

Construction Profile in ITC Group Countries

N. 2 – June 17th 2010

Highlights

Country Focus

Main Construction Indicators

Countries:

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

Key to Abbreviations

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

Based on all information up to June, 17th 2010
Available in @Gold

HIGHLIGHTS

- Particularly adverse weather conditions have negatively affected construction investment in Q1 10 in almost all the Group's advanced economies.
- Also putting seasonal effects apart, earlier indications on the current year show that a clear-cut rebound is still far from materialising on both Atlantic sides. In the US confidence and other leading indicators confirm the weakness of the residential sector for which only a tepid recovery may be expected at the end of 2010 (see also below).
- In Europe, both construction production and building permits keep trending downwards severely (in Q1 10 down nearly 20% and 50% respectively compared to their peak). The decline in housing investment is milder than in the US, while construction confidence has slightly rebounded since H2 09, although from an extremely depressed level. Short-term prospects remain gloomy due to the unfavourable statistical carry-over effect, the tightening of fiscal policy after the Greek turmoil, and the overall subdued macroeconomic condition.
- The emerging area keeps expanding at a robust pace still driven by Egypt, India and China. In this backdrop, Thailand is clearly recovering (see also below), while also Turkey is improving its construction performance rapidly.

COUNTRY FOCUS

- In the **US**, construction investment showed steep declines in Q1 10 in all segments, exacerbated by bad weather. The residential sector pulled back in Q1 (-2.9% qoq) after trending upward in Q3 and Q4 09. Signals from sectoral indicators remain mixed. On the one hand, affordability was close to its historical high in Q1 and the house-for-sale/house-sold ratio regained pre-bubble levels in April. On the other hand, both the Housing Market index and data on housing permits and starts (both referred to May) show that the end of the homebuyer tax credit in April is taking its toll. In addition, foreclosures are still increasing dramatically; pressure on supply from distressed sales will thus continue to be a limiting factor and amplifies the risk of a further leg down in home prices. The non-residential sector is still free-falling (-4.1% qoq), with lodging, office and commercial declining the most. Also public works (-4.5% qoq) do not present a favourable outlook as they are benefiting from the infrastructure stimulus plan only to a limited extent given the strained fiscal balances of most states.
- In **Italy**, construction posted only a mild decline in Q1 10 (-0.3% qoq). However, prospects remain gloomy for the rest of the year even assuming some improvement in the housing sector as witnessed by the last survey conducted by the Bank of Italy (the number of home sales has increased slightly in April and house prices have stabilised). The non-residential component is expected to remain mired in recession also this year as a consequence of the weakness of demand and still unfavourable financing conditions. As for public works, worries are mounting relative to the short-term prospects mainly given the substantial cut in transfers to local governments.
- In **Thailand** effects on the construction sector from the political upheaval were short-lived. As a matter of fact investment has performed buoyantly in Q1 10 (+5.1% yoy) and coincident and leading indicators anticipate further robust growth in the next few months. The upward trend in the economic cycle and the improvement of investors' confidence is expected to support the private component, while public investment is set to accelerate thanks to the implementation of the second phase of the current economic stimulus package (worth over €36bn).

COUNTRY FOCUS

MAIN CONSTRUCTION INDICATORS

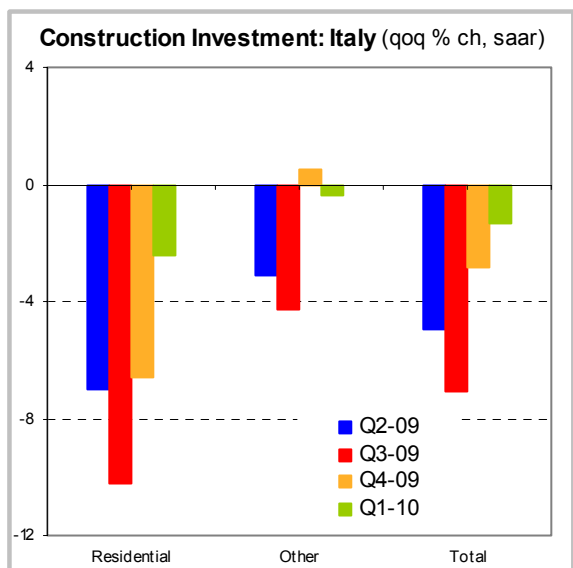
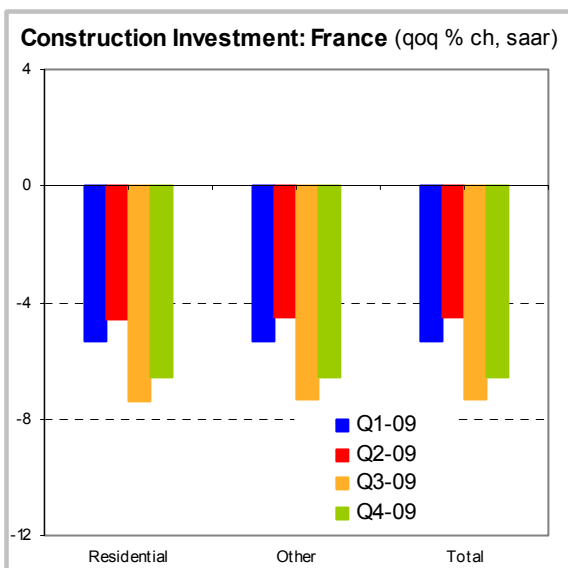
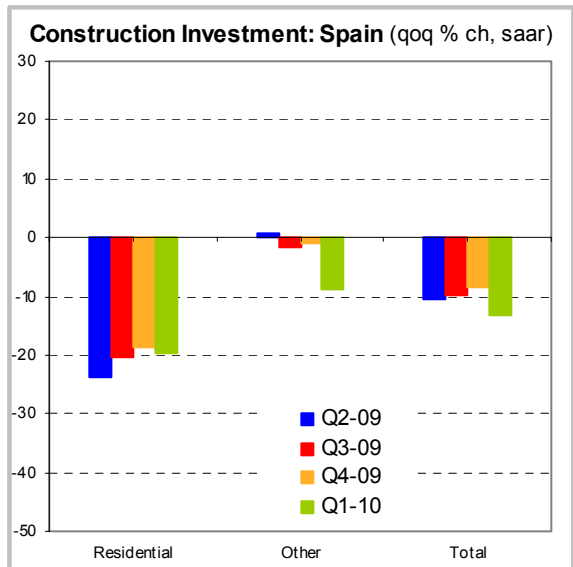
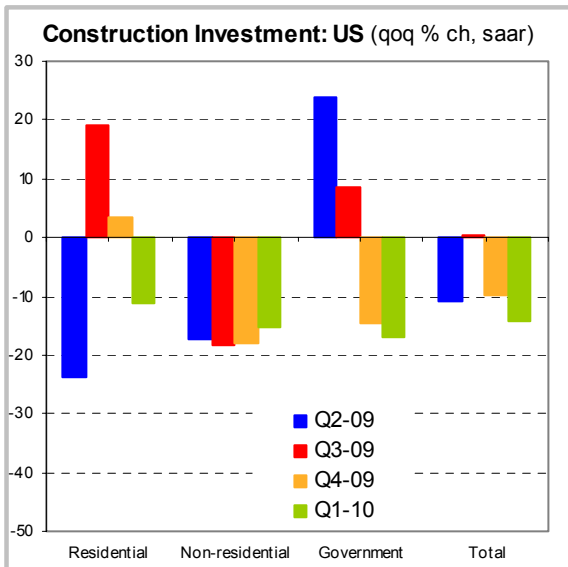
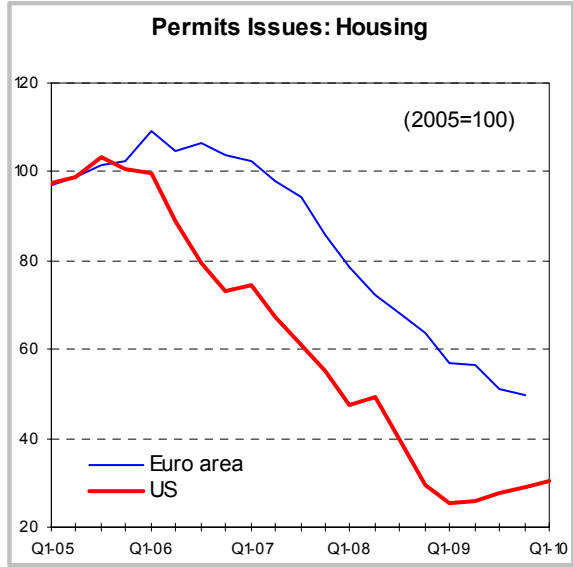
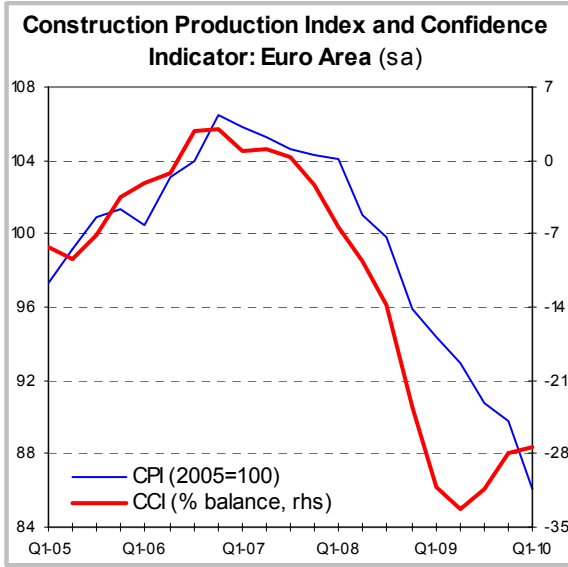
Indicators*	Construction Production				Construction Investment				House Prices			
	2007	2008	2009	Latest	2007	2008	2009	Latest	2007	2008	2009	Latest
USA	-17.9	-30.4	-28.5	4.6 Apr ⁽¹⁾	-5.1	-7.0	-15.5	-8.8 Q1	-3.8	-15.8	-13.3	2.3 Mar
Canada	3.9	3.0	-6.6	2.9 Feb	2.9	2.2	-8.7	4.2 Q1	7.4	2.9	-3.0	4.0 Apr
France	1.7	0.6	-6.1	-6.7 Apr	4.2	-0.8	-5.6	-7.2 Q1	6.5	1.3	-7.1	1.9 Q1
Italy	6.2	-0.4	-11.4	-6.5 Q1	0.1	-3.4	-7.9	-4.1 Q1	5.3	2.7	-3.8	-4.1 H2 09
Spain	-4.3	-16.3	-11.0	-16.7 Apr	3.2	-5.5	-11.2	-10.6 Q1	5.8	0.7	-7.4	-4.7 Q1
Belgium	2.3	-1.2	-6.7	-1.6 Mar	2.2	-0.4	-3.4	-3.5 Q1 ⁽²⁾				-
Greece	14.3	7.8	-20.4	-30.2 Q4	-5.3	-19.1	-11.3	-21.6 Q4	3.8	2.6	-1.8	-1.9 Q4 ⁽³⁾
Bulgaria	27.8	-3.6	-14.3	-23.4 Apr	21.7	20.4	-26.9	-14.9 Q1 ⁽⁴⁾	28.9	24.9	-21.4	-17.8 Q1
Turkey			-		5.8	-6.9	-15.0	-6.5 Q4				-
Morocco			-		10.3	9.4	1.7	6.1 Q4 ⁽²⁾				-
Egypt			-		15.8	11.8	14.2	12.5 Q4 ⁽²⁾				-
China			-		23.8	3.0	45.5	24.4 Apr ⁽⁵⁾	7.6	6.5	2.4	12.4 May ⁽⁶⁾
Thailand			-		2.6	-4.2	0.5	5.1 Q1	-4.3	-13.9	-9.2	-17.0 Q1
India			-		11.0	6.3	5.7	8.7 Q1 ⁽²⁾				-

Notes:

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

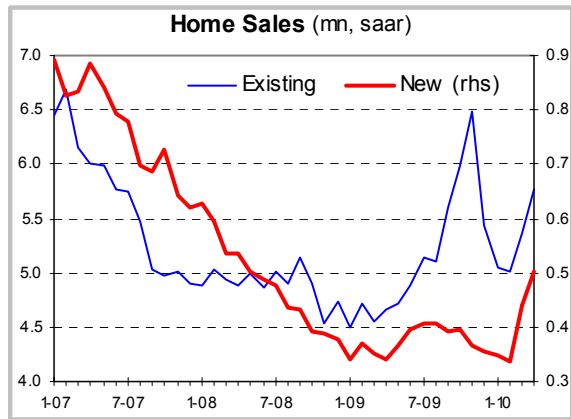
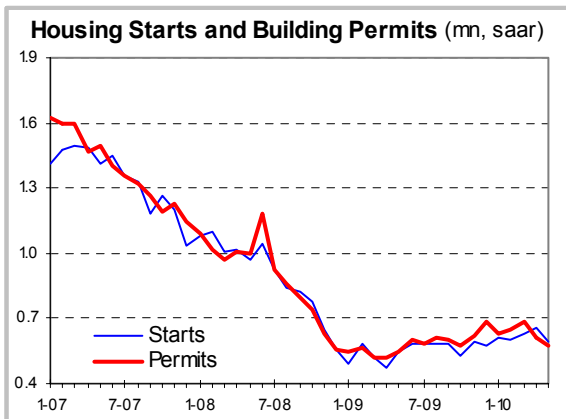
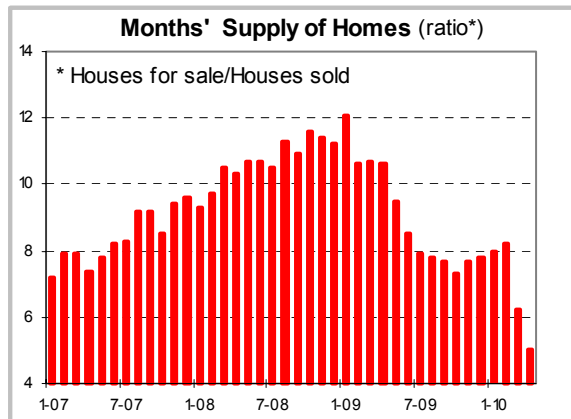
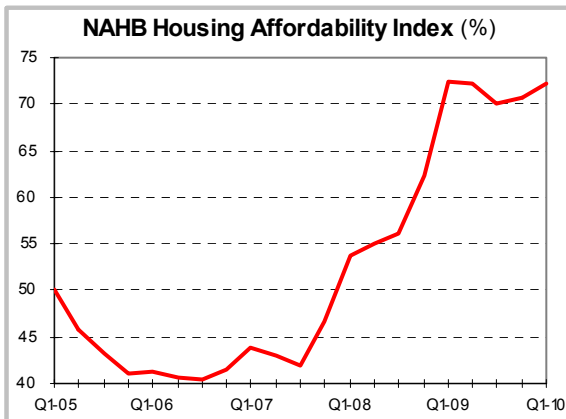
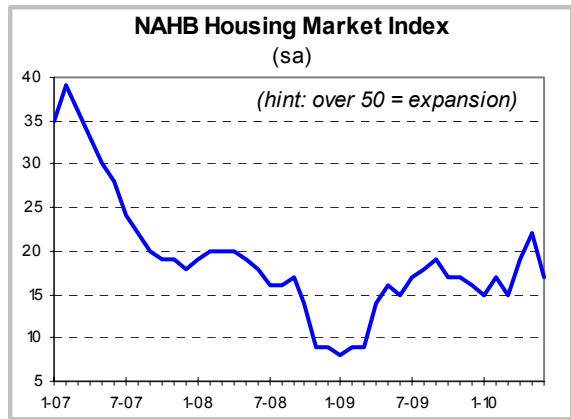
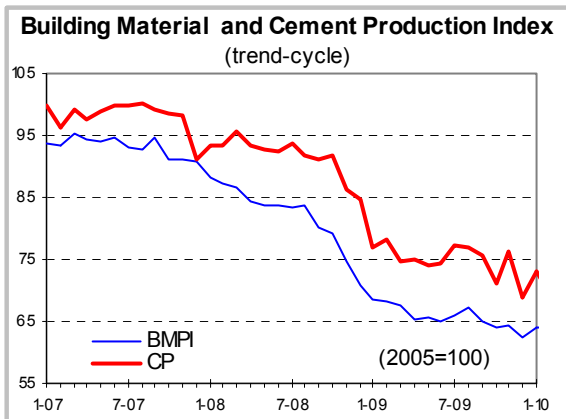
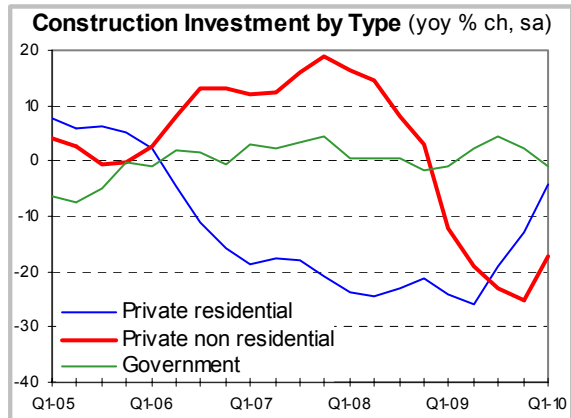
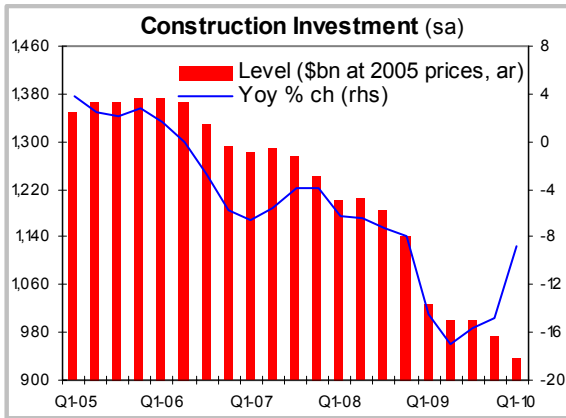
⁽⁴⁾ Gross fixed capital investment; ⁽⁵⁾ Investment in fixed assets: construction; ⁽⁶⁾ 70 major cities

MAIN CONSTRUCTION INDICATORS

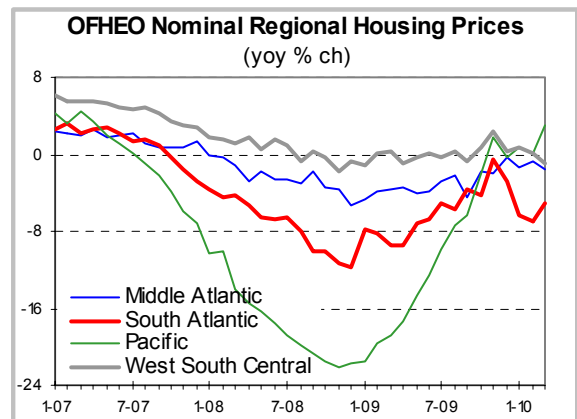
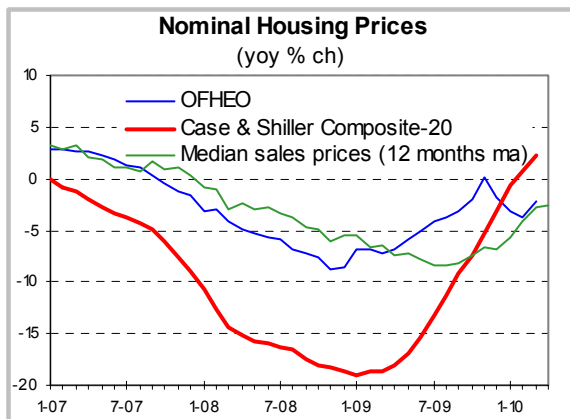
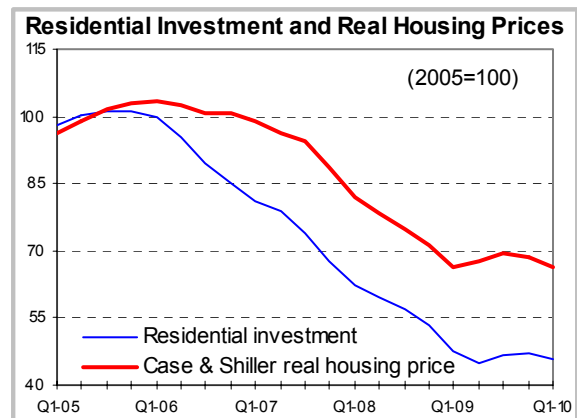
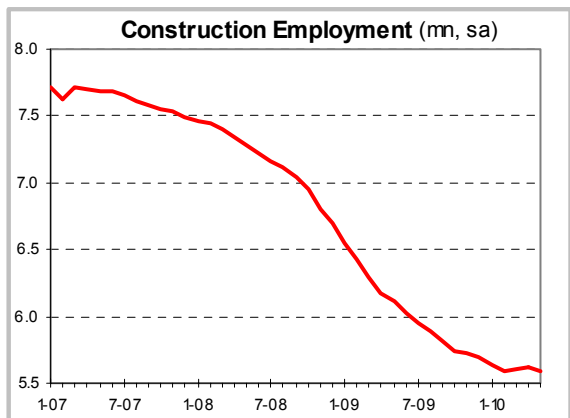
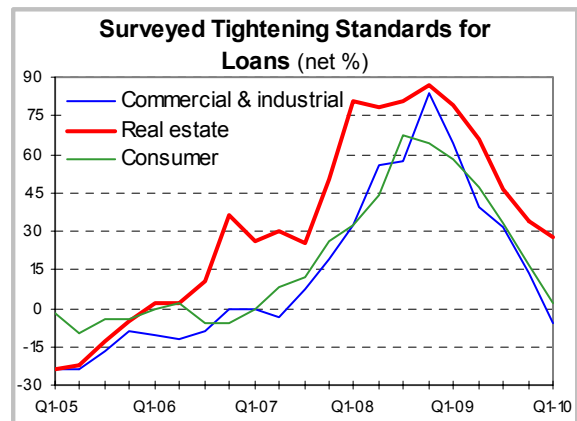
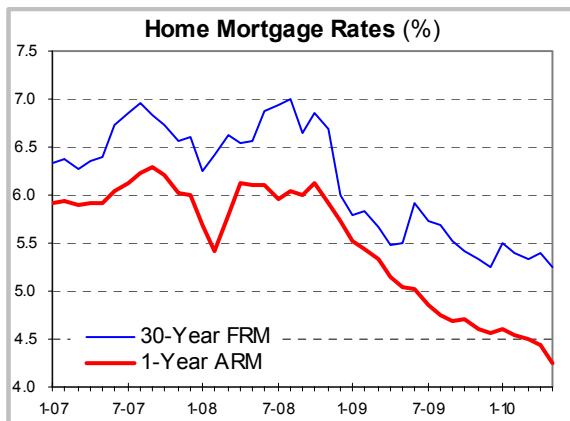
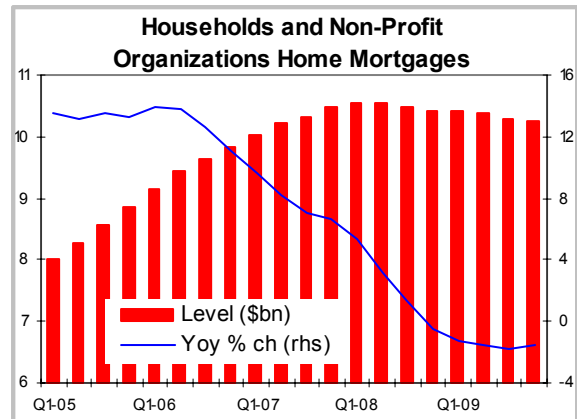
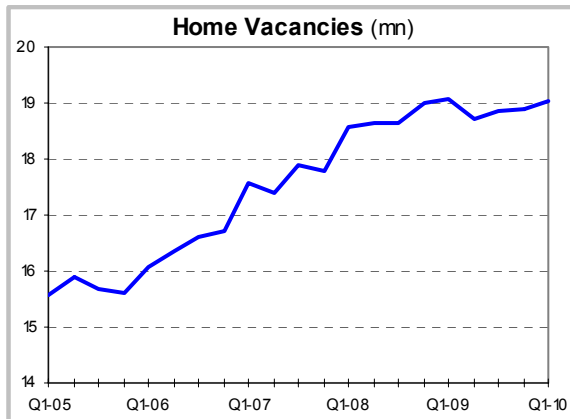


Sources: BEA, Eurostat, US Census

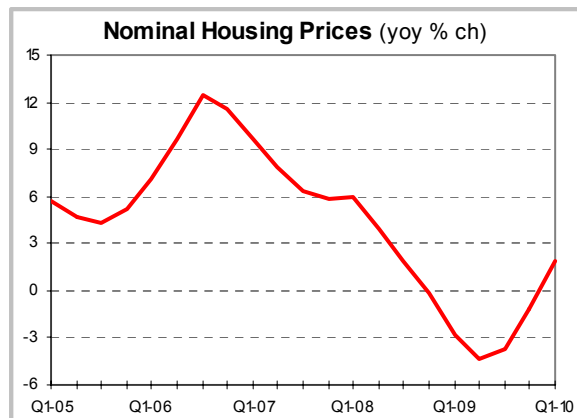
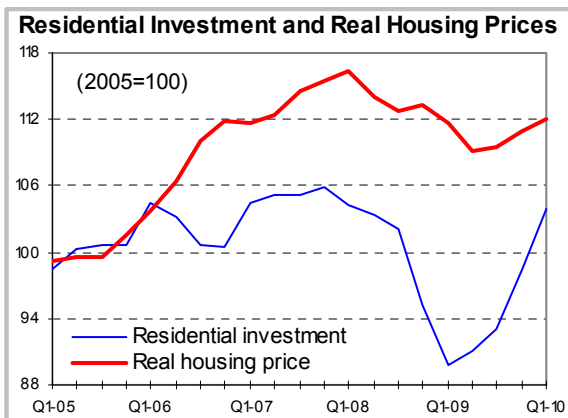
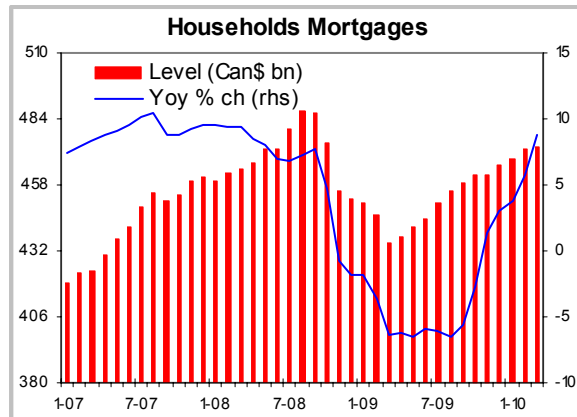
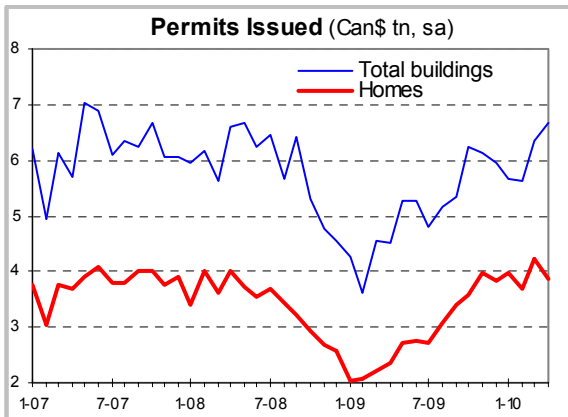
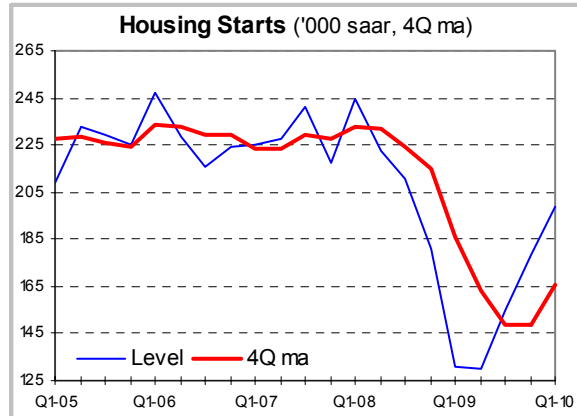
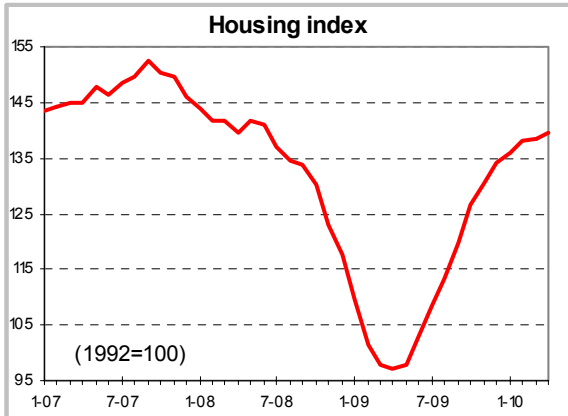
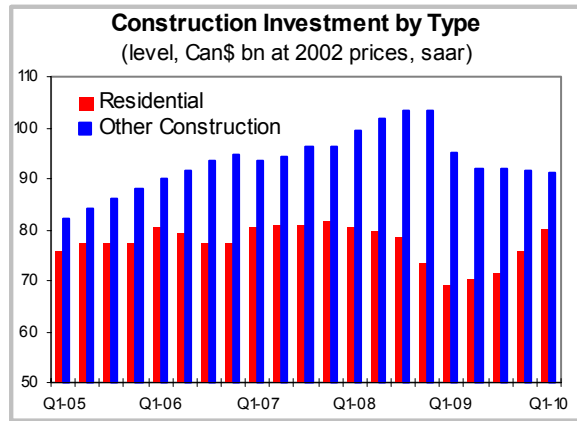
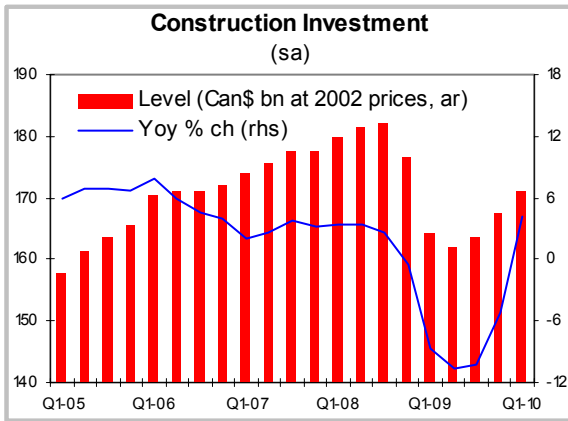
UNITED STATES



UNITED STATES

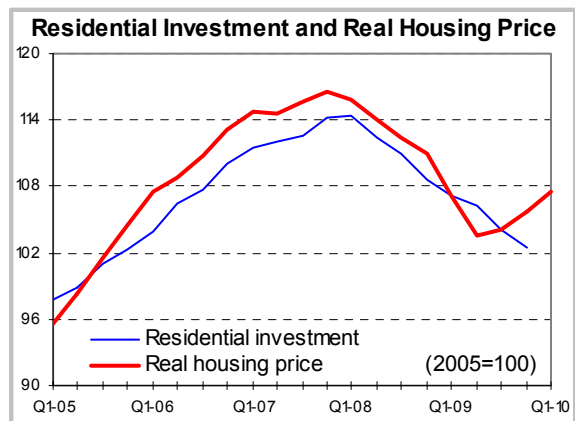
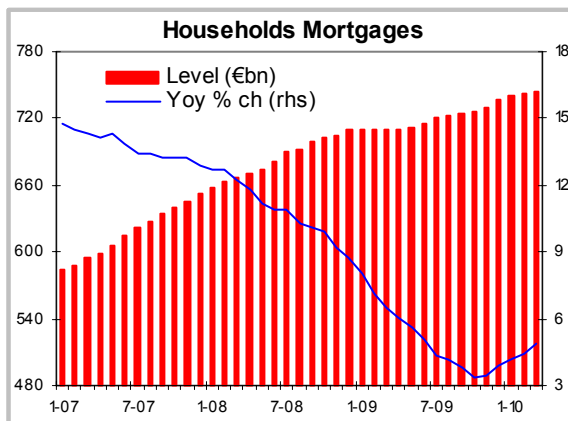
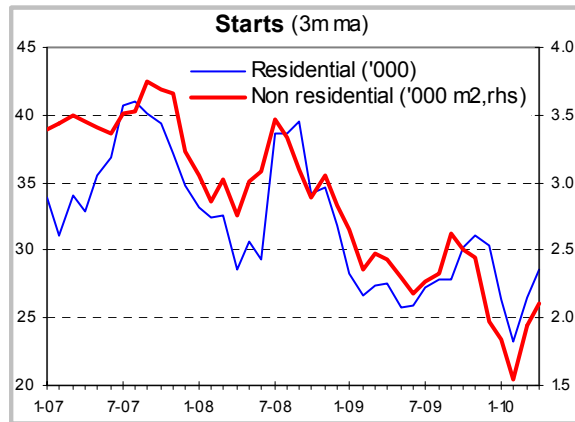
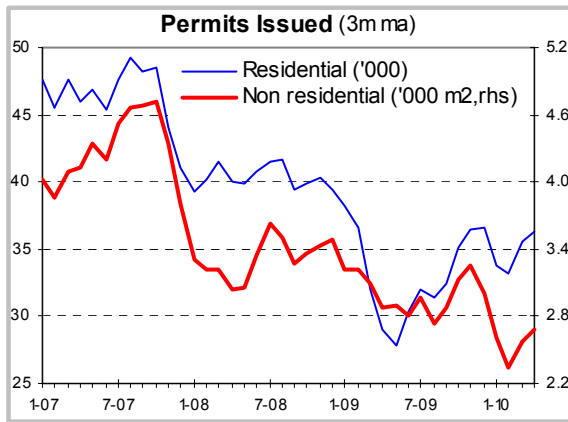
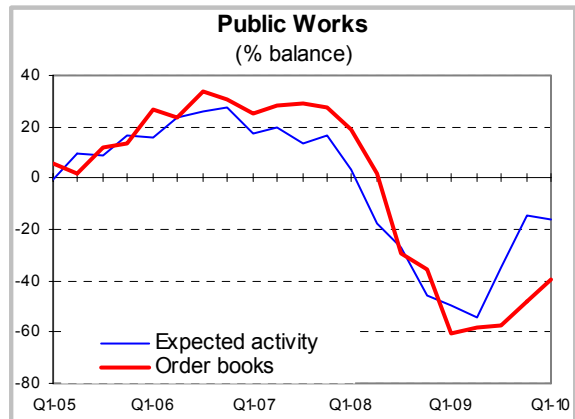
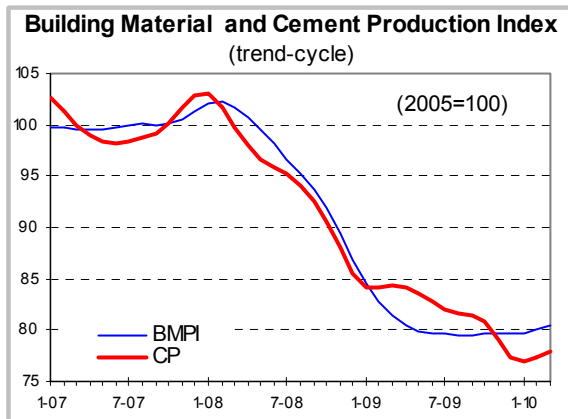
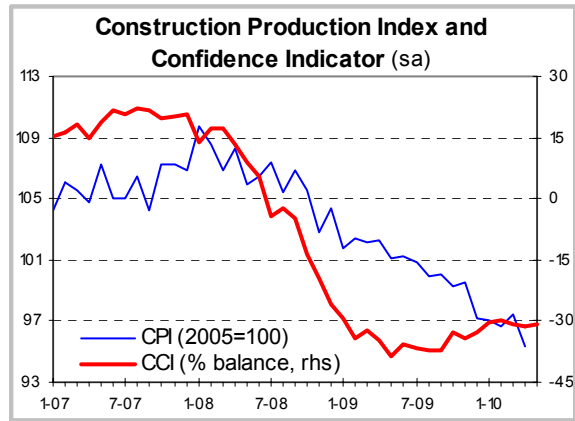
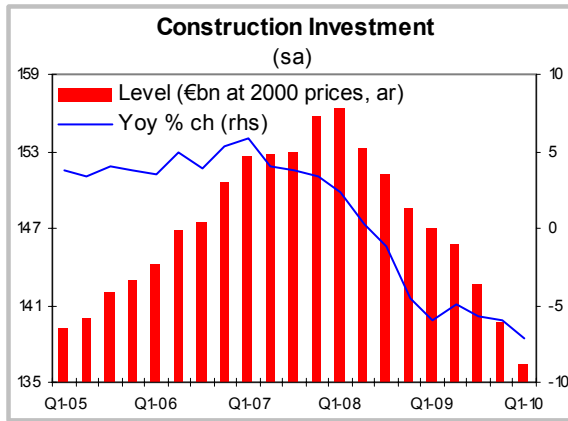


Sources: US Census, National Association of Home Builders, Dept. of Labour, HSH Associates, Bureau of Economic Analysis, Standard & Poor's, Bureau of Labour Statistics, OFHEO

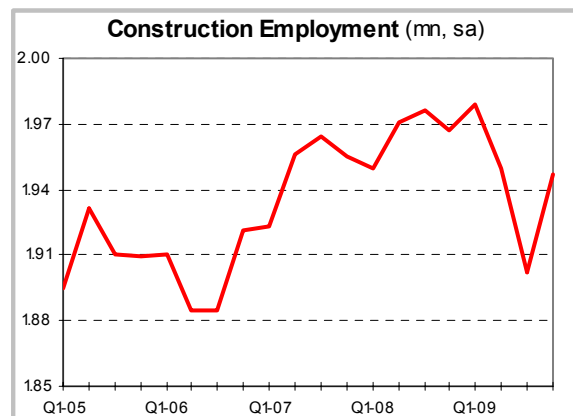
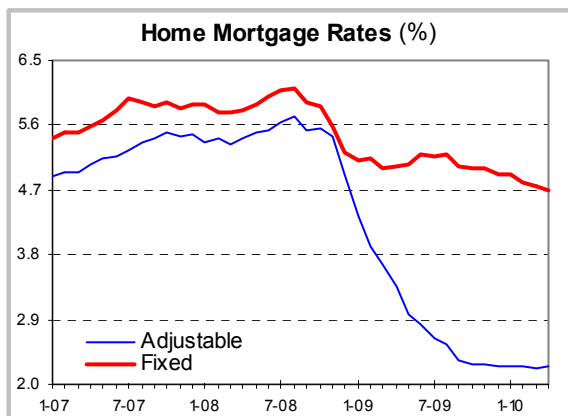
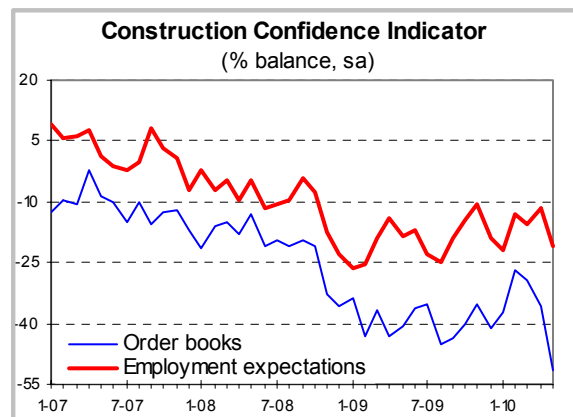
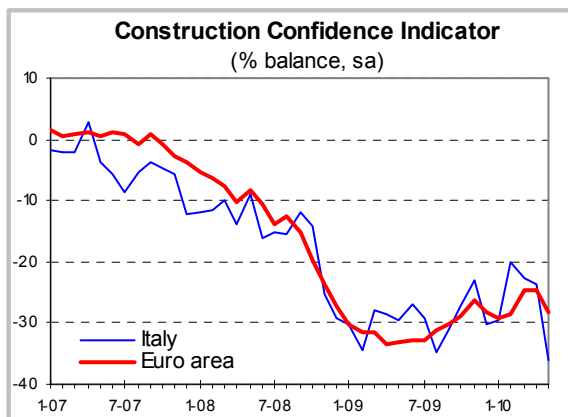
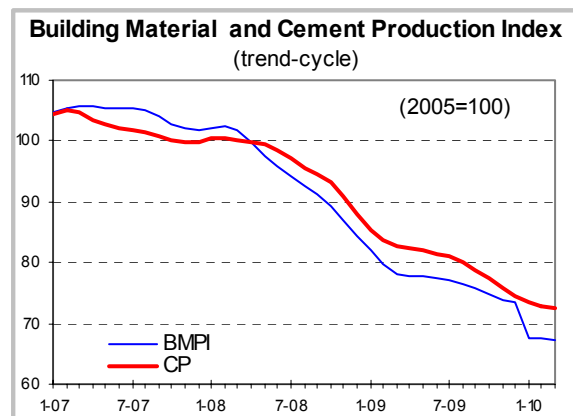
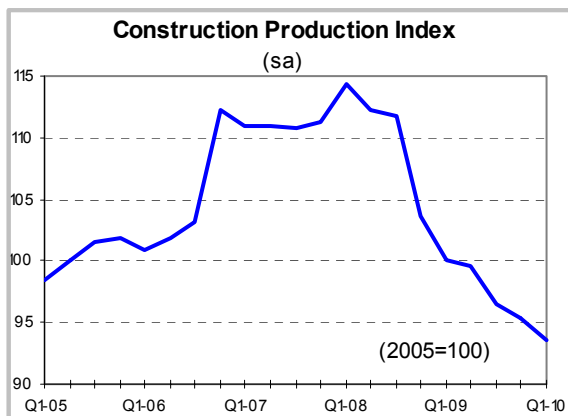
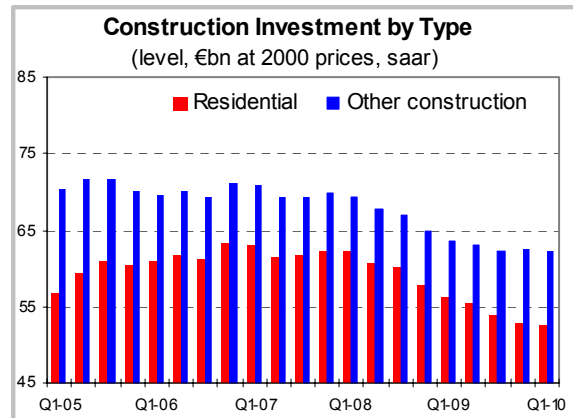
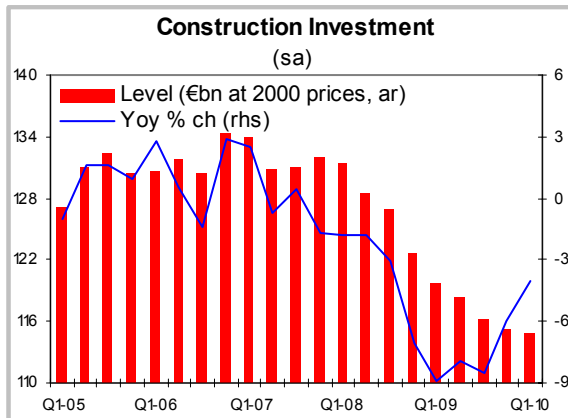


Sources: OECD, Canada's Statistics Agency, CMHC, Bank of Canada

FRANCE

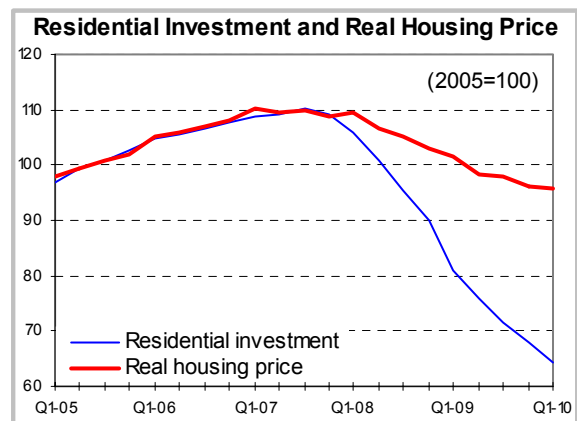
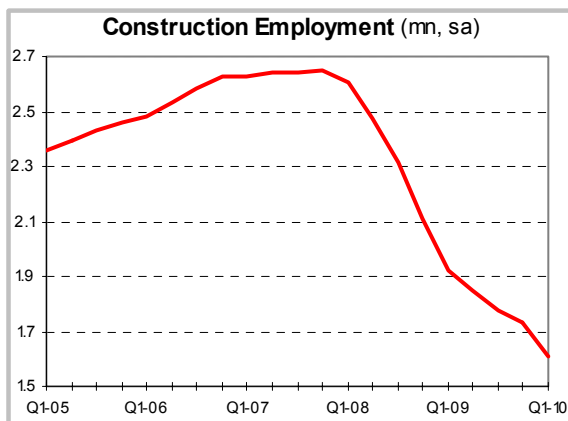
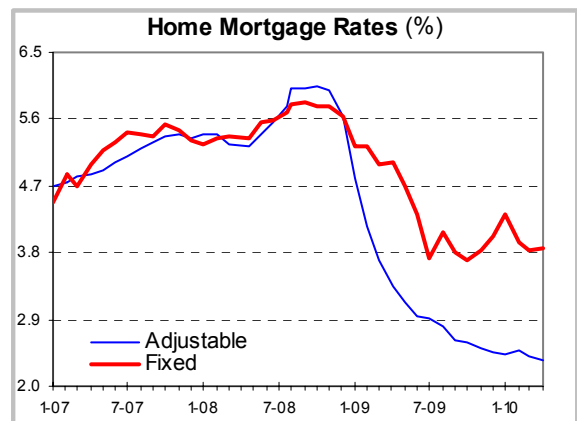
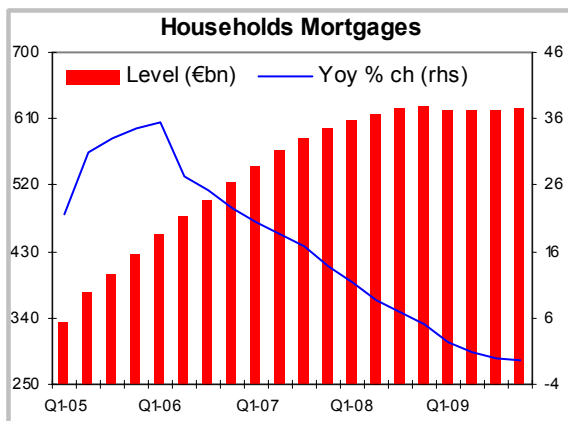
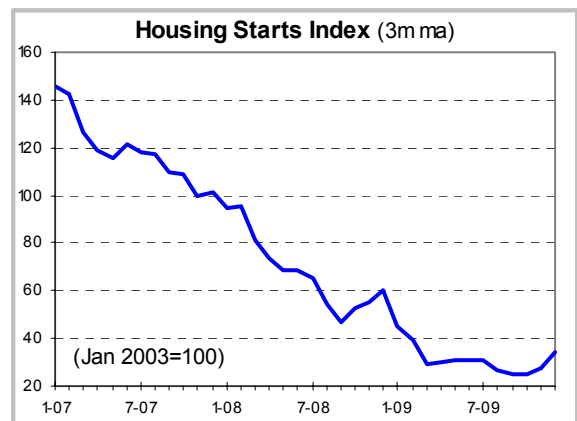
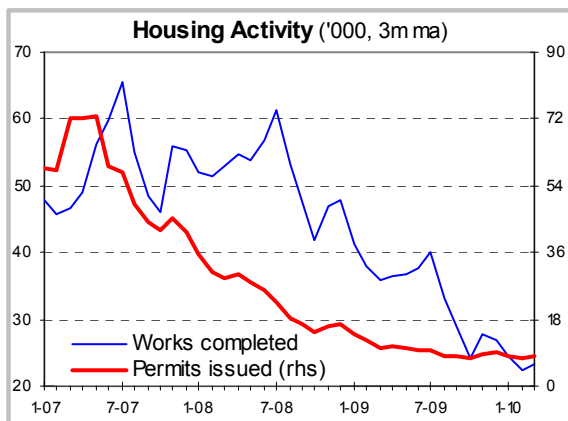
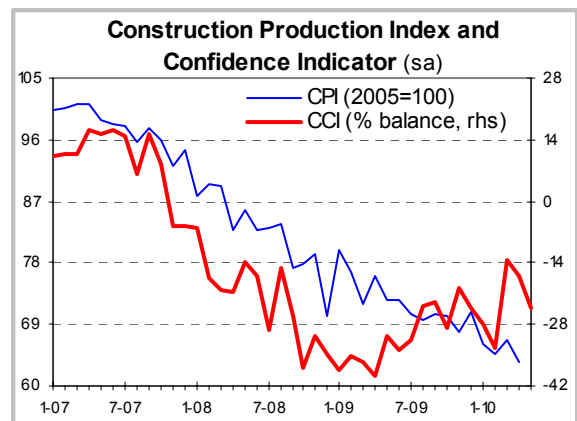
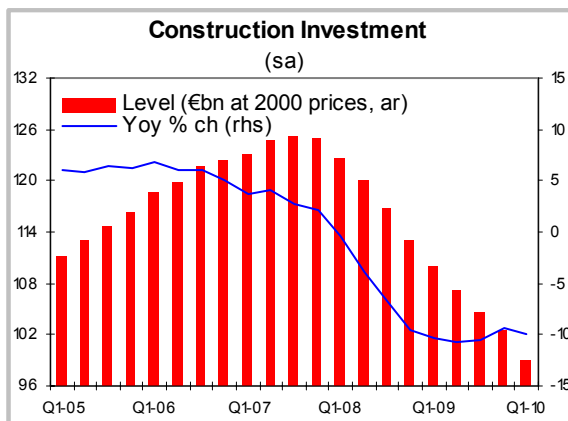


Sources: OECD, Ministère de l'Équipement, INSEE, European Commission, Banque de France, Eurostat



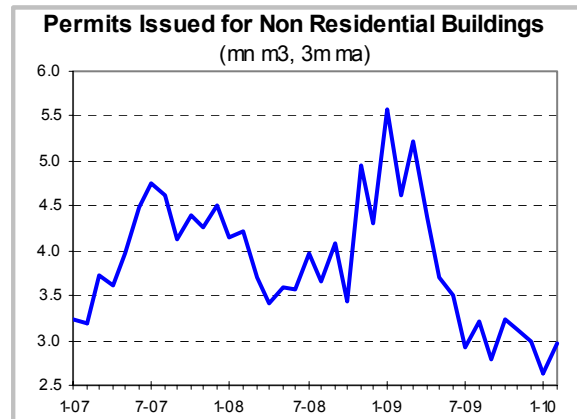
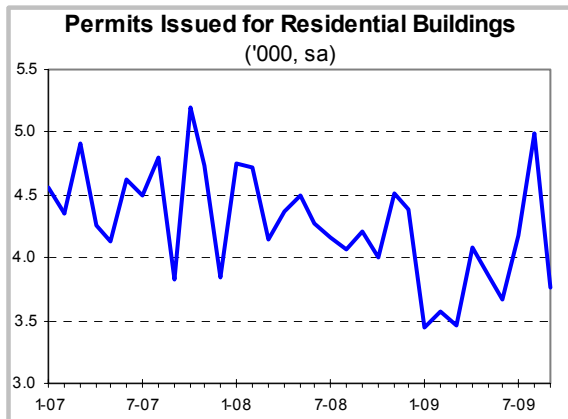
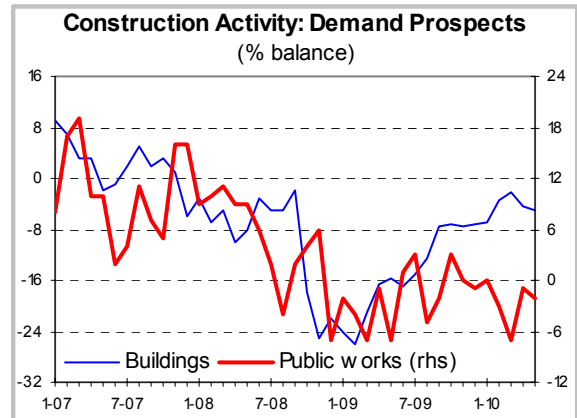
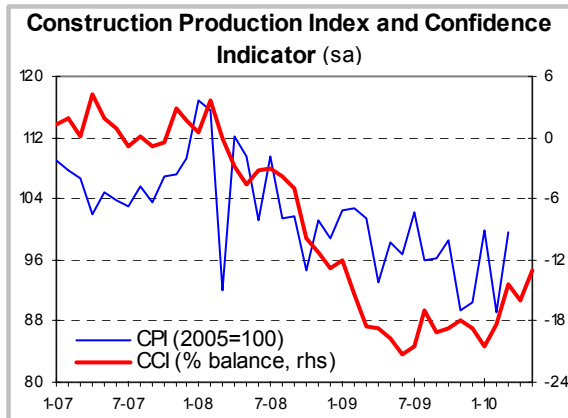
Sources: ISTAT, European Commission, Banca d'Italia, ISAE, Eurostat

SPAIN



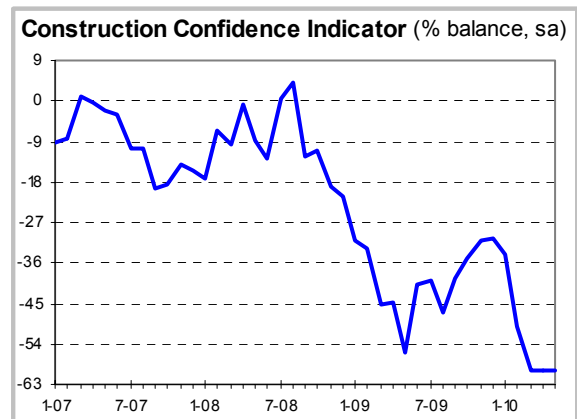
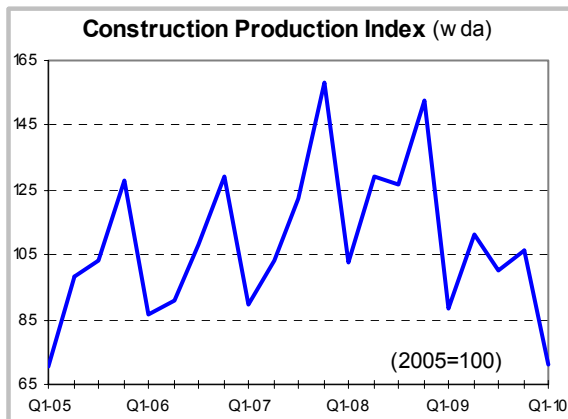
Sources: INE, European Commission, Banco de Espana, OECD

BELGIUM

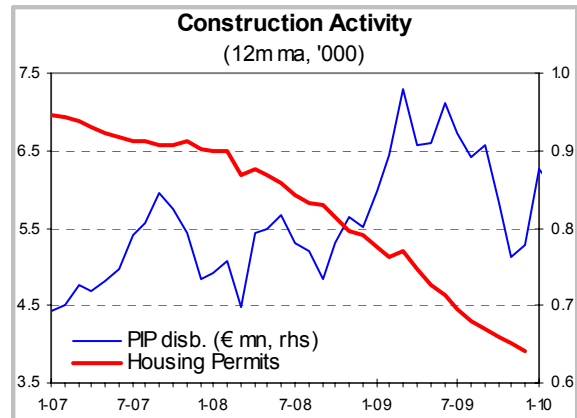
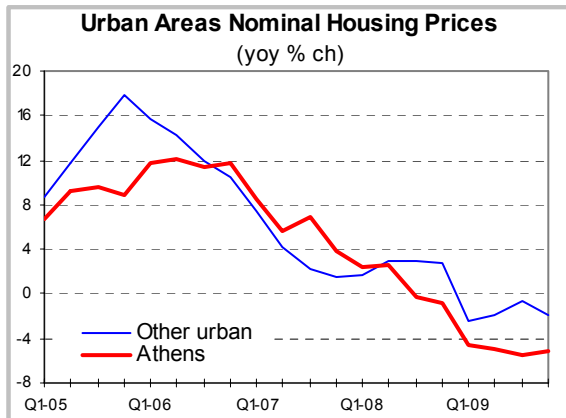


Sources: European Commission, Belgostat

GREECE

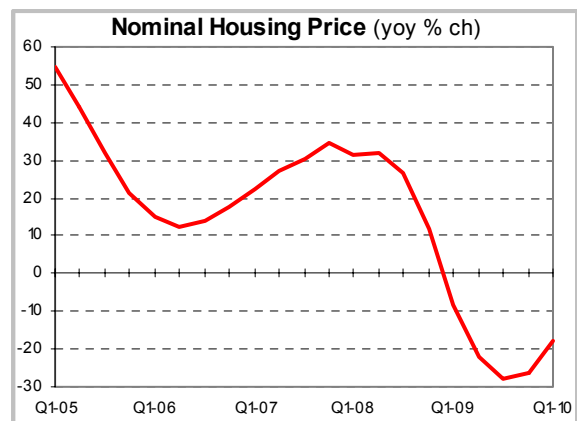
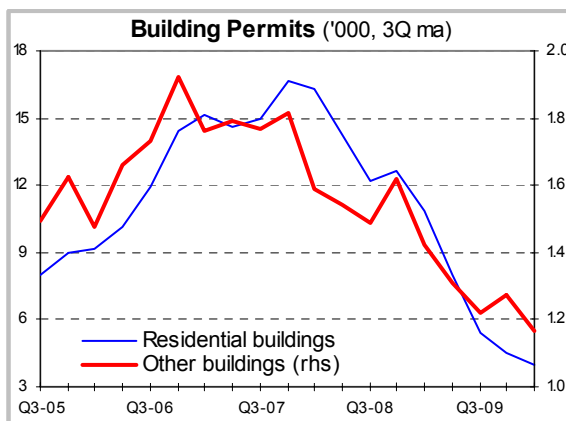
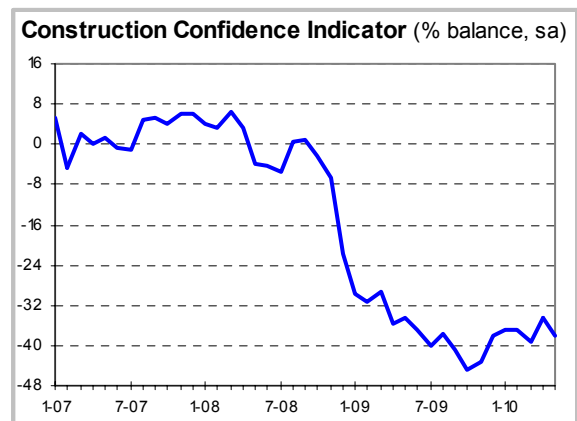
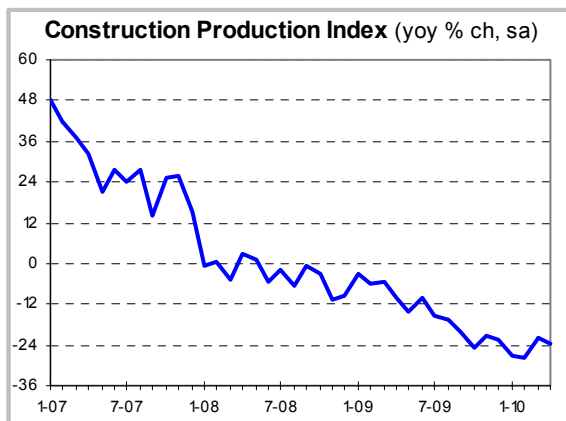


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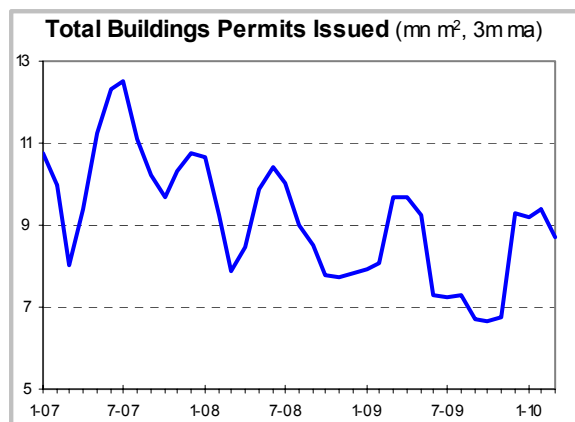
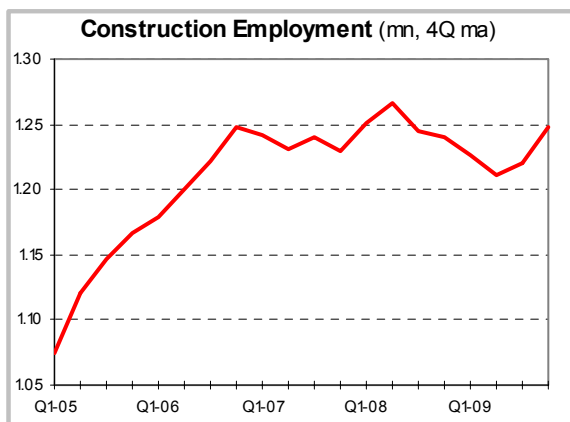
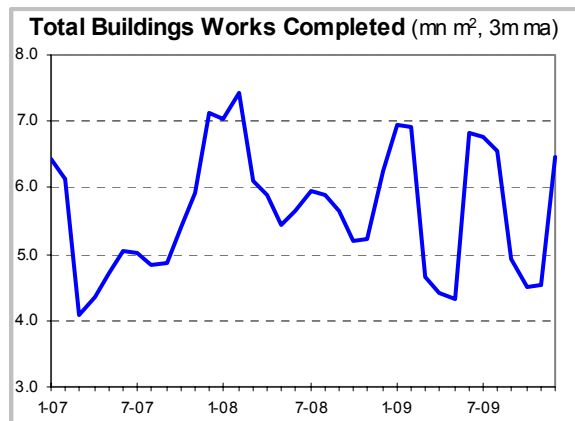
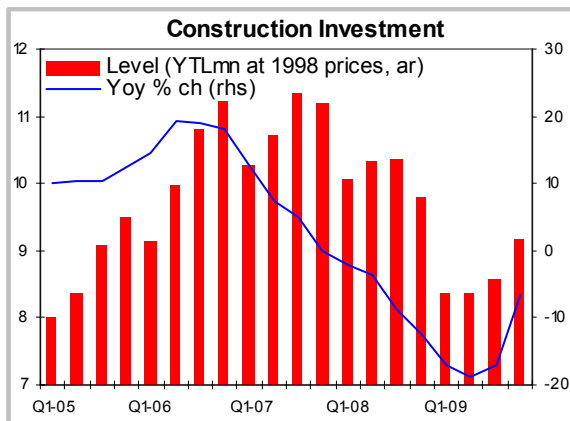
Sources: European Commission, Bank of Greece, Ministry of Economy and Finance, National Statistical Service

BULGARIA



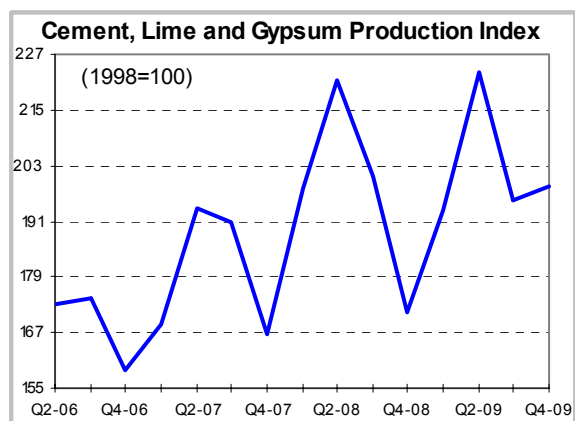
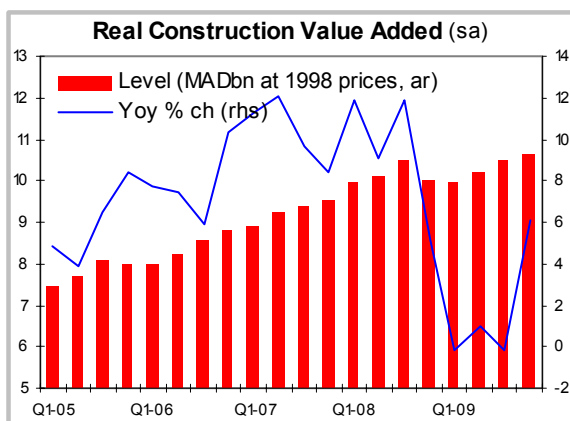
Sources: Eurostat, European Commission, National Institute of Statistics

TURKEY



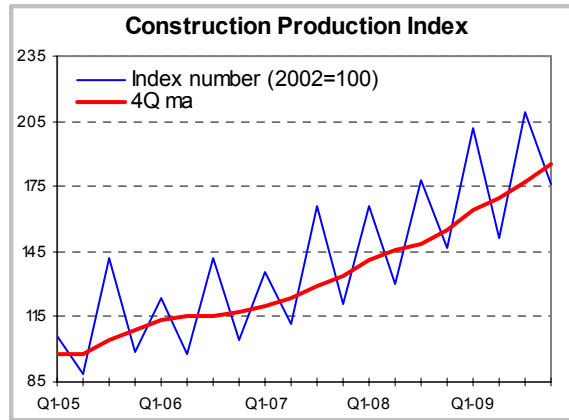
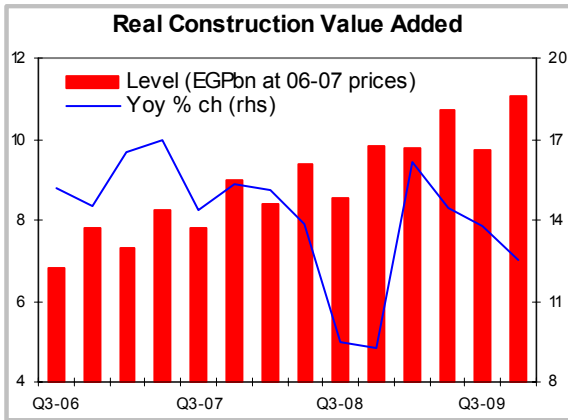
Sources: OECD, SIS (State Institute of Statistics)

MOROCCO



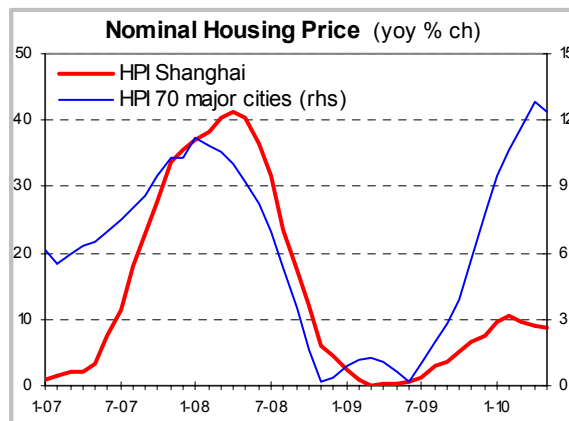
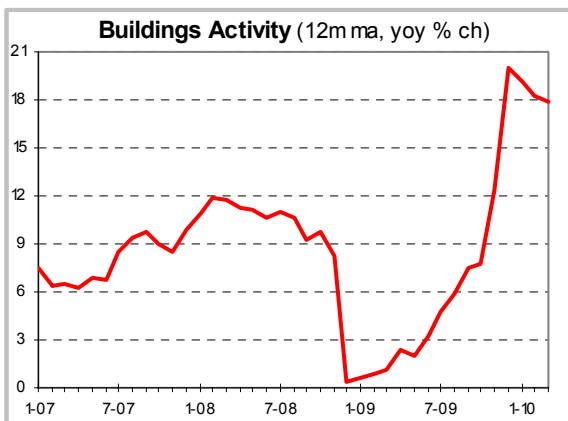
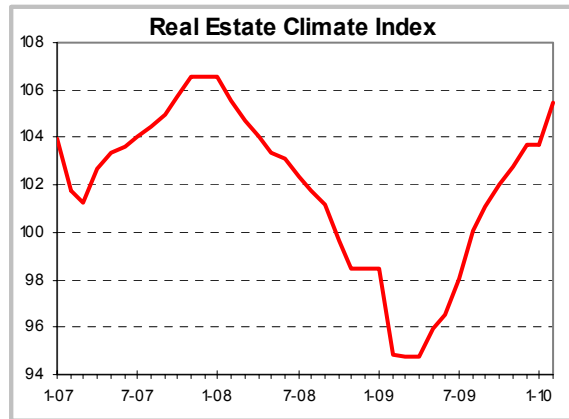
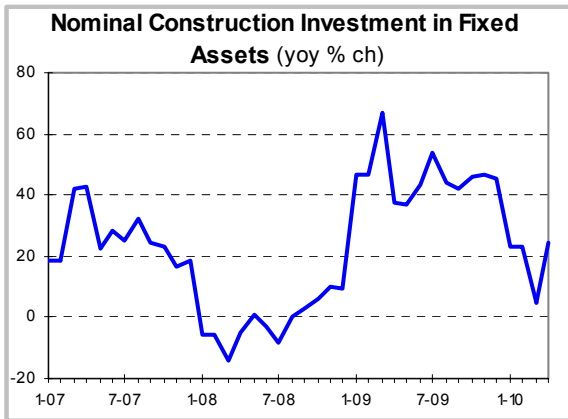
Source: Haut-Commissariat au Plan

EGYPT



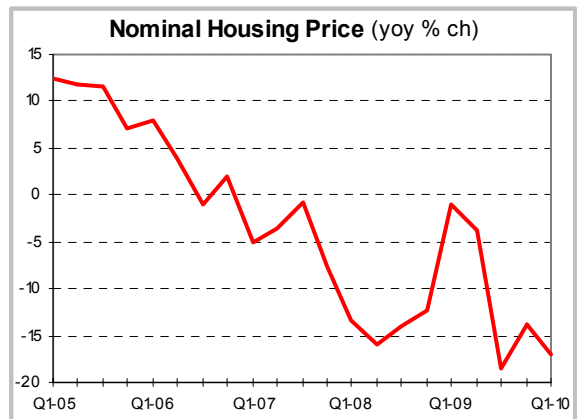
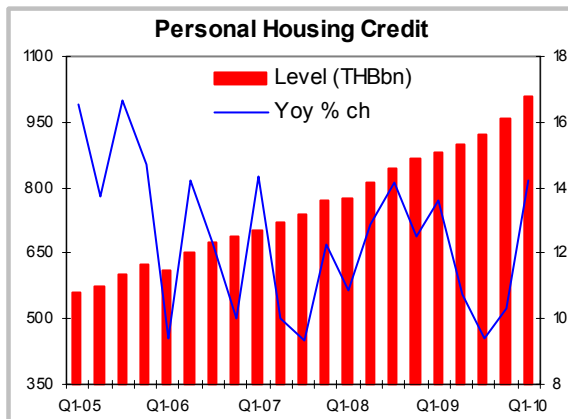
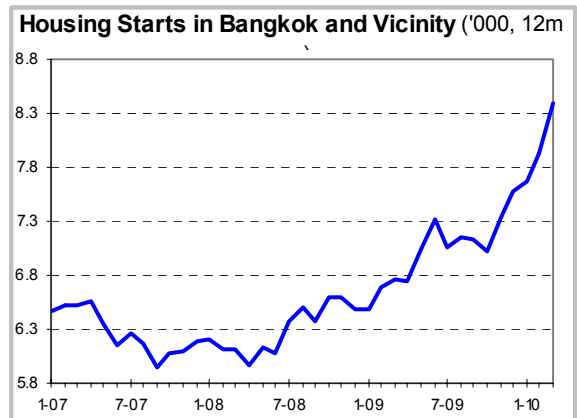
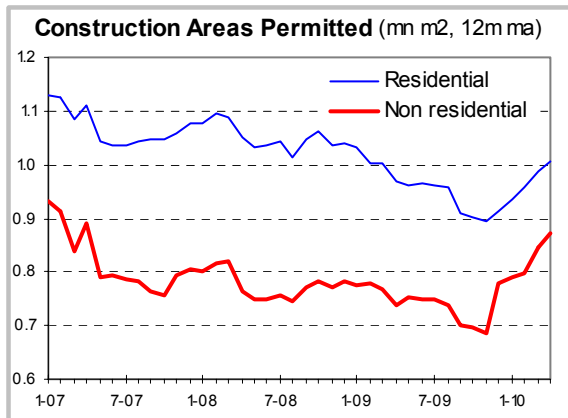
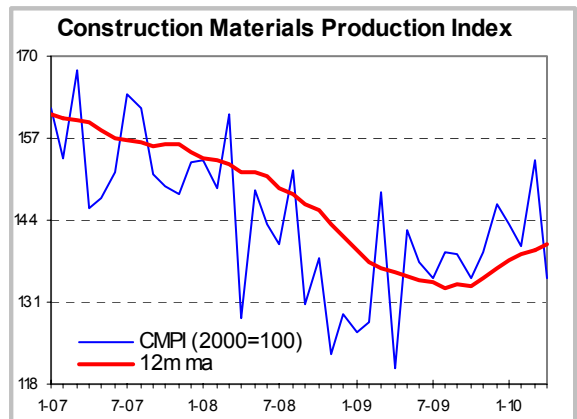
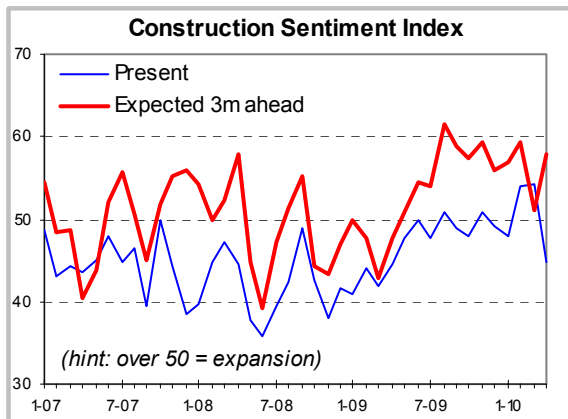
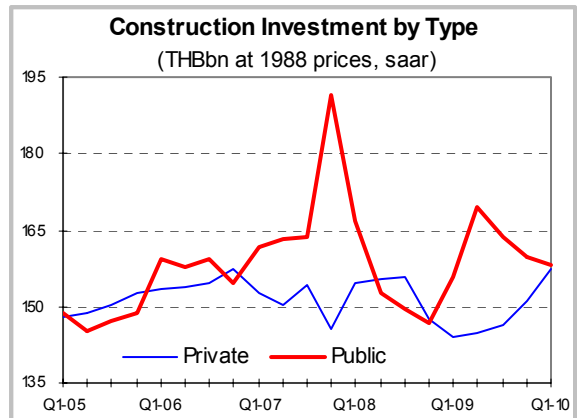
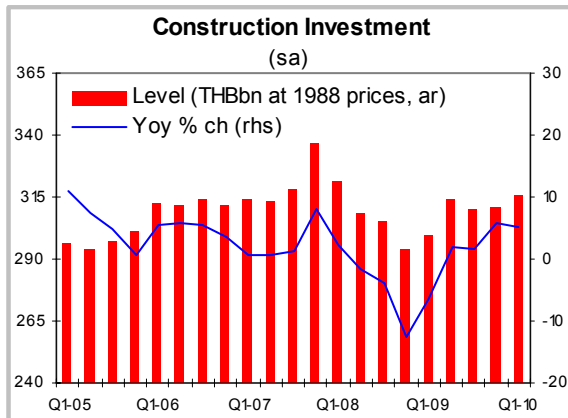
Source: Ministry of Finance

CHINA



Sources: OECD, National Bureau of Statistics, Ehomeday

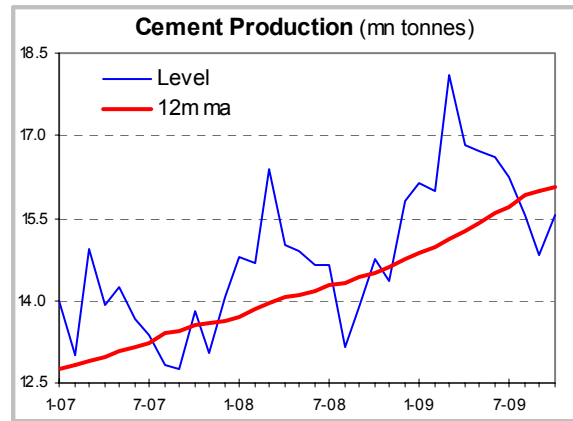
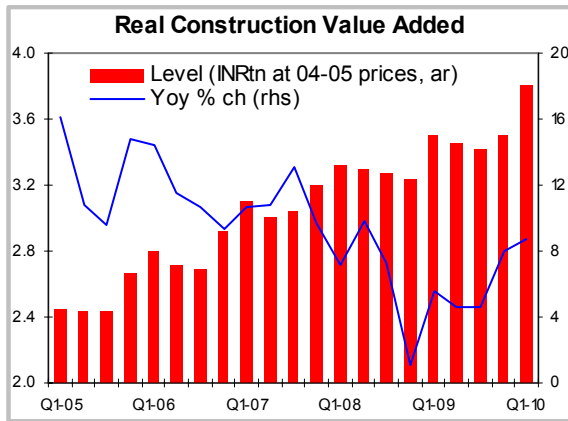
THAILAND



Source: Bank of Thailand

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INDIA



Sources: OECD, Office of Economic Advisor