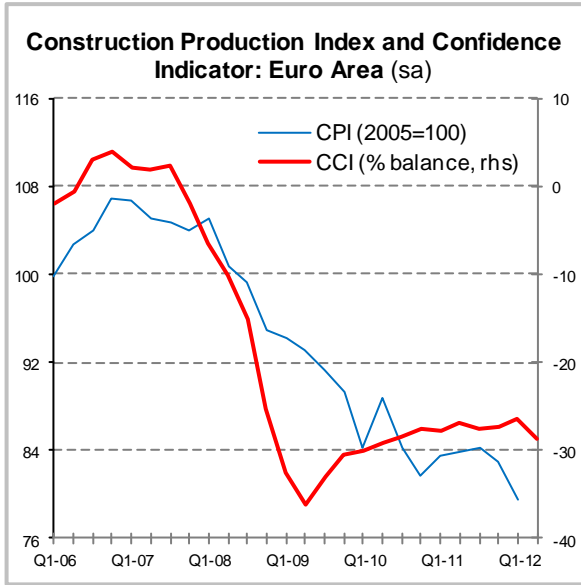
Indicators*	Construction Production				Construction Investment				House Prices			
	2009	2010	2011	Latest	2009	2010	2011	Latest	2009	2010	2011	Latest
USA	-28.5	-3.2	-2.7	4.1 May ⁽¹⁾	-17.3	-8.6	-1.6	4.5 Q1	-13.3	1.2	-3.9	-1.9 Apr
Canada	-9.0	7.8	4.1	3.8 Apr	-10.9	9.2	4.7	2.9 Q1	-3.0	3.4	2.4	2.6 May
France	-5.1	-5.1	2.2	-1.6 May	-7.8	-3.6	2.0	2.3 Q1	-7.1	5.1	5.9	1.3 Q1
Italy	-11.9	-3.3	-2.6	-13.6 May	-8.8	-4.9	-2.3	-6.4 Q1	-0.4	0.1	0.7	0.5 H2 11
Spain	-11.9	-19.9	-20.6	-17.2 May	-15.4	-10.1	-8.1	-10.0 Q1	-6.7	-2.0	-7.4	-12.6 Q1
Belgium	-3.7	-1.2	5.7	7.4 Apr	-1.9	0.5	3.5	1.0 Q1 ⁽²⁾	-0.3	5.4	3.1	2.1 Q4
Greece	-17.5	-29.2	-28.7	-9.2 Q1	-10.0	-12.2	-21.4	-22.4 Q1 ⁽⁶⁾	-3.7	-4.7	-5.0	-9.2 Q1
Bulgaria	-13.9	-14.3	-13.1	1.2 May	-17.6	-18.3	-9.7	-5.4 Q1 ⁽³⁾	-21.4	-10.1	-6.1	-2.6 Q2
Morocco			-		3.4	2.6	4.9	5.7 Q1 ⁽²⁾	-	-	-	1.1 Q1
Egypt			-		14.2	12.9	-2.9	10.2 Q1 ⁽²⁾				-
China			-		38.7	27.4	29.3	23.7 Jun ⁽⁴⁾	2.9	6.5	1.3	-0.7 Jun ⁽⁵⁾
Thailand			-		0.6	6.6	-5.3	1.0 Q1 ⁽⁶⁾	4.4	1.0	3.1	-1.2 May
India			-		5.7	7.9	6.3	4.8 Q1 ⁽²⁾				-

Notes:

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

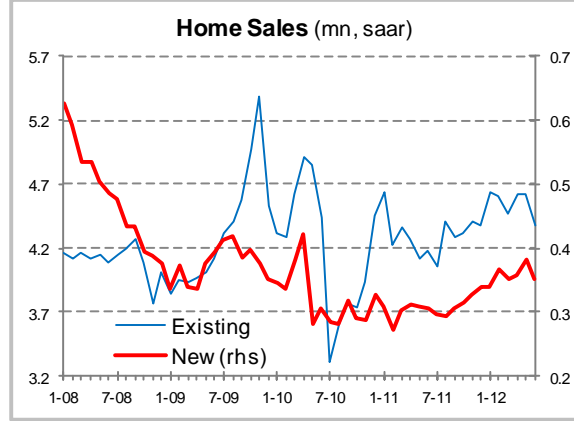
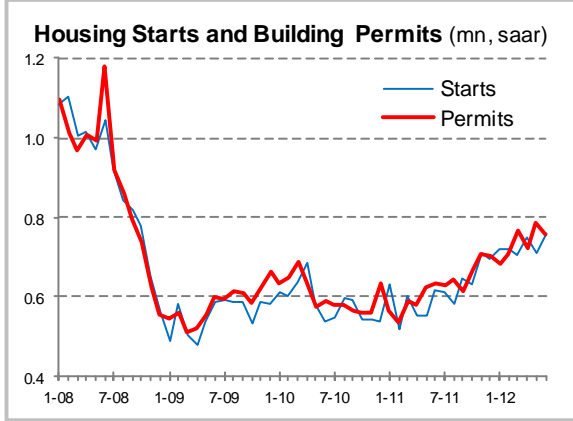
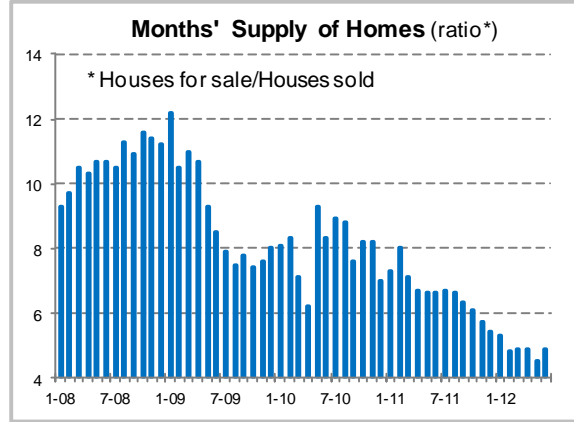
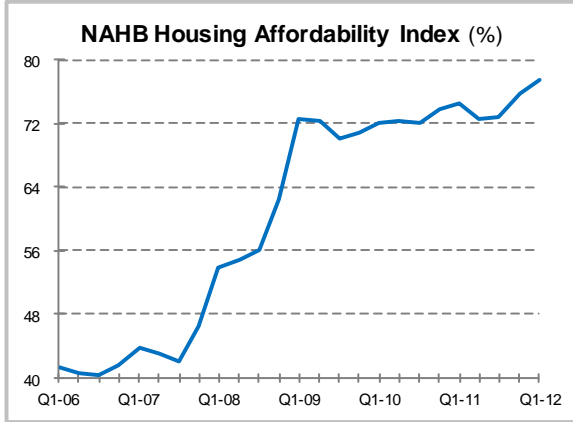
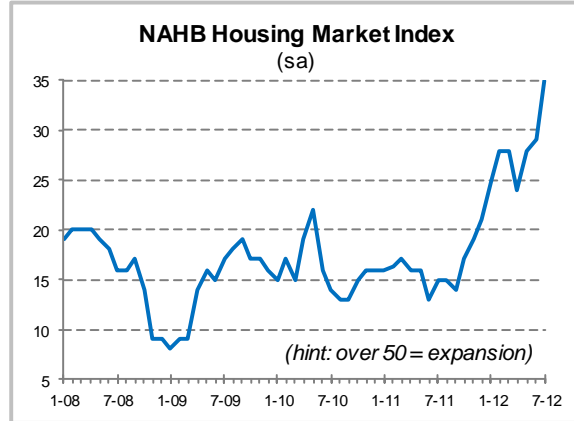
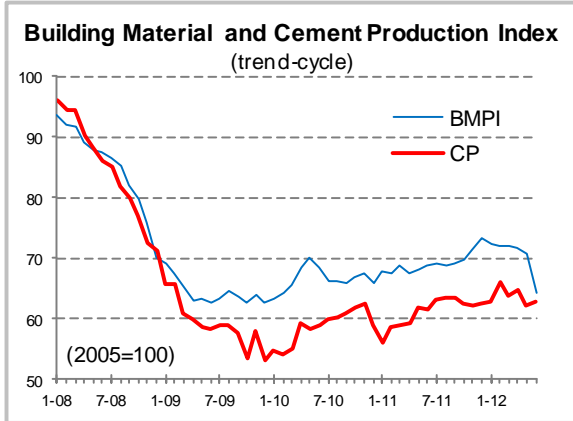
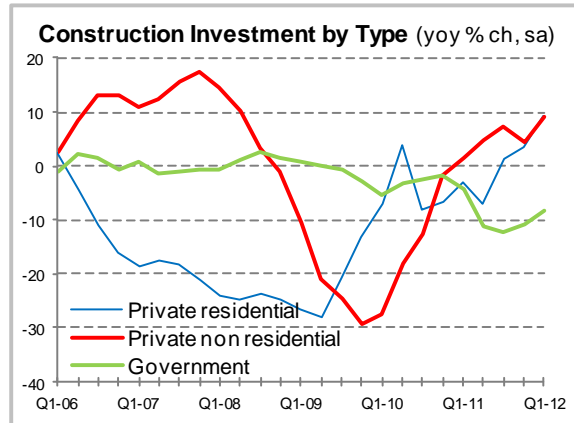
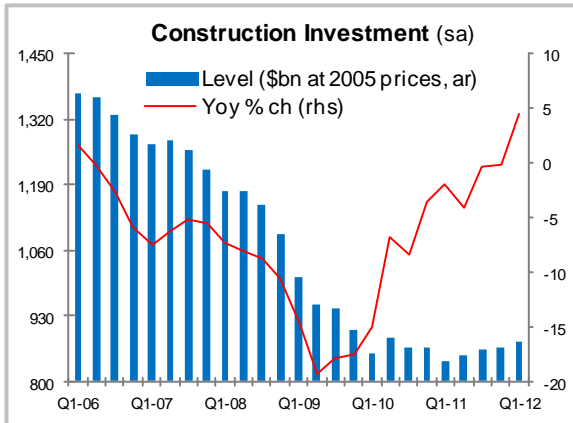
Sources: Eurostat, OECD, National Statistics

MAIN CONSTRUCTION INDICATORS

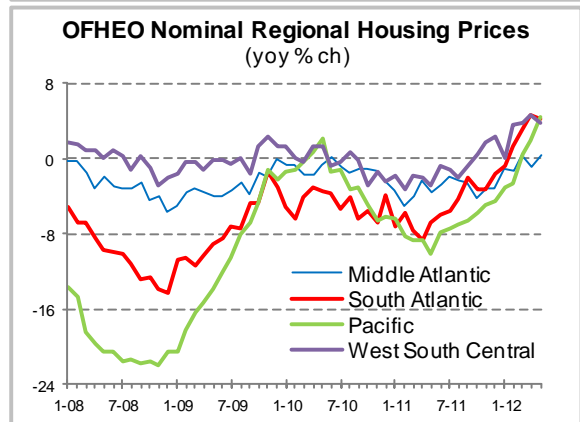
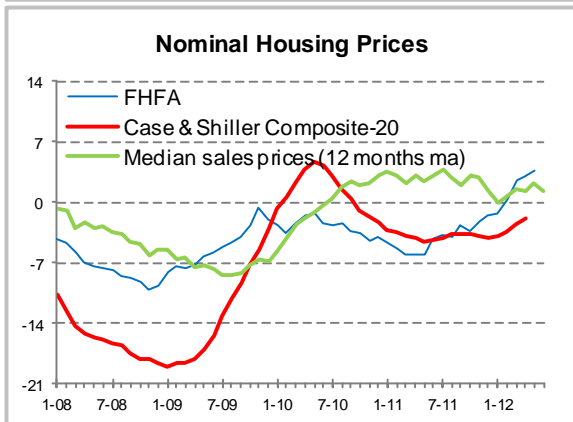
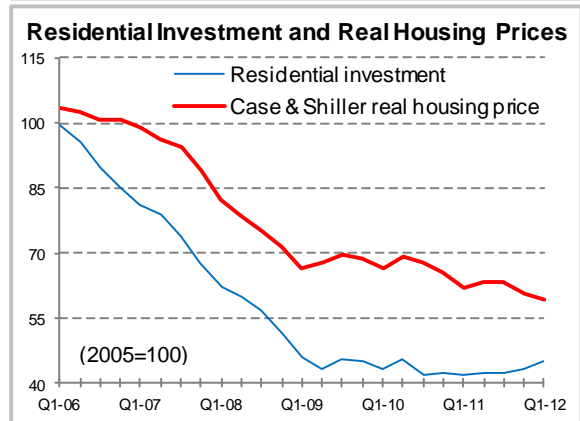
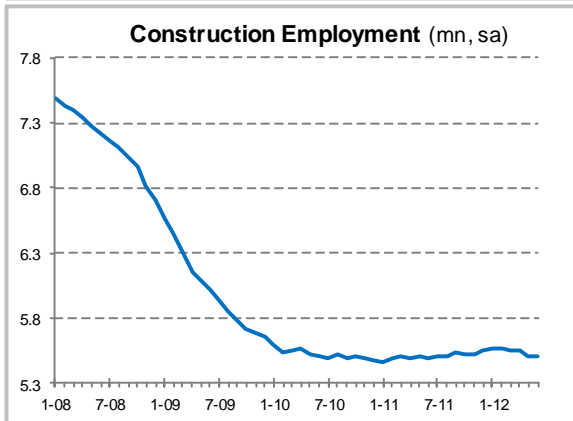
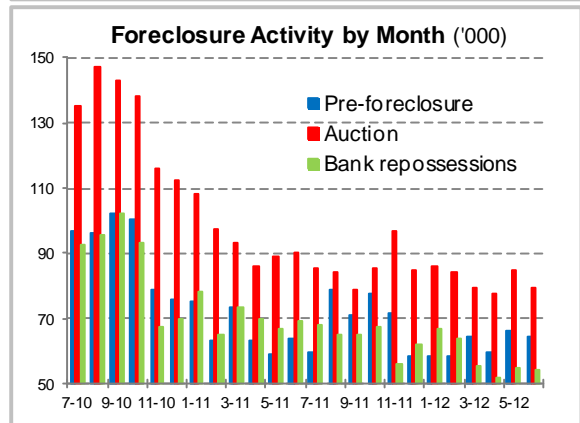
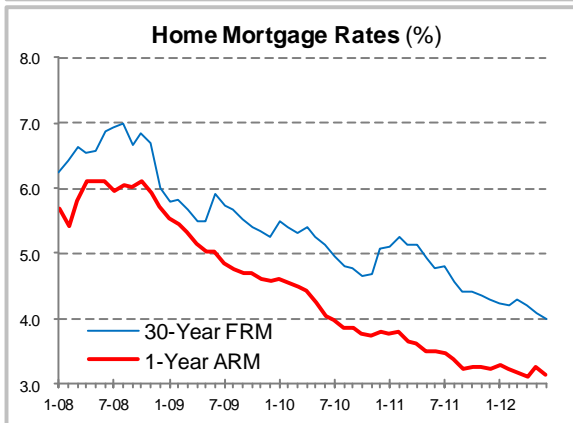
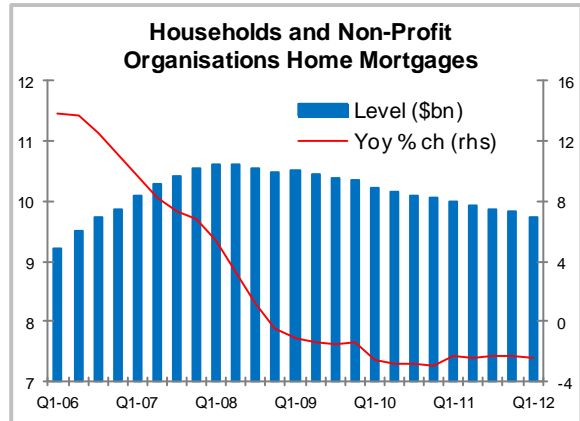
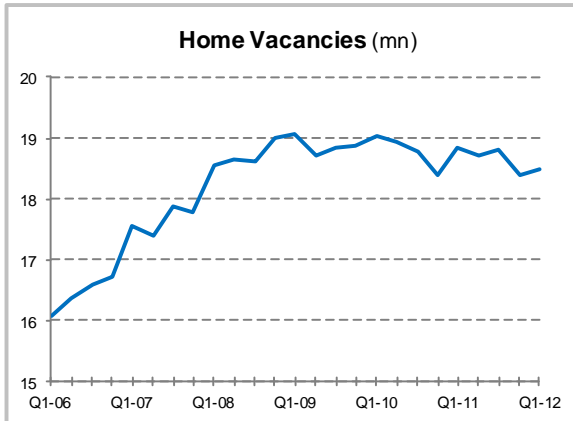


Sources: BEA, Eurostat, US Census, OECD

UNITED STATES

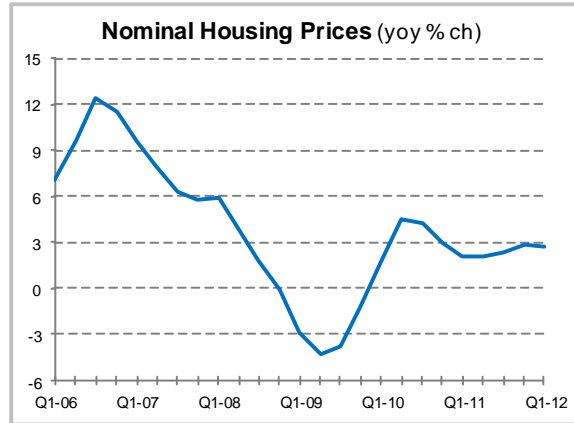
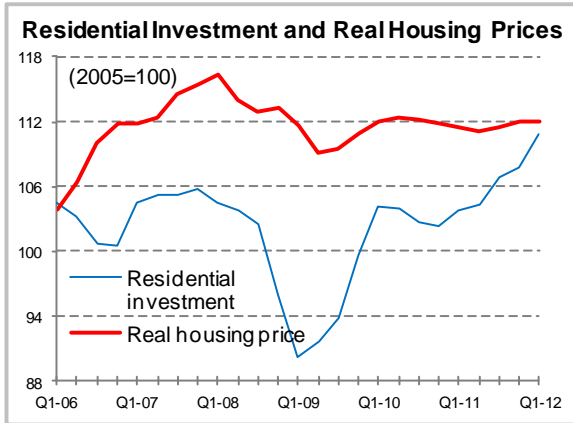
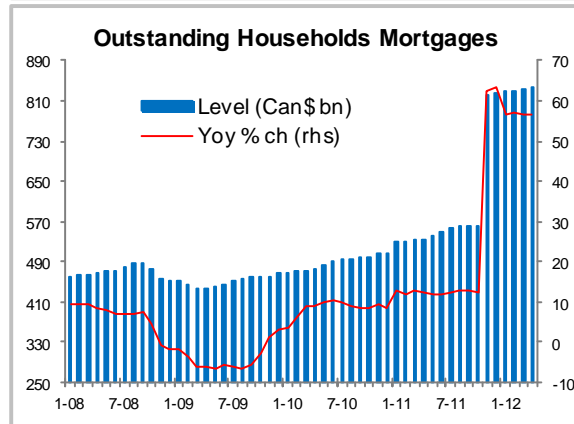
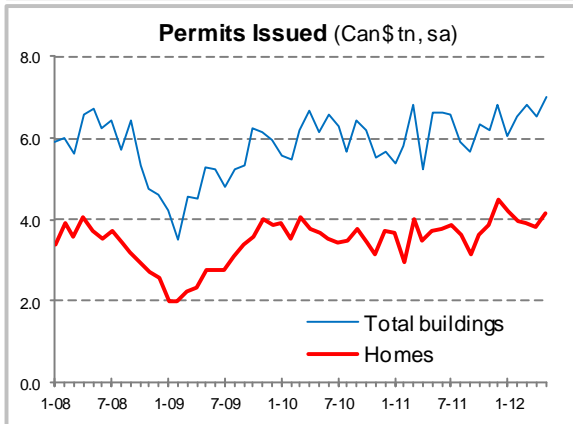
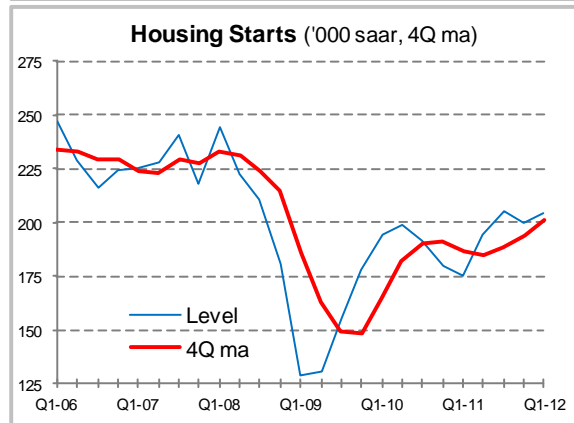
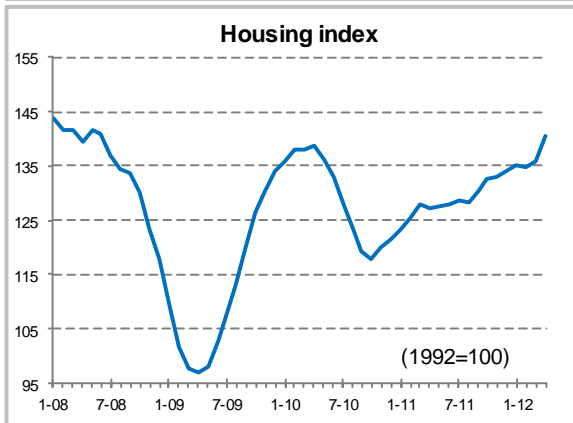
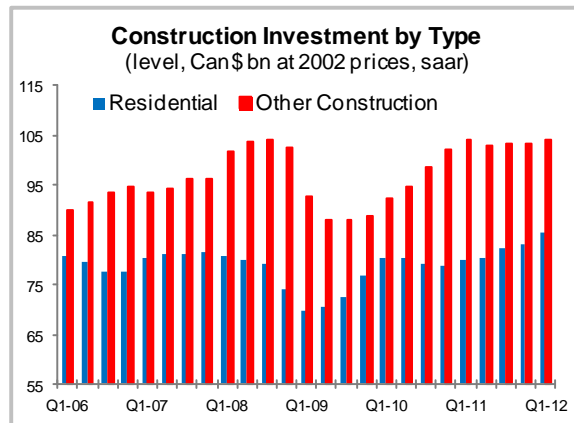
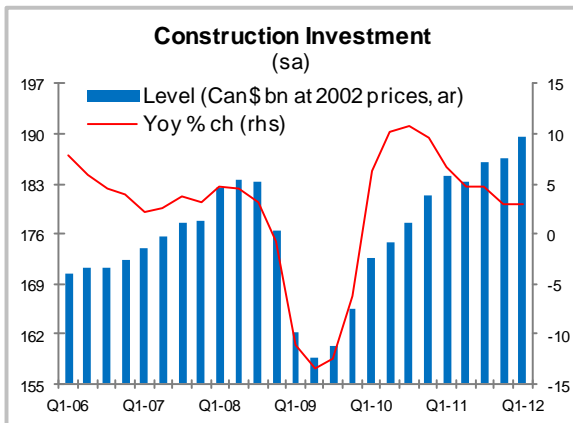


UNITED STATES



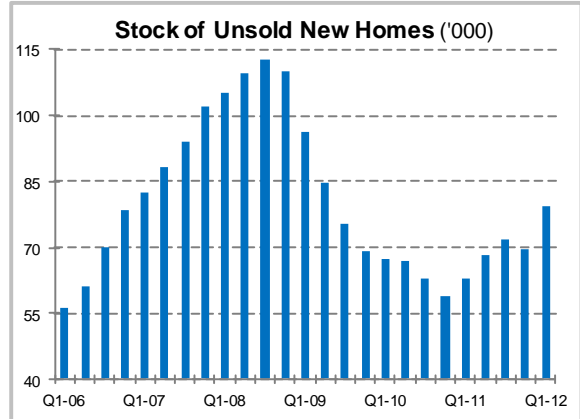
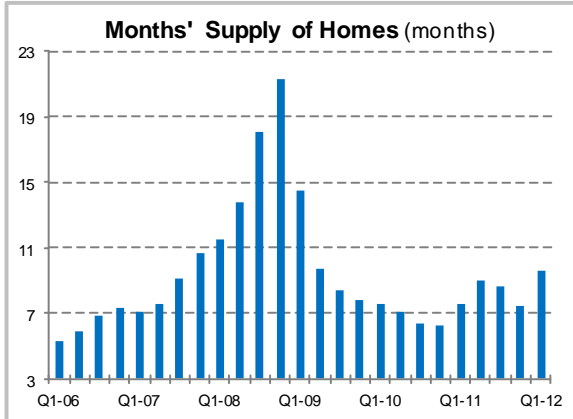
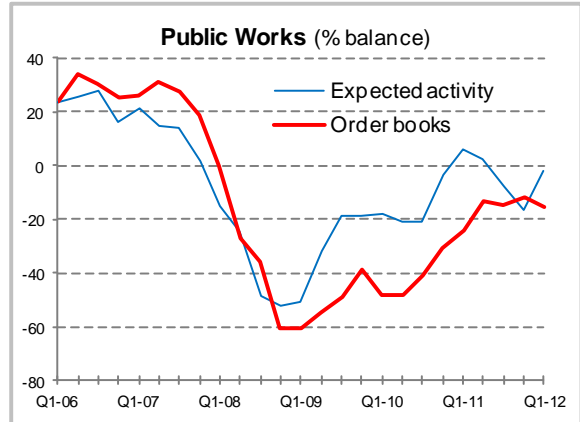
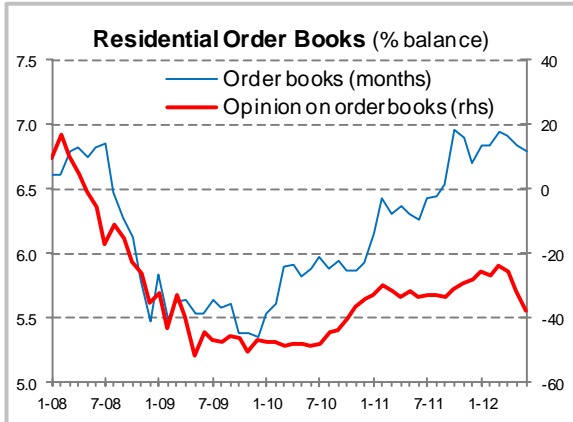
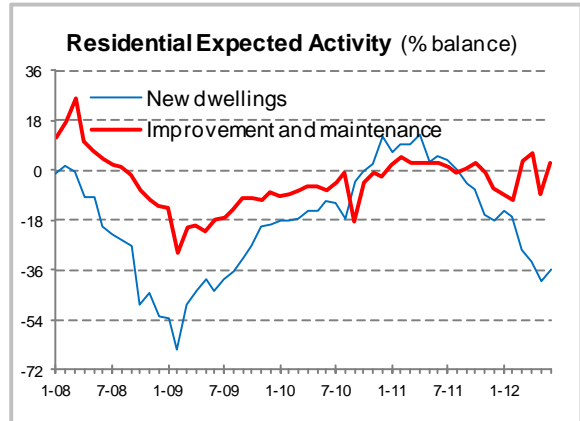
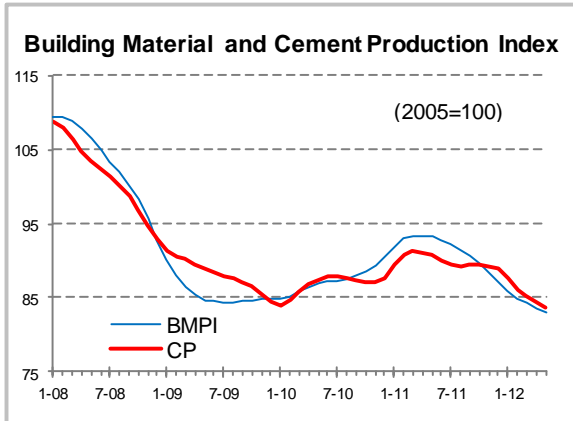
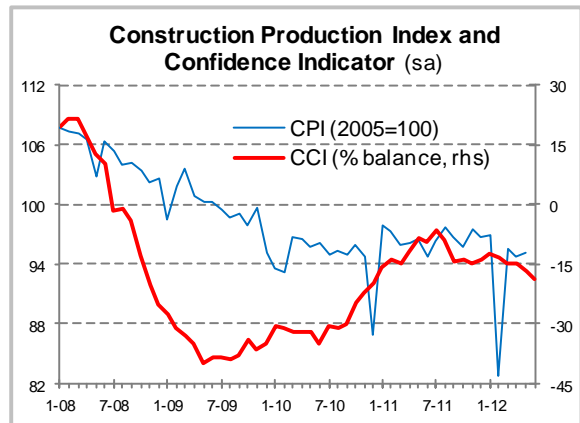
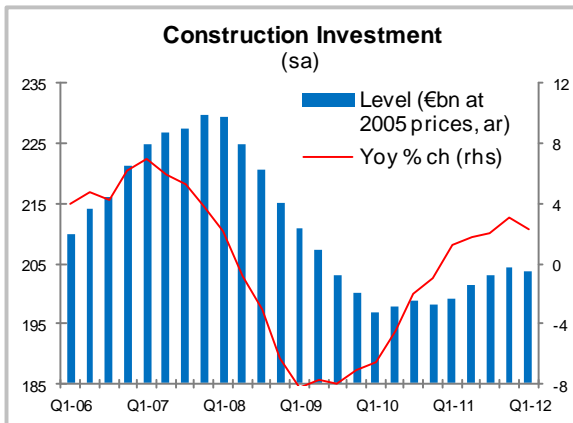
Sources: US Census, National Association of Home Builders, Dept. of Labour, HSH Associates, Bureau of Economic Analysis, Standard & Poor's, Bureau of Labour Statistics, OFHEO, RealtyTrac

CANADA

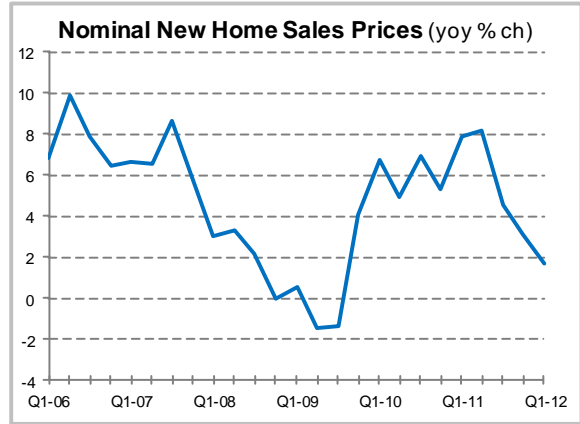
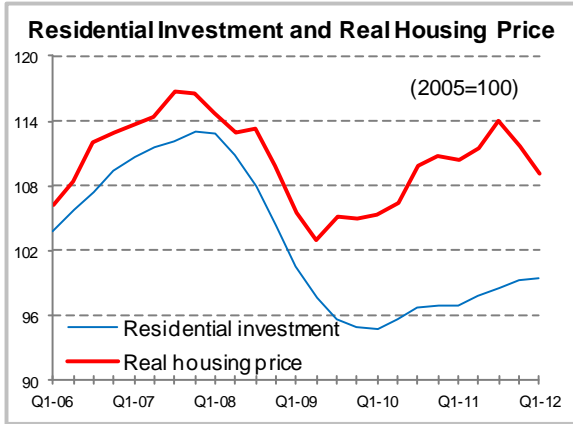
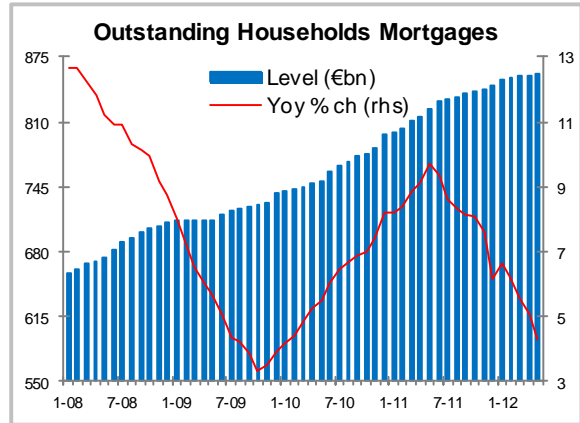
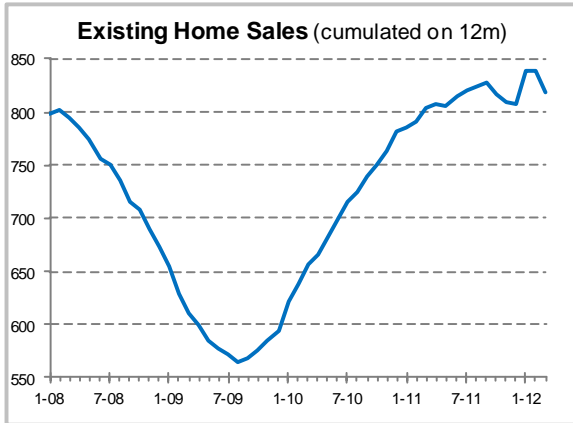
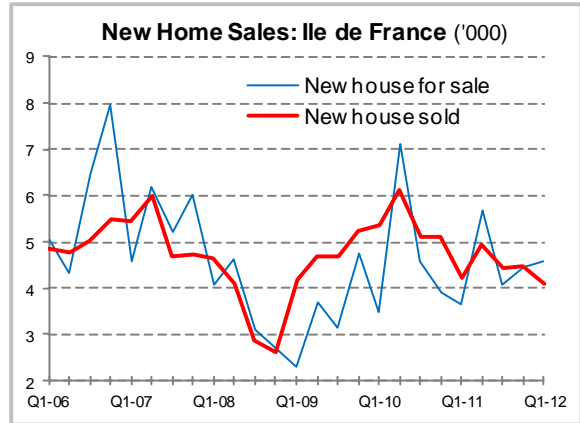
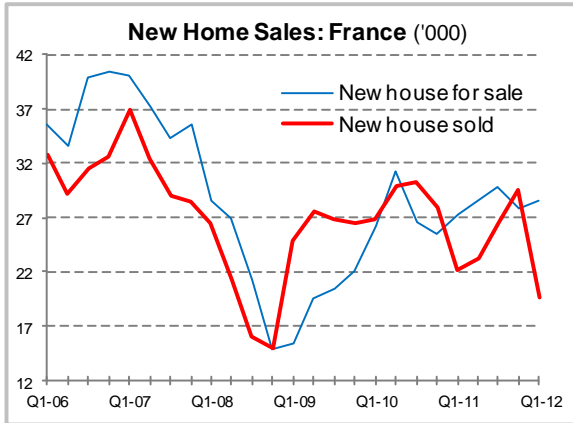
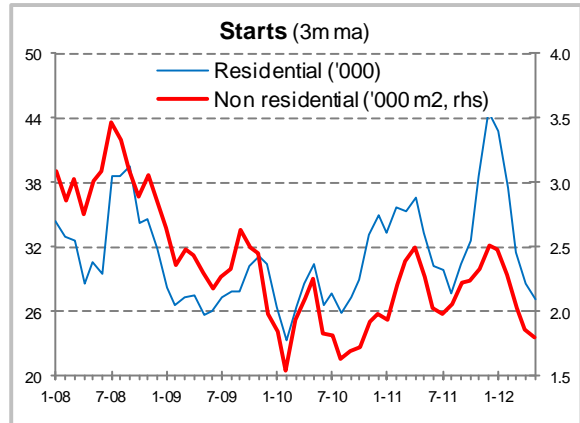
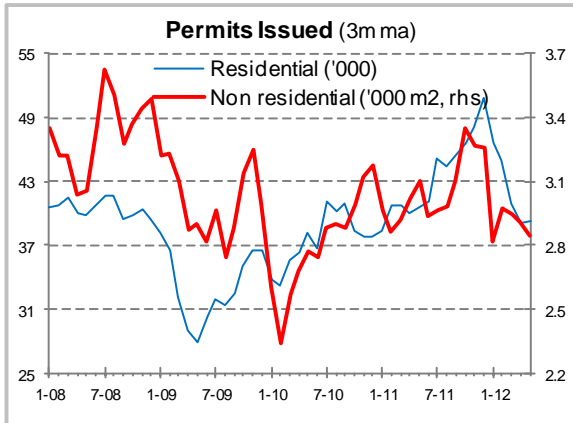


Sources: OECD, Canada's Statistics Agency, CMHC, Bank of Canada

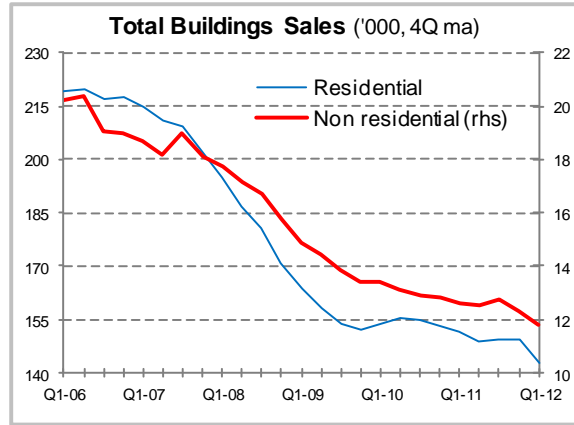
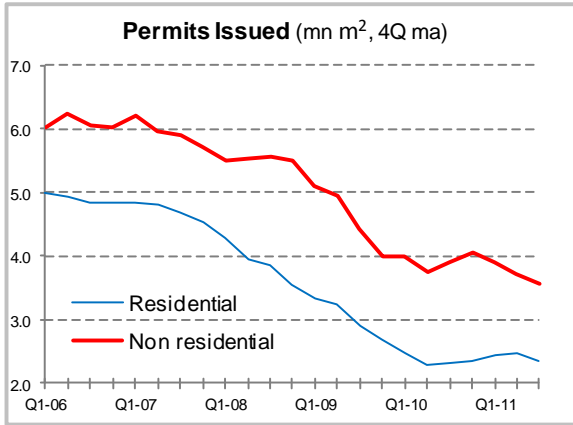
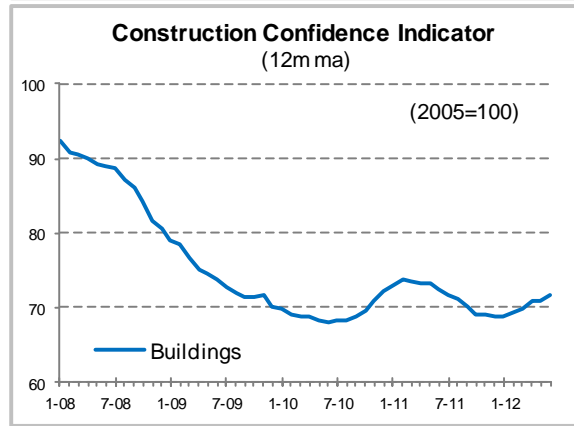
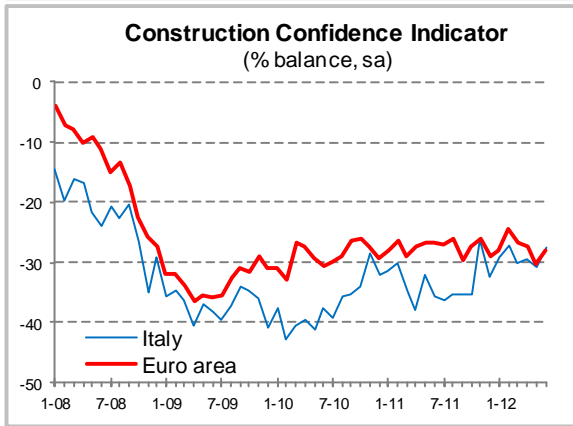
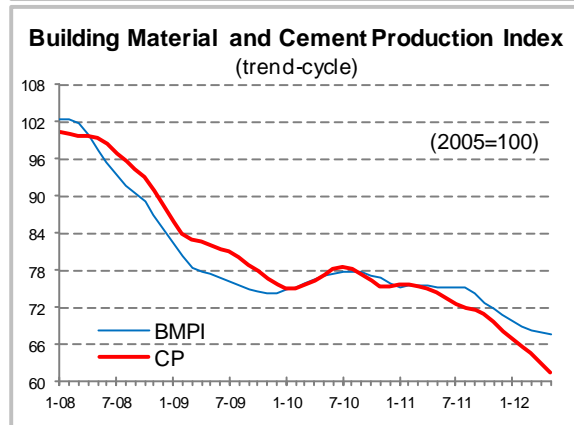
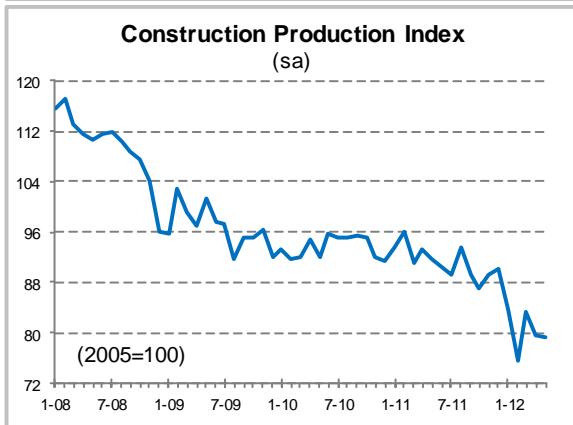
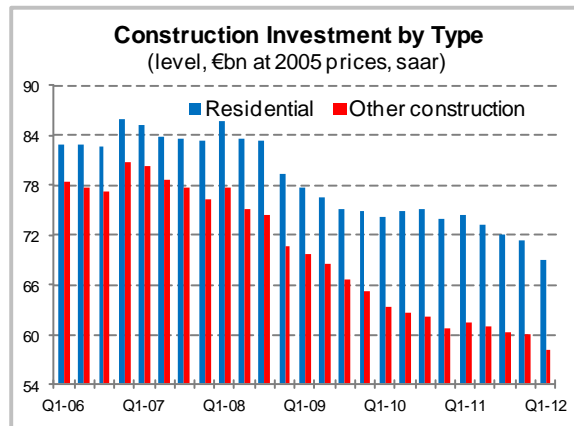
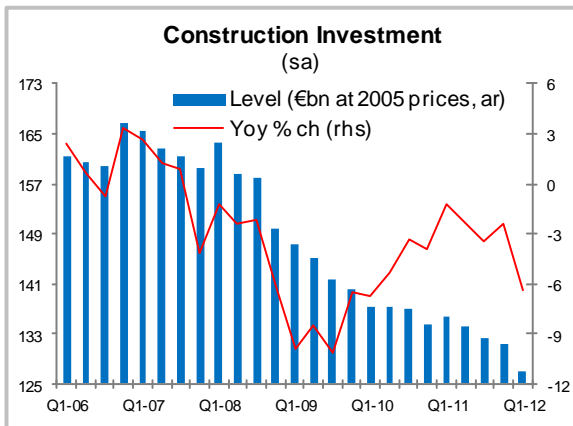
FRANCE



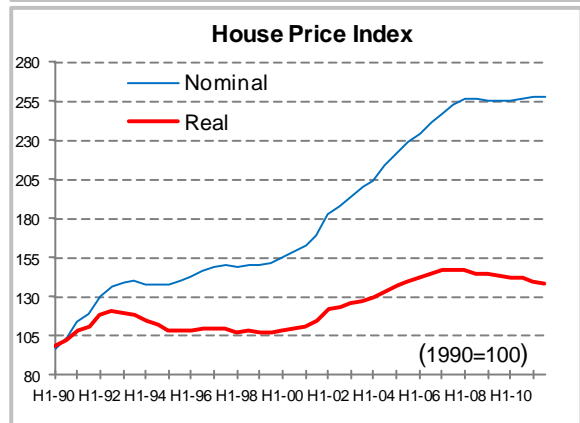
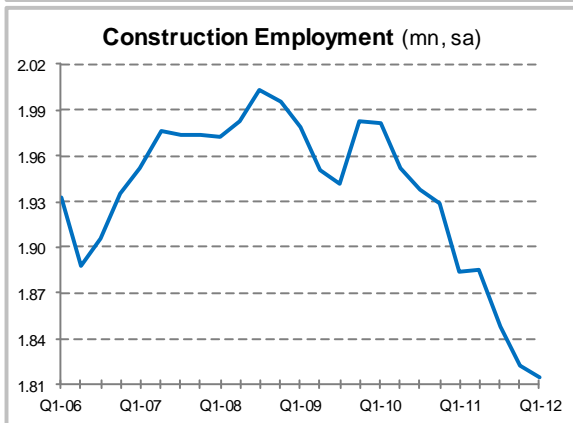
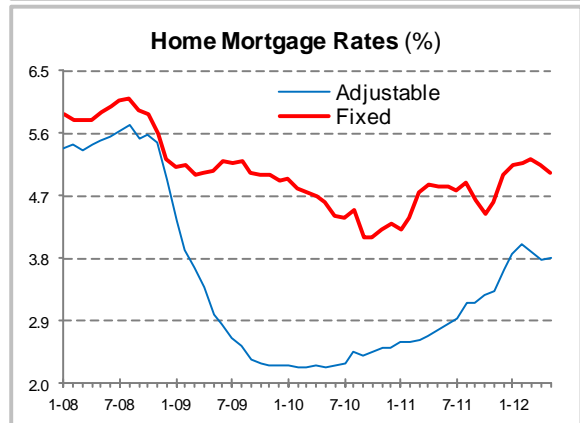
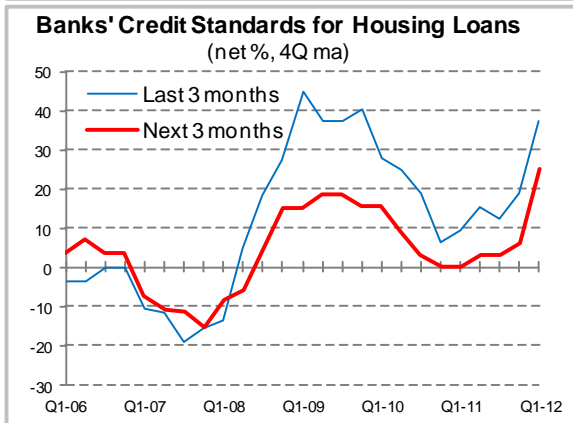
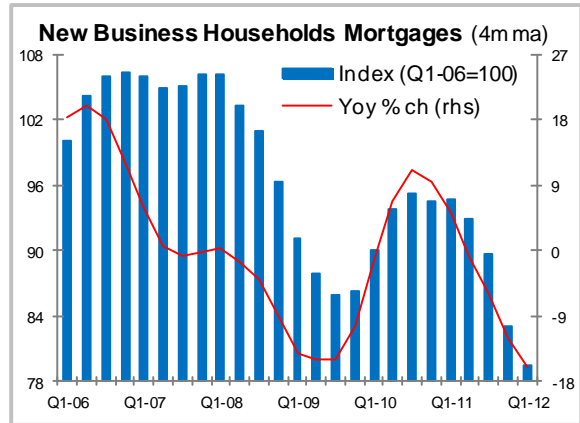
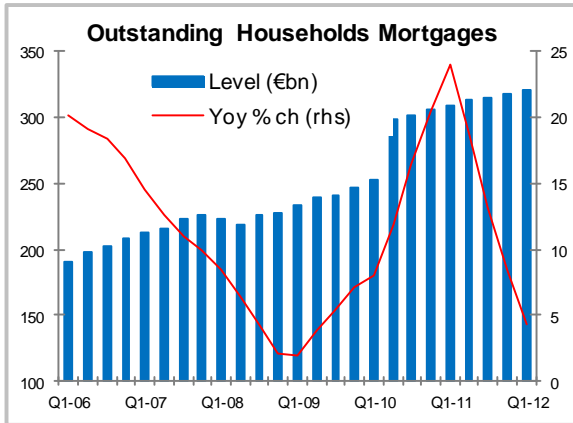
FRANCE



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

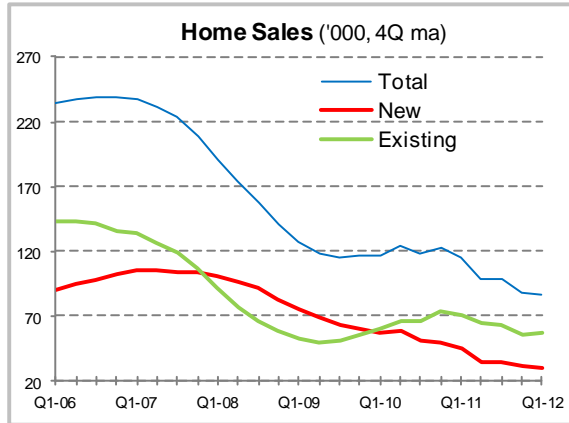
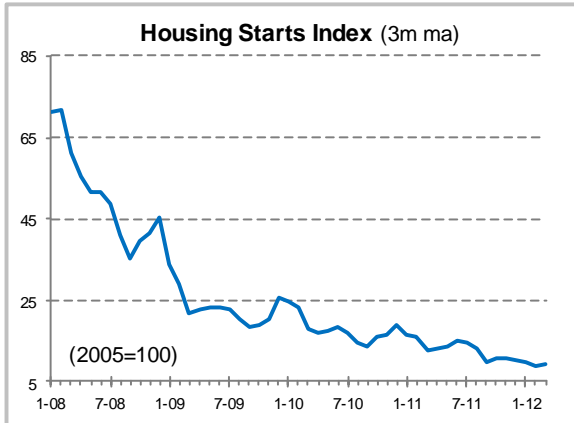
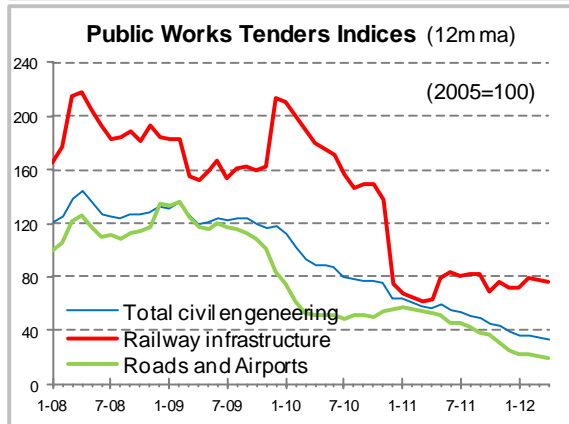
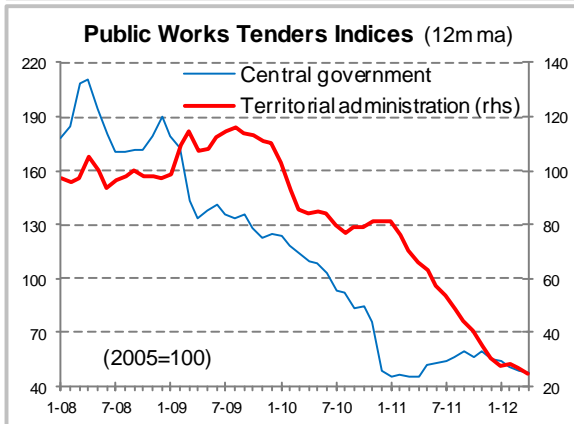
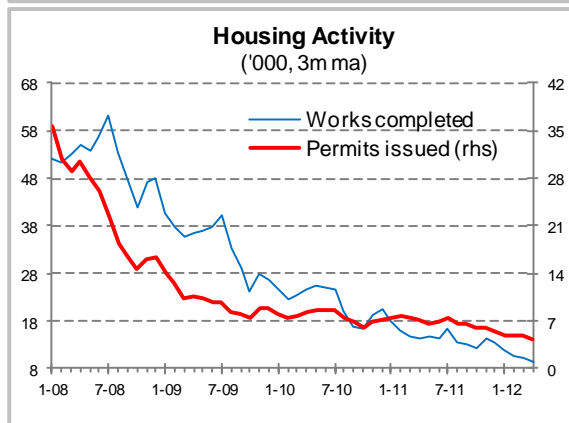
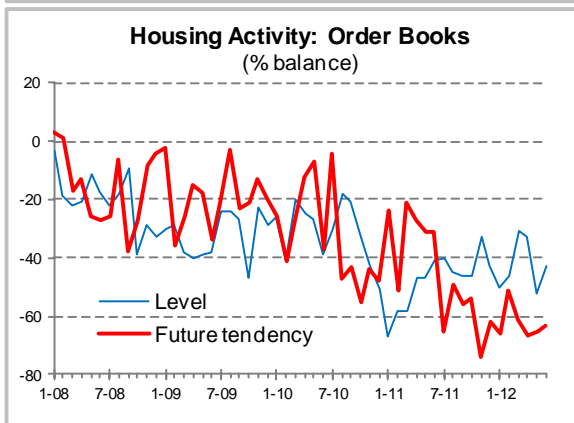
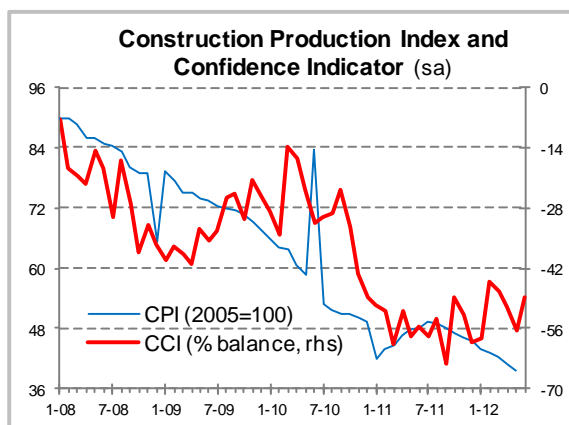
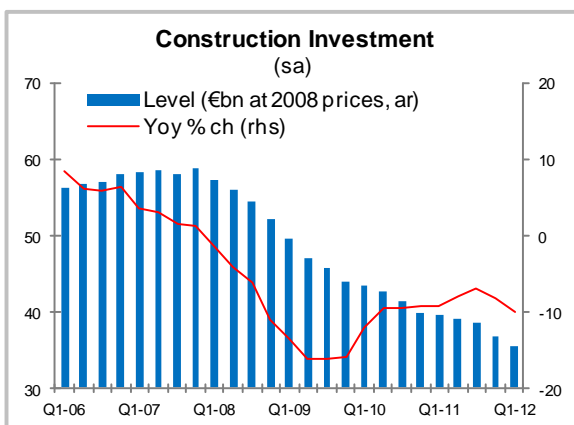


ITALY

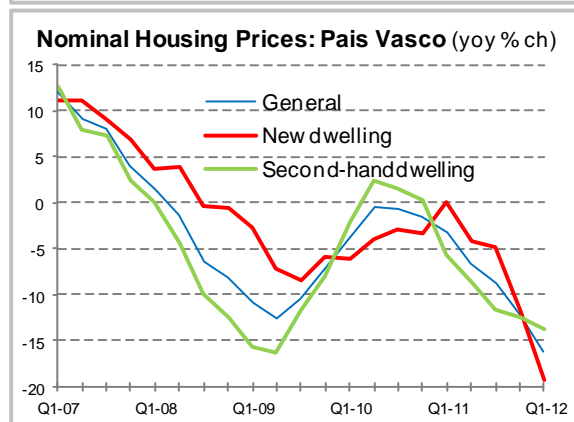
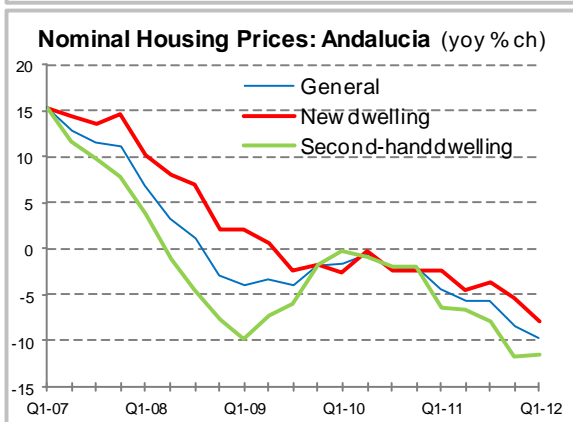
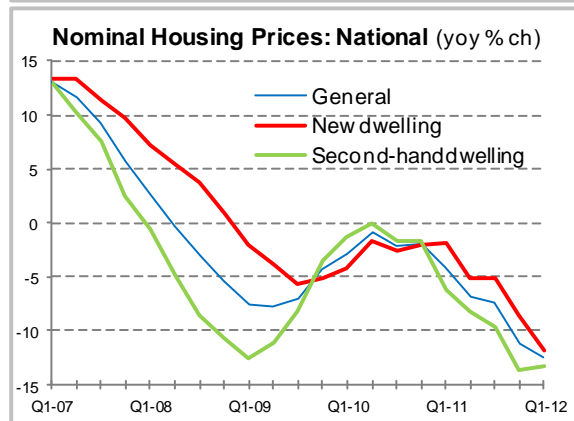
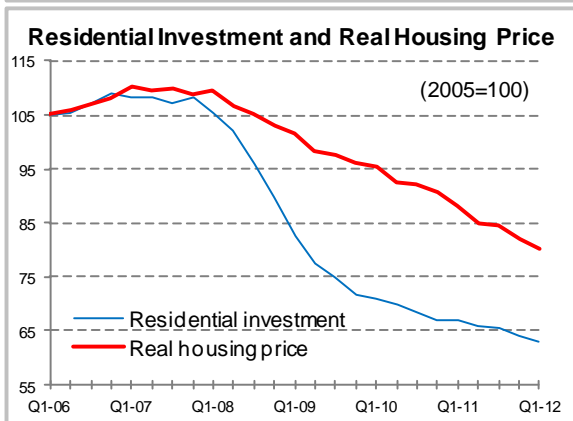
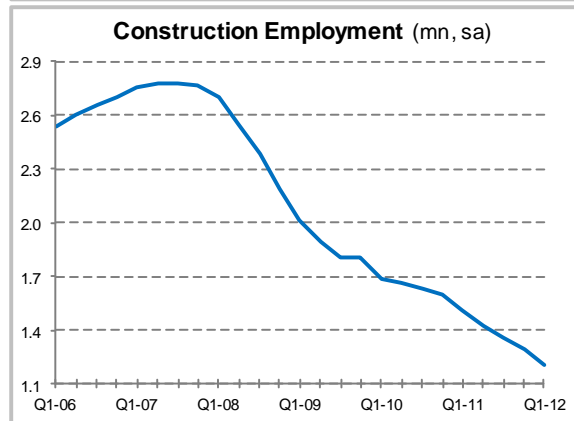
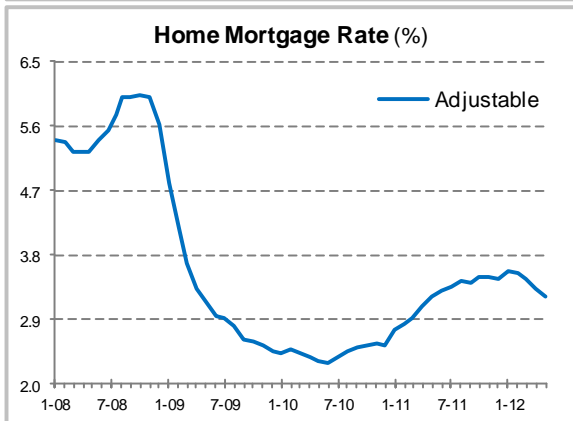
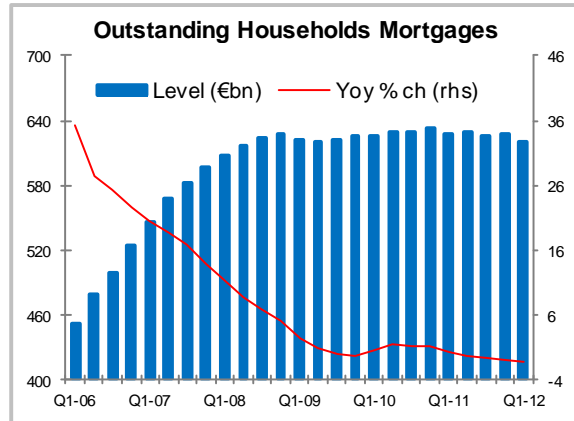
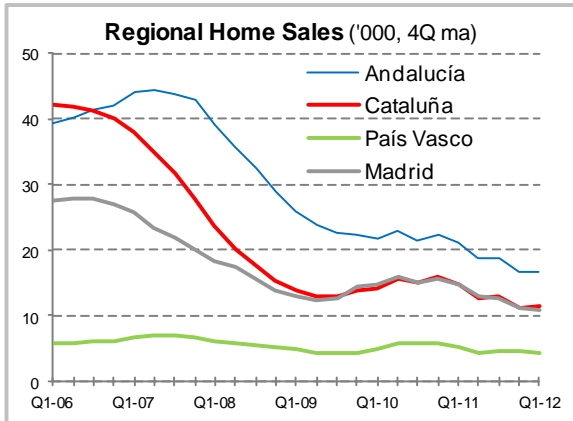


Sources: ISTAT, European Commission, Banca d'Italia, Eurostat, Agenzia del Territorio, Agenzia delle Entrate

SPAIN

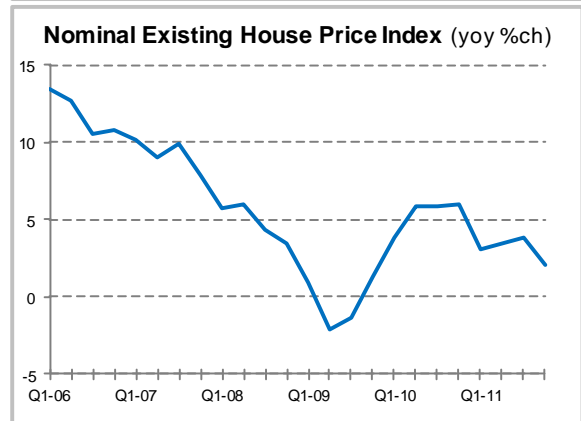
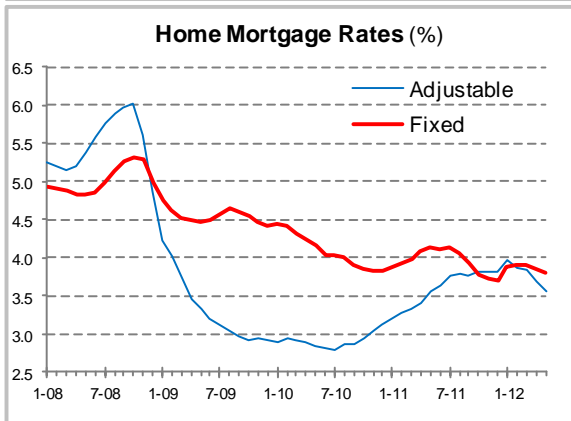
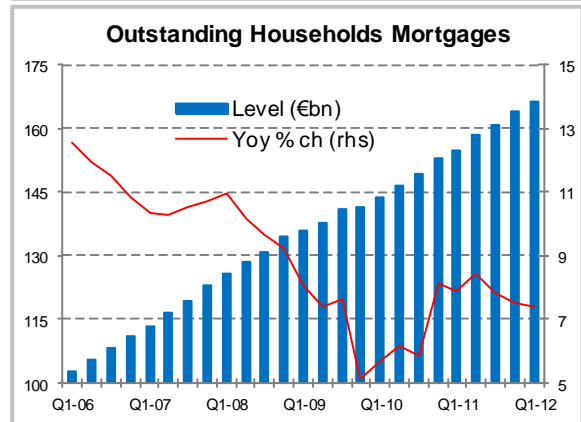
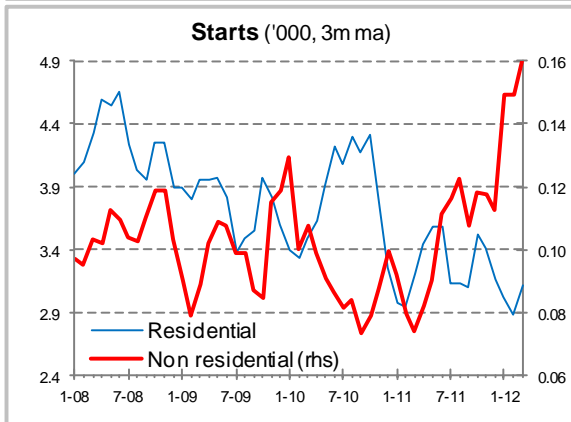
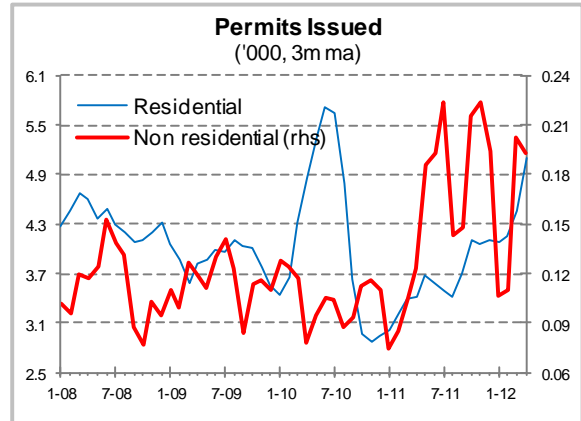
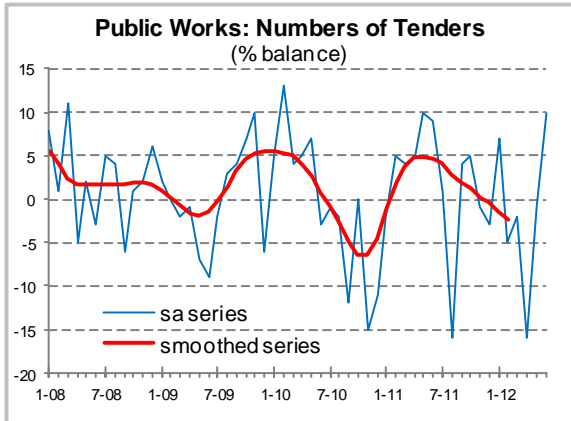
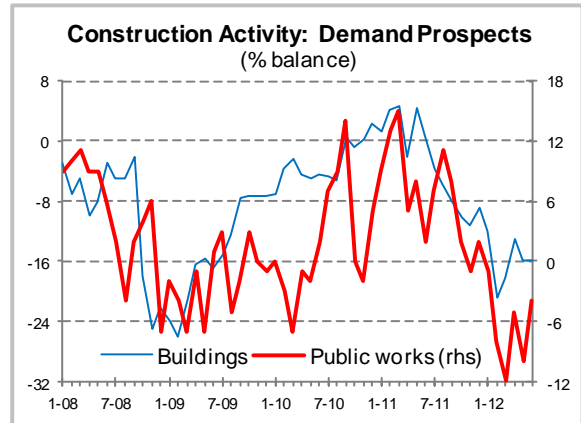
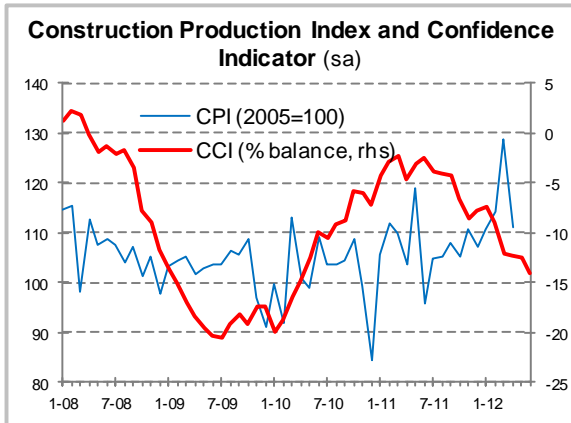


SPAIN



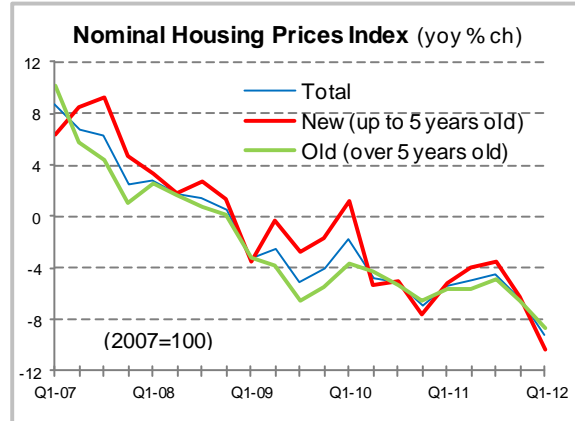
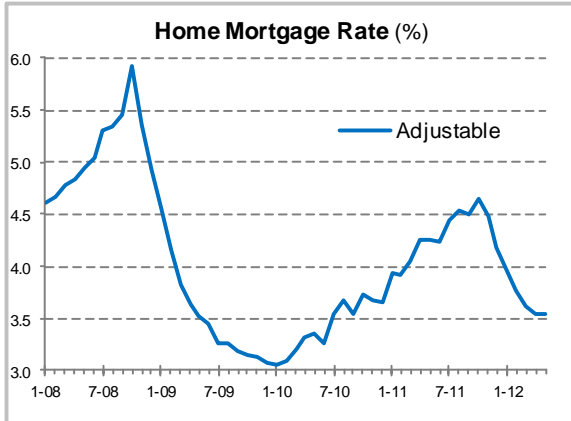
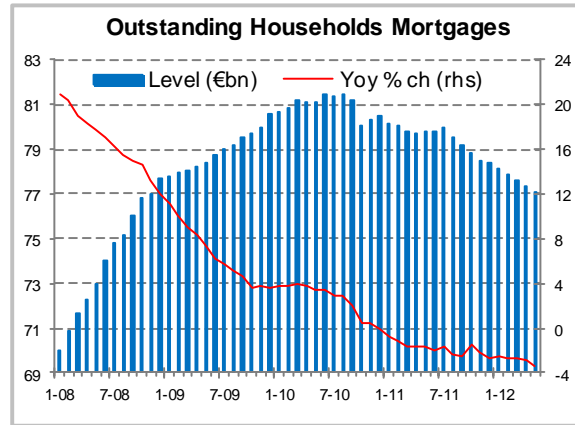
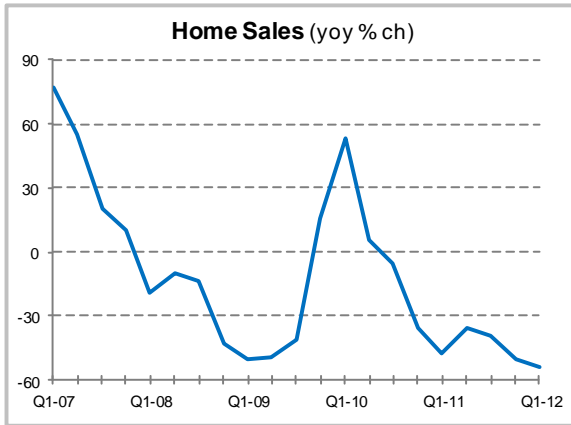
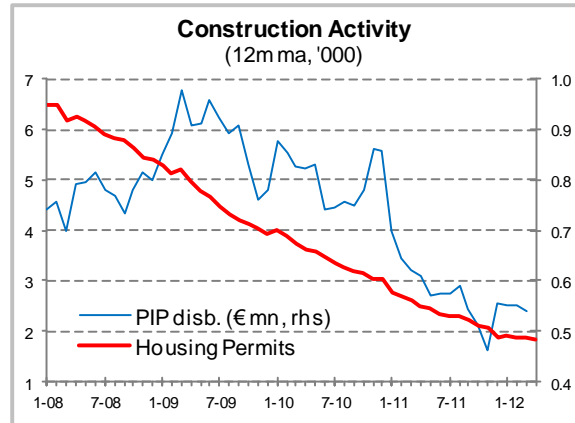
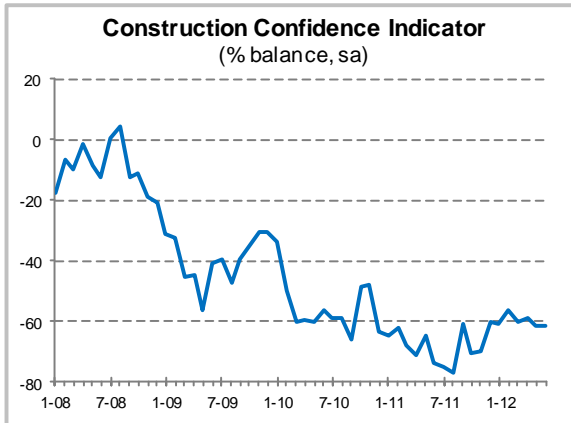
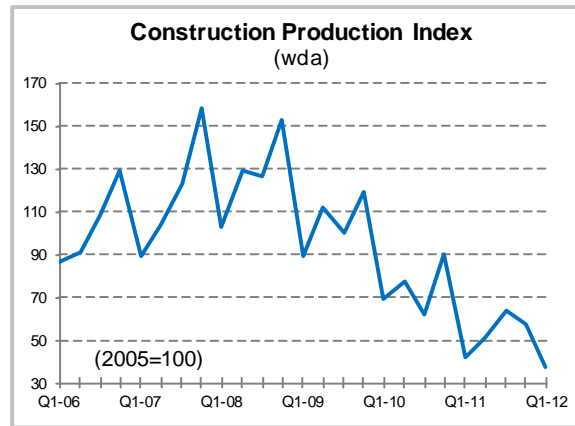
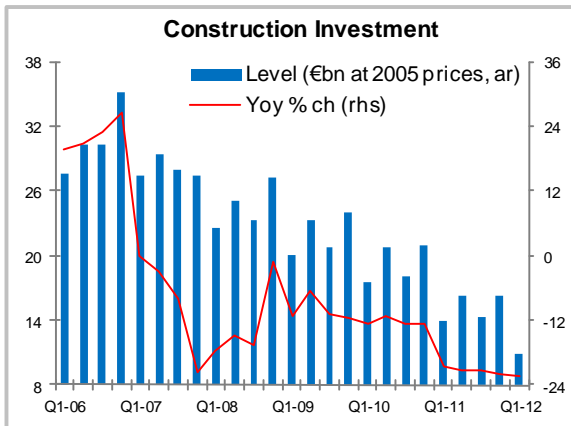
Sources: INE, European Commission, Banco de Espana, OECD, Ministerio de Fomento

BELGIUM



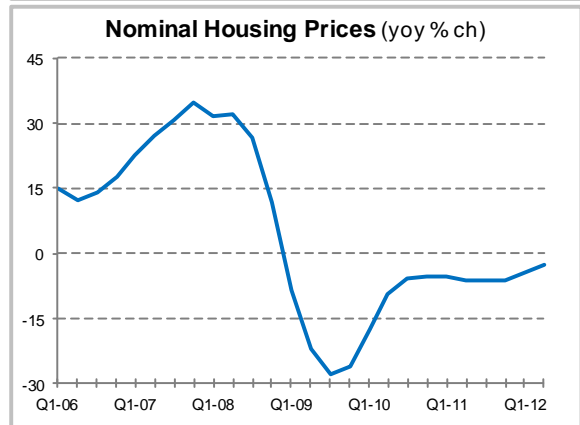
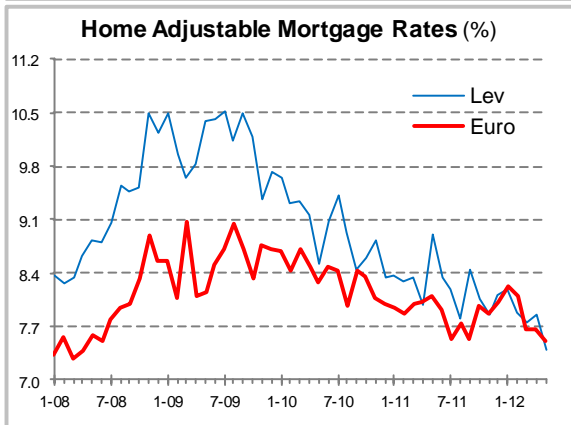
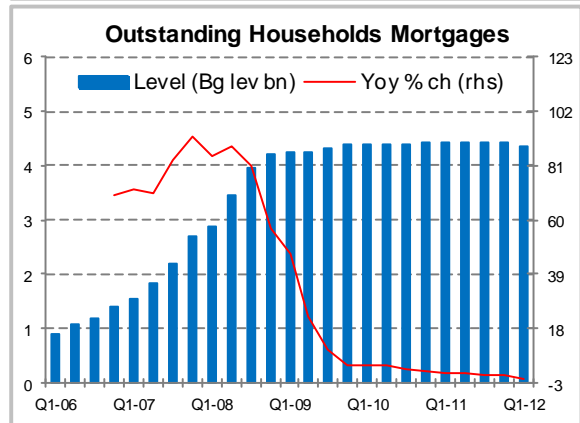
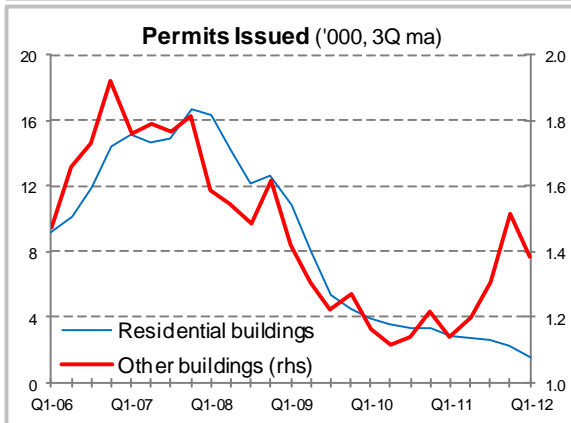
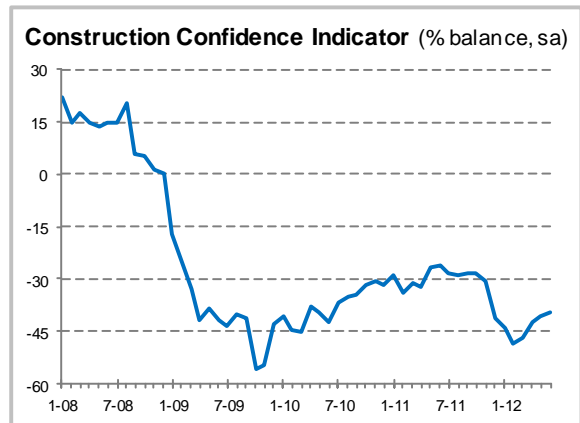
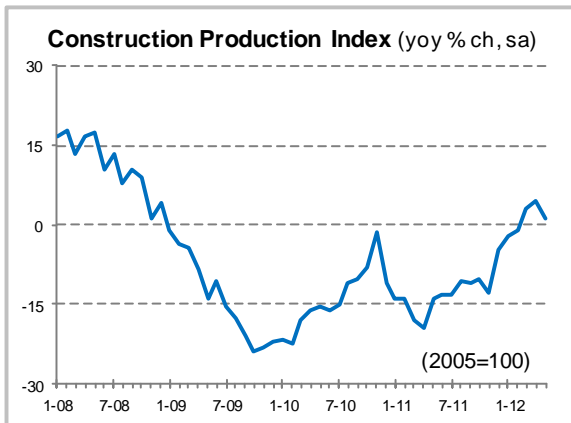
Sources: European Commission, Belgostat

GREECE



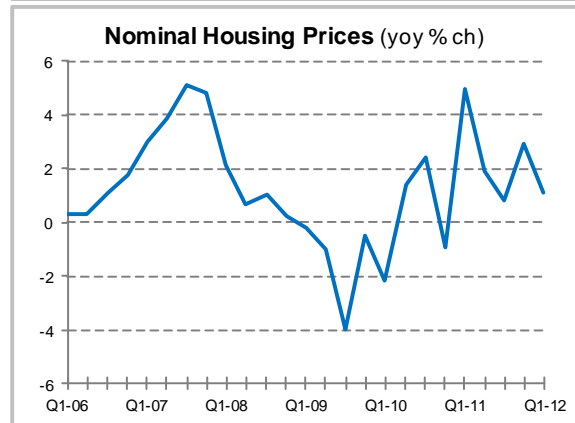
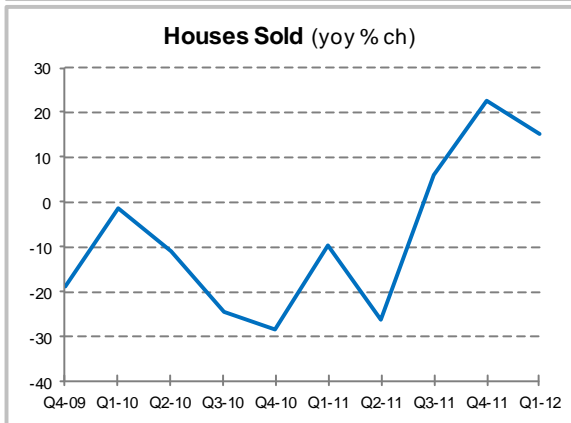
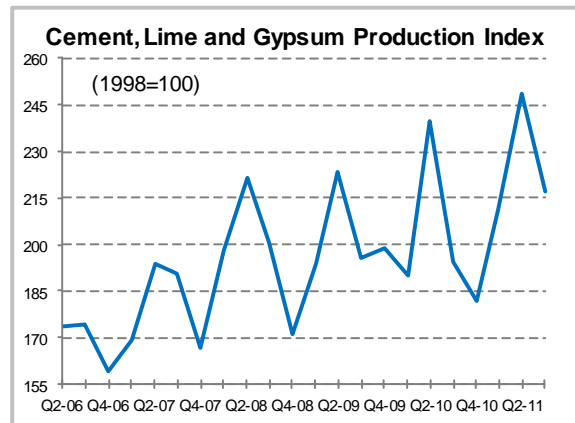
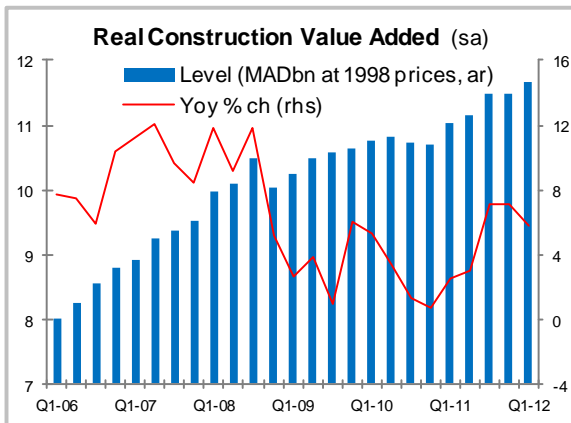
Sources: European Commission, Bank of Greece, National Statistical Service

BULGARIA



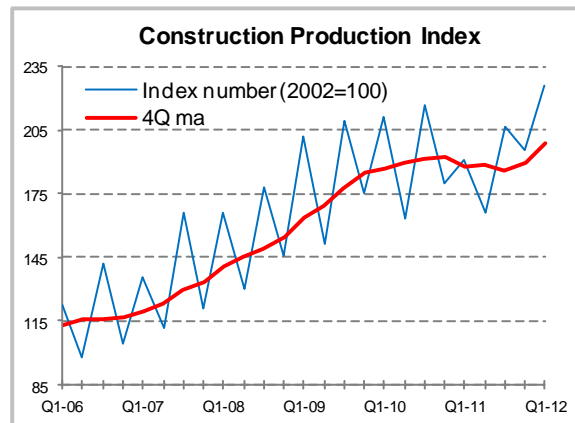
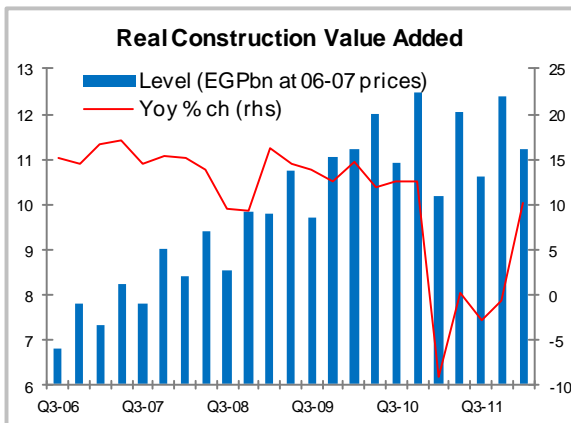
Sources: Eurostat, European Commission, National Institute of Statistics, Bulgarian National Bank

MOROCCO



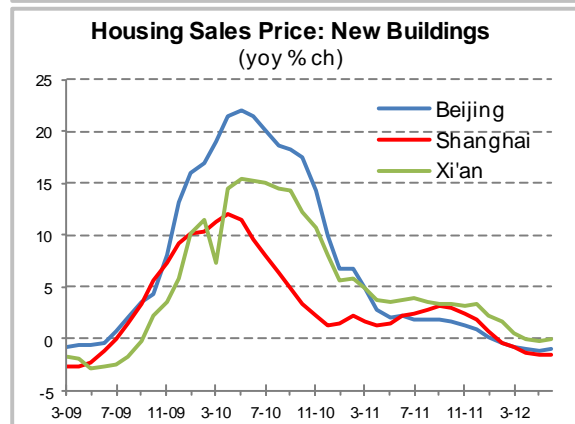
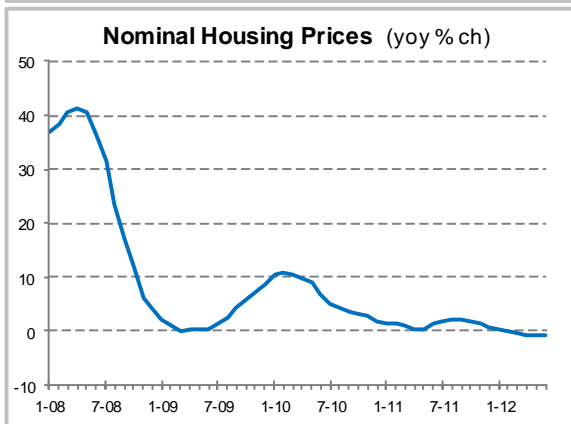
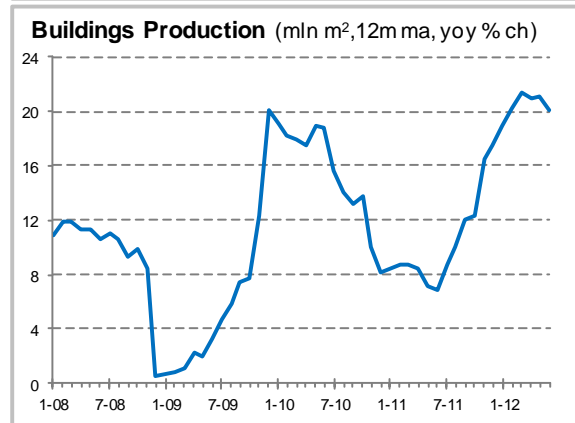
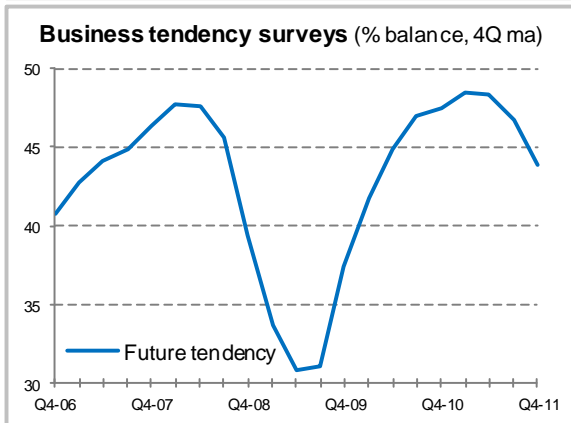
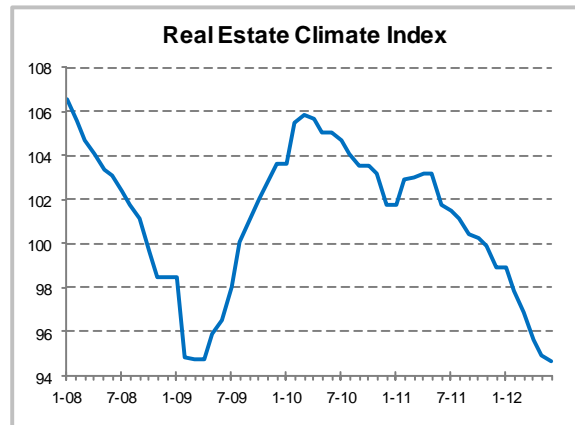
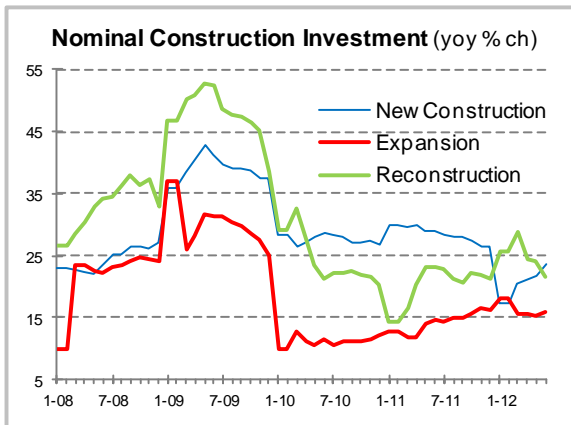
Sources: Haut-Commissariat au Plan, ANCFCC

EGYPT



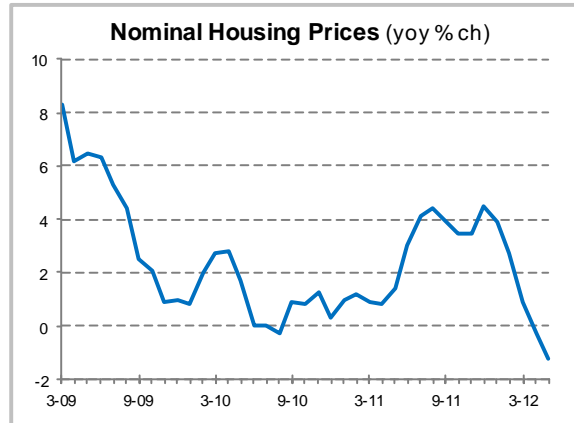
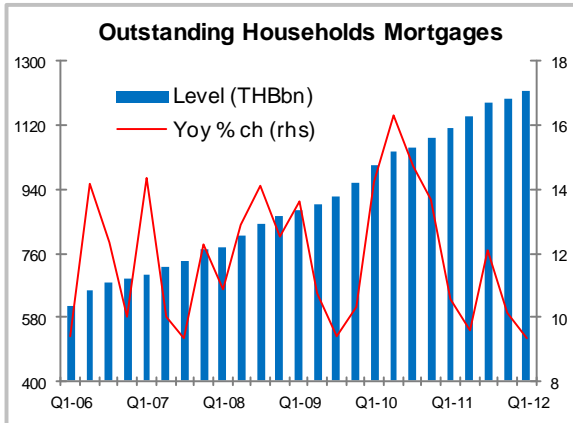
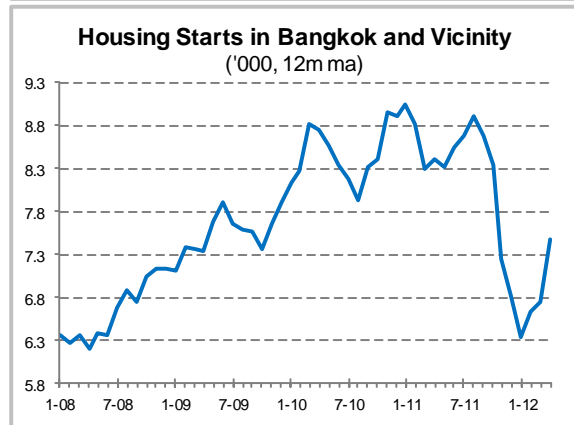
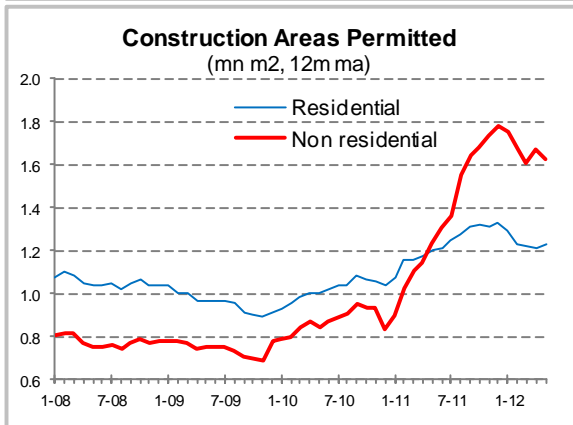
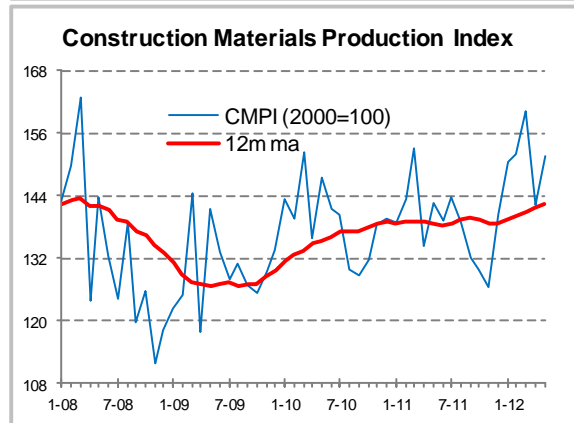
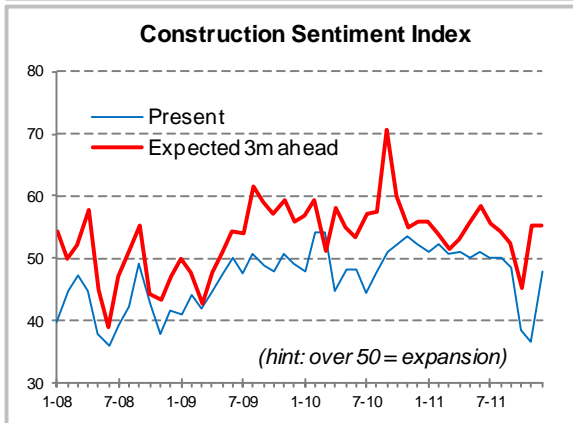
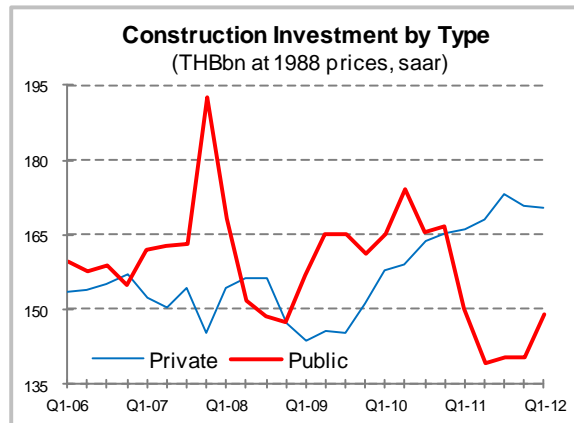
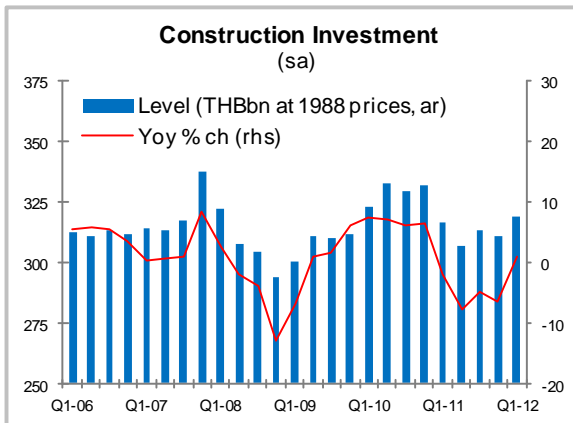
Source: Ministry of Finance

CHINA



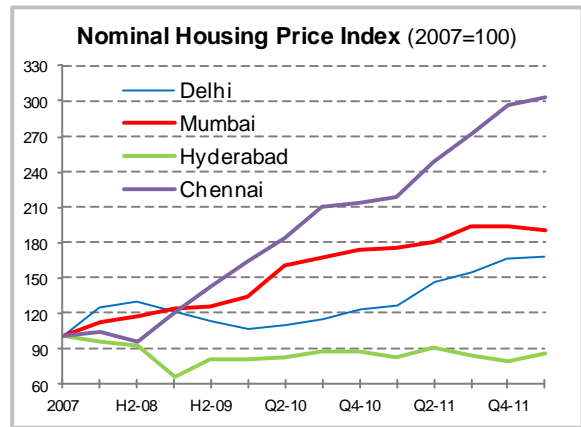
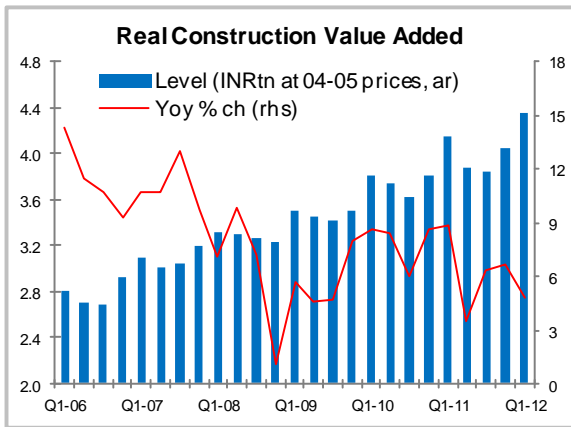
Sources: OECD, National Bureau of Statistics, Ehomeday

THAILAND



Source: Bank of Thailand

INDIA



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