

Construction Profile in ITC Group Countries

N. 3 – October 3rd 2011

Highlights

Country Focus

Main Construction Indicators

Countries:

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

Key to Abbreviations

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

Based on all information up to October, 3rd 2011
Available in i.like

HIGHLIGHTS

- In most developed countries construction in the last few quarters showed a very bumpy dynamics: declining in Q4 10, strong accelerating at the beginning of the current year, and fairly weak again in Q2 11. According to available leading indicators, also in Q3 construction should have remained subdued.
- This uneven path has to be ascribed mainly to exceptional, both in negative and positive terms, weather conditions. For sure, the above evolution has masked that construction is still far from recovering more normal conditions.
- In this already not promising environment the reviving financial crisis broken out during the summer in the euro area risks to hit in the months ahead the construction sector seriously, particularly through more difficult access to credit for both construction developers and households. In addition, further budget tightening is set to weigh down on activity levels, especially in those Group countries (such as Greece, Spain, Italy) which are more deeply exposed to the new round of crisis.
- In the Group emerging markets, while activity levels remain overall buoyant, construction conditions have significantly deteriorated in Egypt further to the ongoing political turmoil and could continue to worsen at least until the complex poll process is completed at the beginning of next year.

COUNTRY FOCUS

- In **Italy**, construction recorded a steep decline in Q2 11 (-1.6% qoq) mainly due to the brisk worsening of macroeconomic conditions. The emergency budget approved by the parliament in September is heavily reliant on higher taxes, which will weigh on already deteriorating economic growth prospects, so that risks of a double-dip for the construction sector are far from negligible. Latest coincident and leading indicators confirm this view: home sales decreased somewhat in Q1 and Q2 11 (-3.7% and -6.6% yoy, respectively), the sectoral confidence indicator has continued to trend downward since the beginning of 2011, while the building-material production index hit a new low in July. The non-residential component is expected to remain mired in recession also in the next few months as a consequence of anaemic domestic demand and tight credit conditions. As for public works, worries are mounting mainly given the lack of new funds for the infrastructure sector and the substantial cut in transfers to local governments.
- In **Greece**, private construction continues its protracted slump. Tighter lending conditions and increasing concerns about the economic outlook delay the revival of residential investment. In fact, sectoral demand remains extremely weak, with the value of housing transactions and the number of housing permits still very depressed. In addition, public works are being hit by slashed investment plans in an effort to reduce the large country fiscal deficit.
- In **India**, construction activity surprised on the downside in Q2 11, decelerating to 1.2% yoy (down from +8.2% yoy in Q1 11). Causes of this weakness are manifold the major ones being: structural and policy related bottlenecks (such as delays in environmental approvals for some large projects and other procedural delays), land acquisition issues, and rising interest rates. Aware of the above issues, the authorities have introduced some policy initiatives aimed at improving the investment climate and boost infrastructure investments already in the next few months.

MAIN CONSTRUCTION INDICATORS

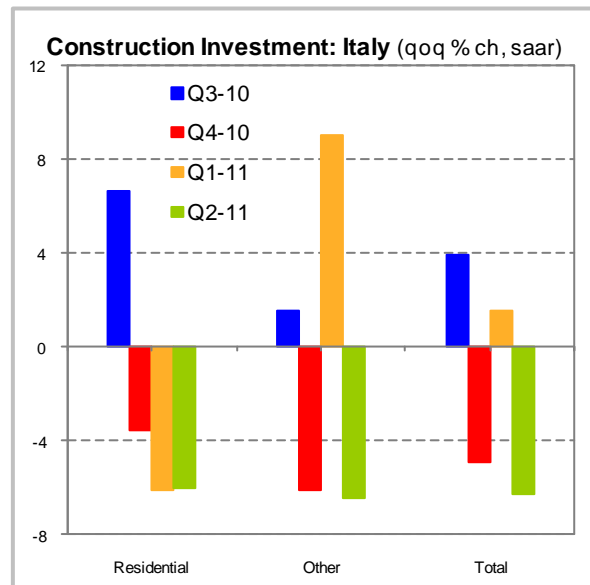
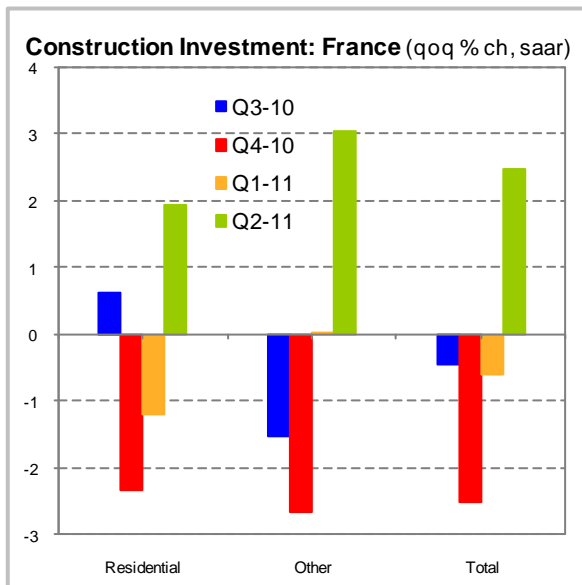
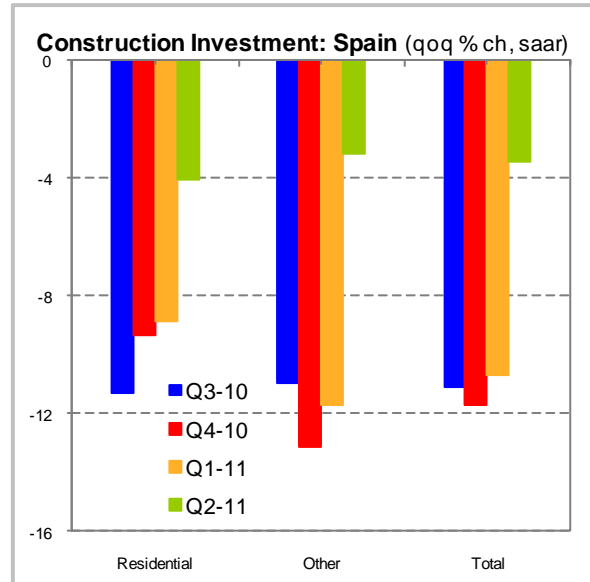
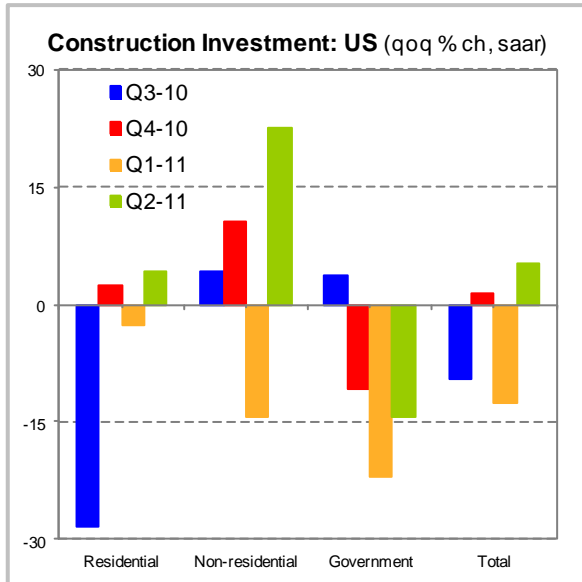
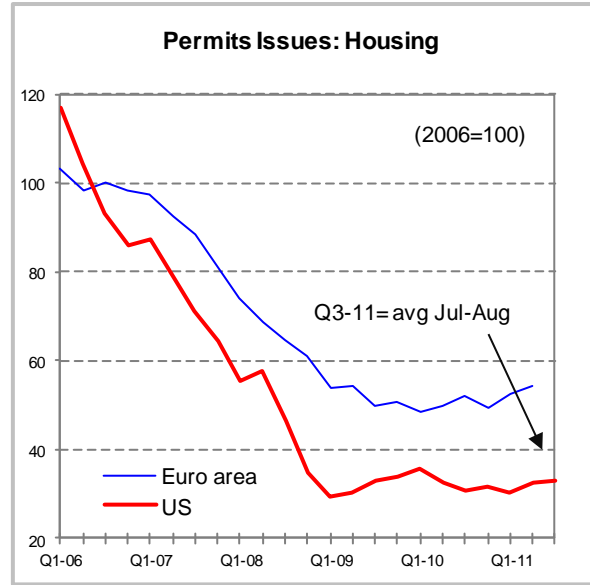
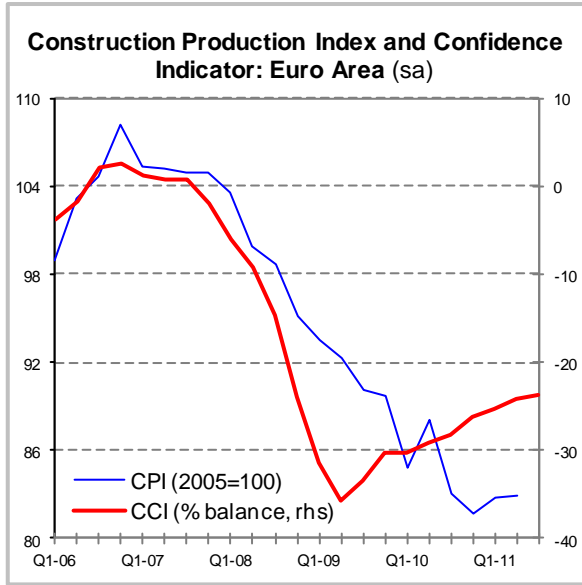
Indicators*	Construction Production				Construction Investment				House Prices			
	2008	2009	2010	Latest	2008	2009	2010	Latest	2008	2009	2010	Latest
USA	-30.4	-28.5	-3.2	3.3 Jul ⁽¹⁾	-8.6	-17.3	-8.6	-4.1 Q2	-15.8	-13.3	1.2	-4.1 Jul
Canada	4.6	-8.2	7.9	4.6 Jun	2.9	-10.9	9.2	5.7 Q2	2.9	-3.0	3.4	2.3 Jul
France	-3.7	-5.9	-3.4	-0.5 Jul	-2.0	-5.9	-5.0	-0.3 Q2	1.2	-7.1	6.4	7.6 Q2
Italy	-1.1	-11.7	-3.2	-6.1 Jul	-3.0	-8.6	-3.7	-1.5 Q2	2.7	-3.8	-2.2	-1.3 H1 11
Spain	-15.7	-12.1	-18.2	-28.7 Jun	-5.9	-11.9	-11.1	-9.3 Q2	0.7	-7.4	-3.9	-5.2 Q2
Belgium	-0.3	-3.3	-2.1	-1.1 Jul	0.7	-1.9	0.5	2.8 Q2 ⁽²⁾				-
Greece	7.6	-17.4	-31.7	-39.1 Q2	-18.9	-12.3	-12.5	-16.2 Q1	1.7	-3.7	-4.6	-5.0 Q1
Bulgaria	12.1	-13.8	-18.0	-11.5 Jul	21.9	-17.6	-16.5	8.4 Q2 ⁽³⁾	24.9	-21.4	-10.1	-6.4 Q2
Morocco			-		9.4	3.4	2.0	3.0 Q2 ⁽²⁾	-	-	-	1.9 Q2
Egypt			-		11.8	14.2	12.9	0.3 Q2 ⁽²⁾				-
China			-		3.0	45.5	24.6	45.5 Aug ⁽⁴⁾	27.4	2.9	6.5	2.2 Aug ⁽⁵⁾
Thailand			-		-3.9	0.6	6.6	-8.1 Q2 ⁽⁶⁾	-13.9	-9.3	-1.4	12.2 Q2
India			-		6.2	5.7	8.2	1.2 Q2 ⁽²⁾				-

Notes:

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

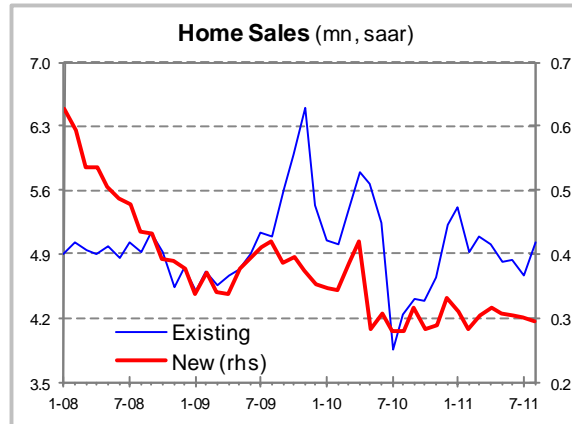
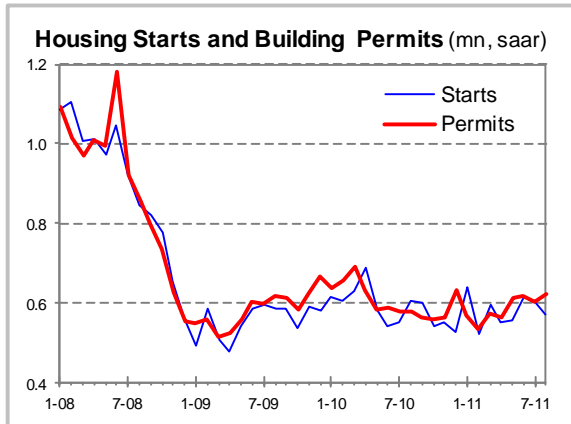
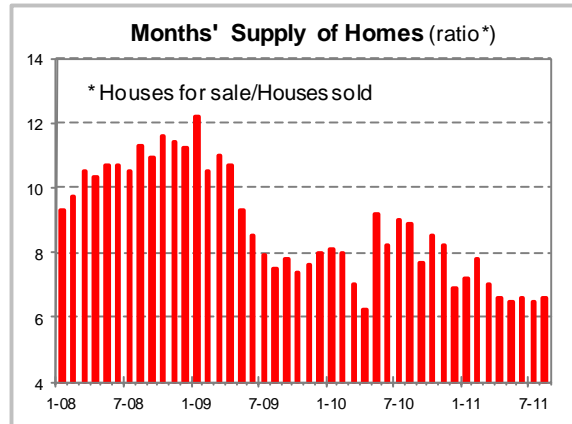
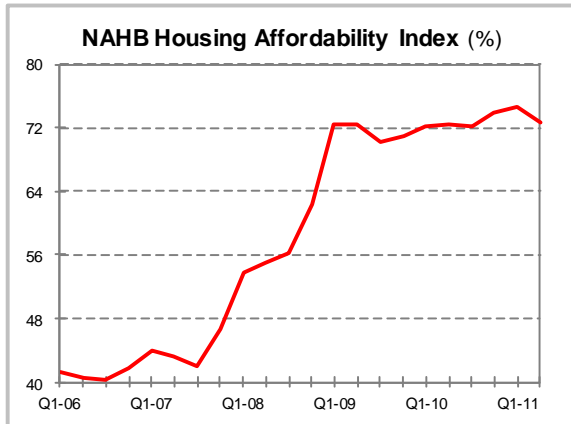
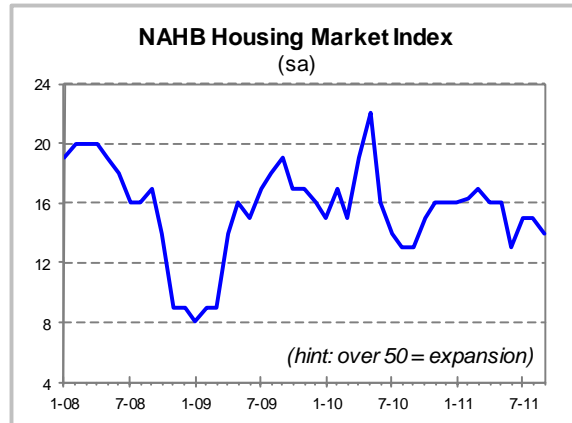
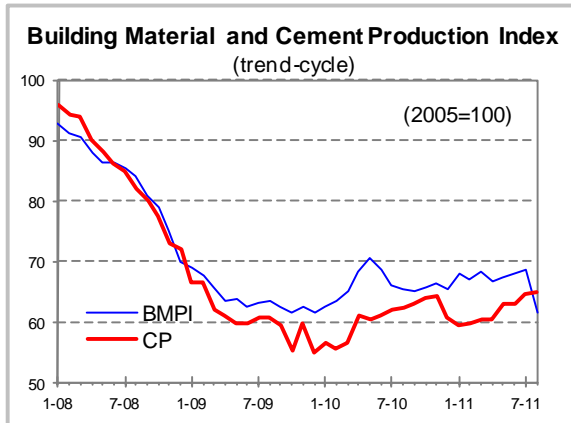
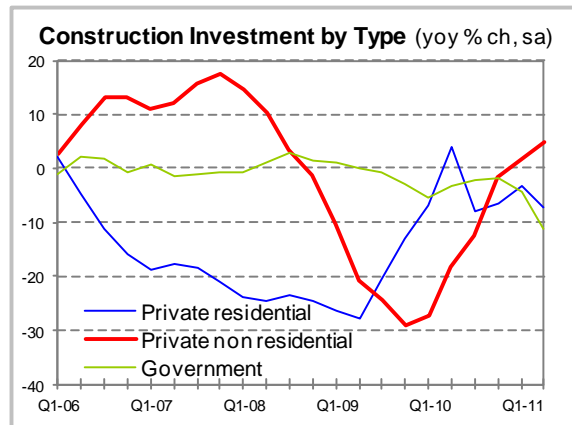
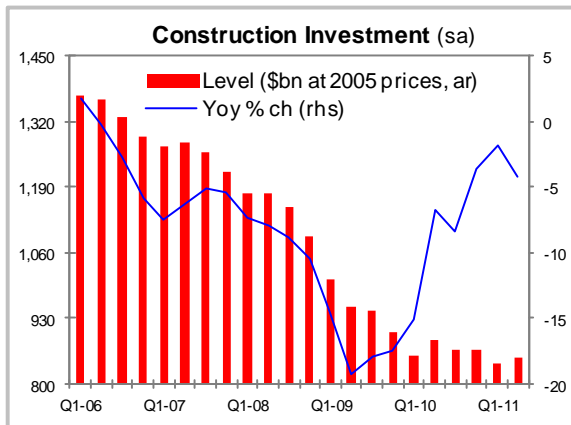
Sources: Eurostat, OECD, National Statistics

MAIN CONSTRUCTION INDICATORS

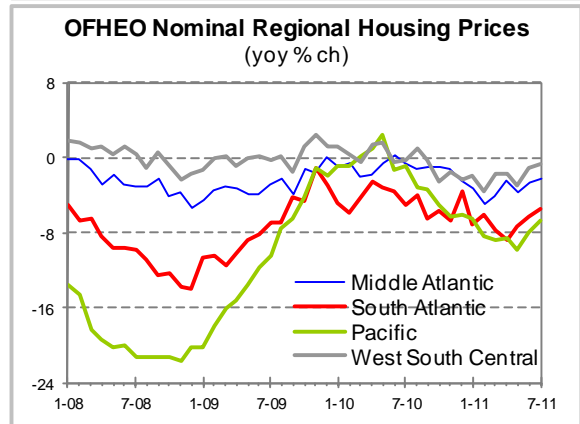
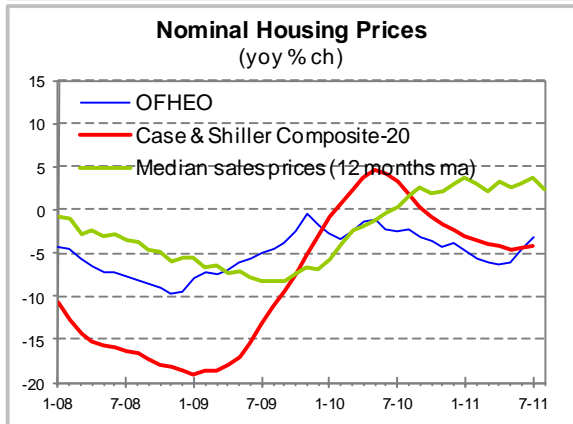
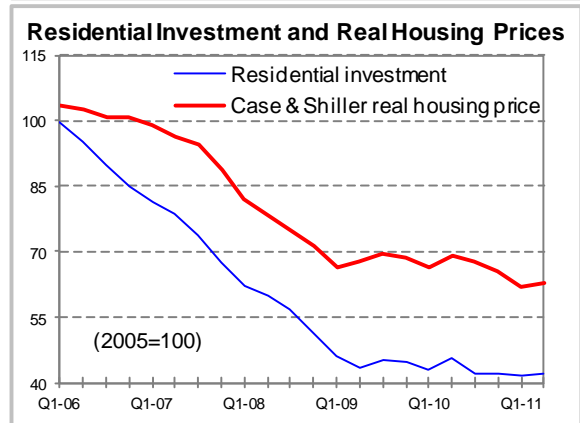
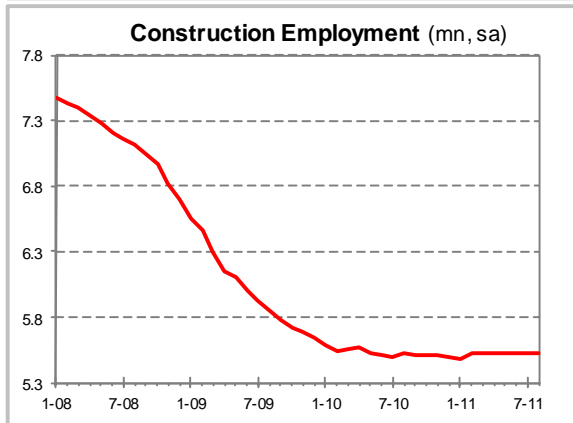
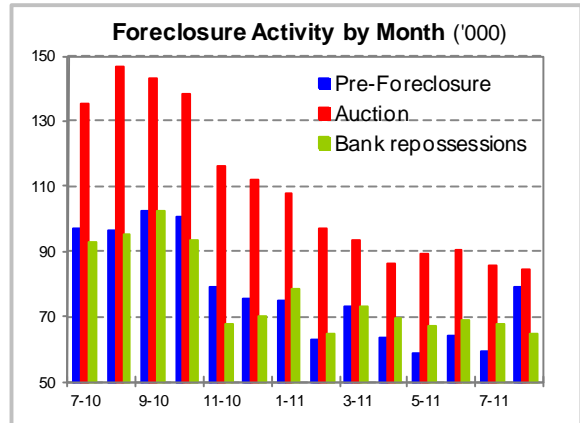
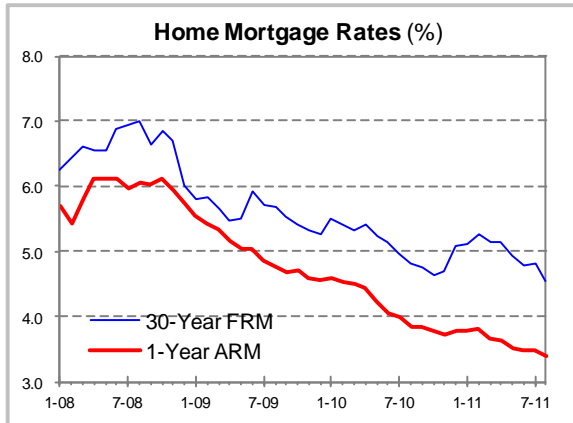
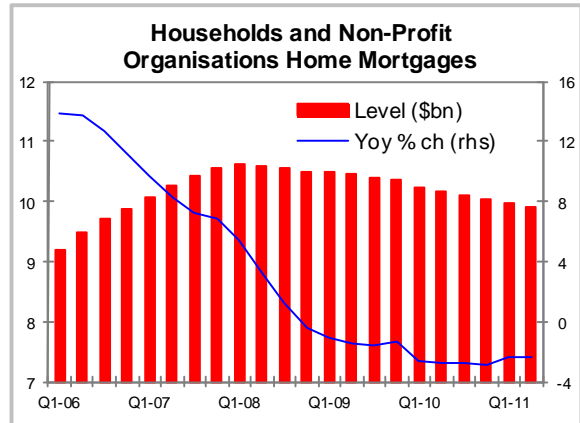
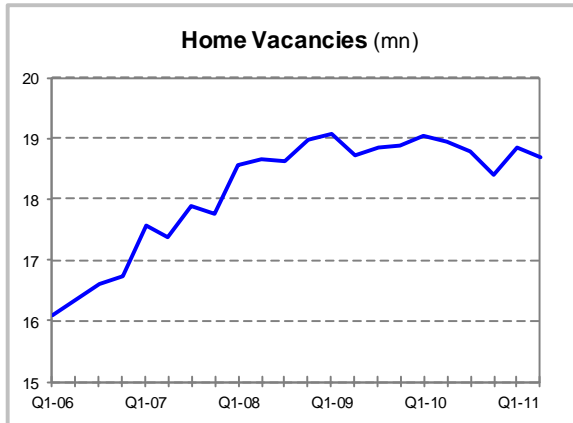


Sources: BEA, Eurostat, US Census, OECD

UNITED STATES

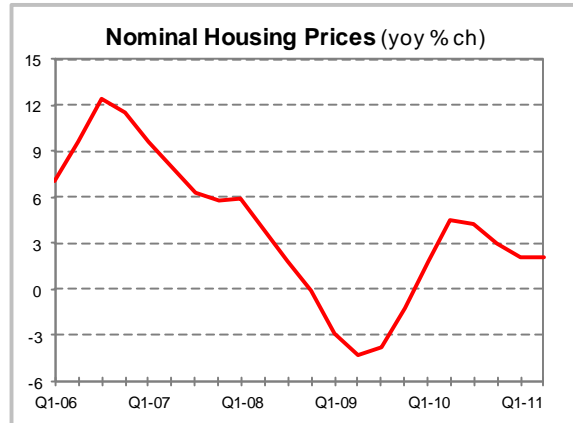
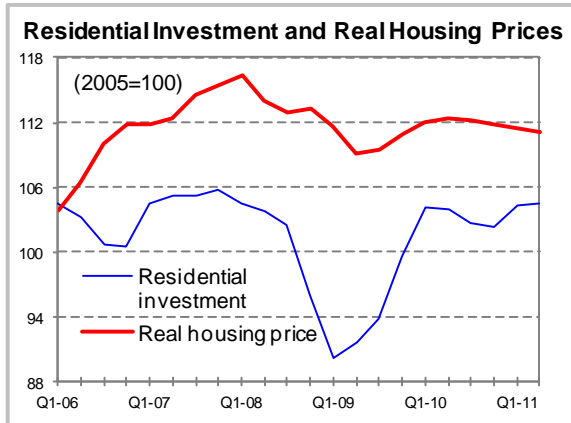
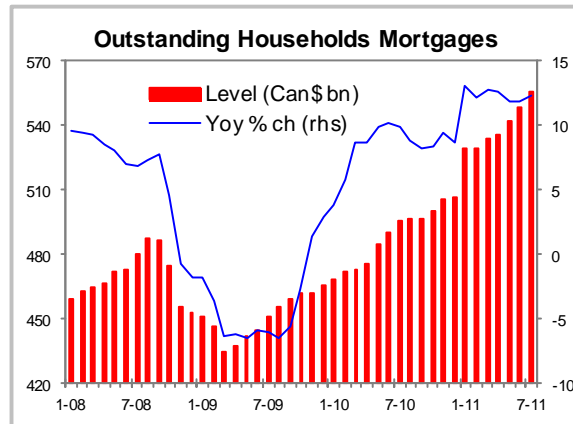
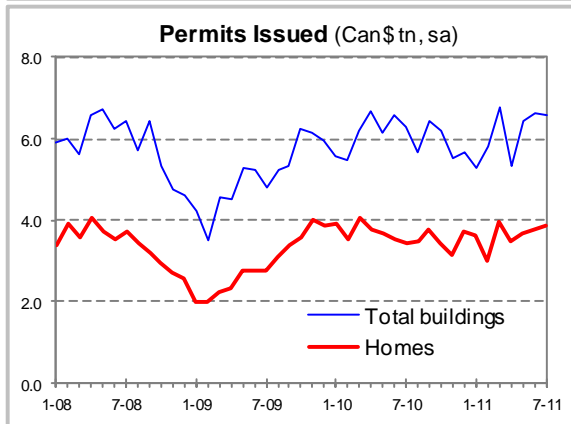
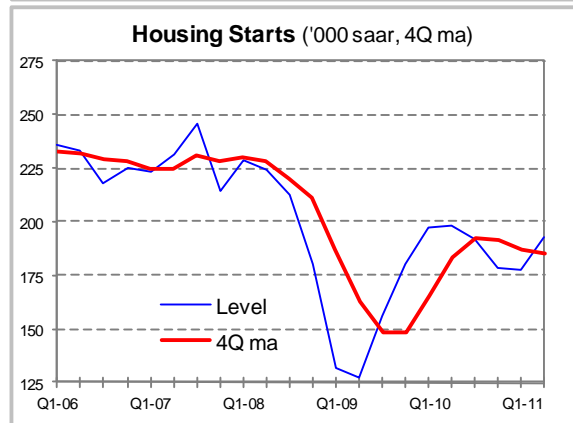
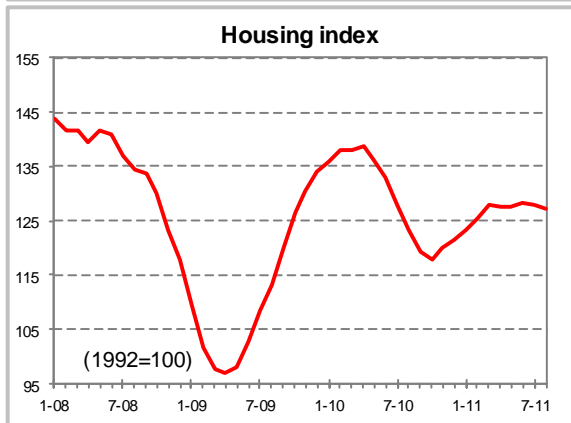
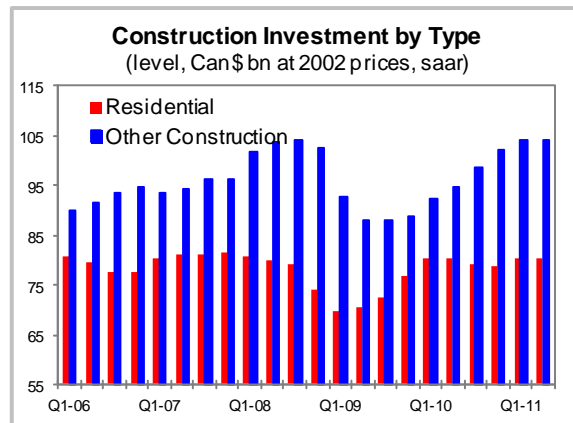
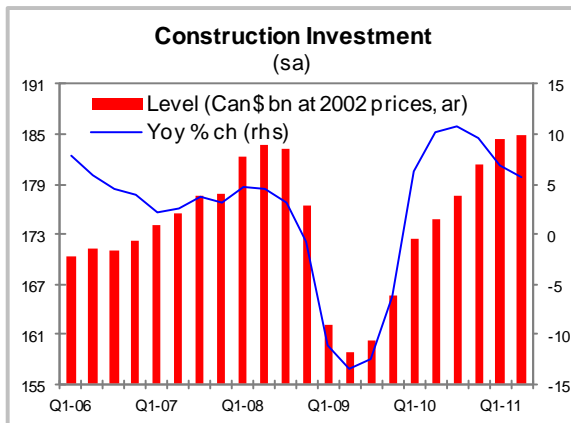


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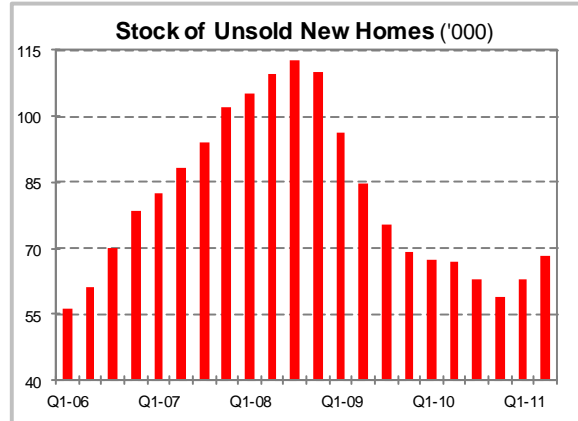
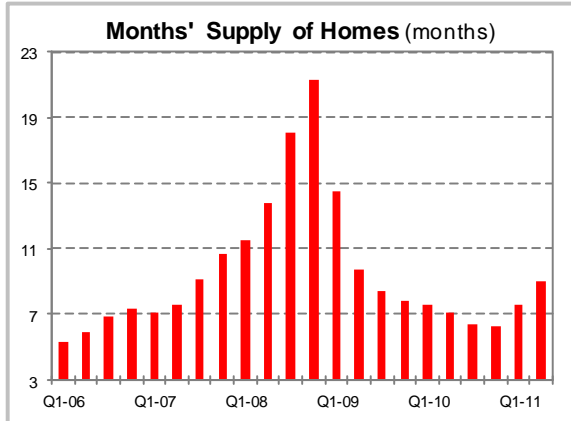
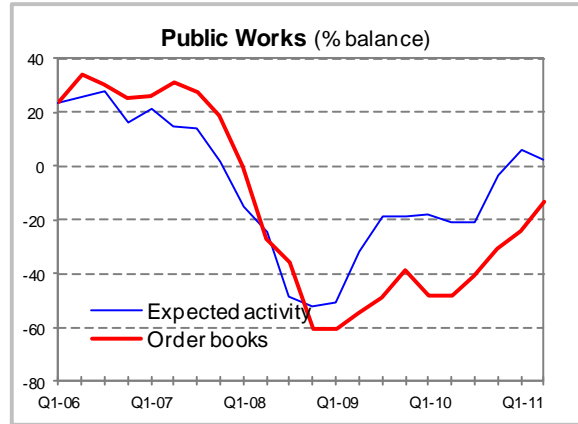
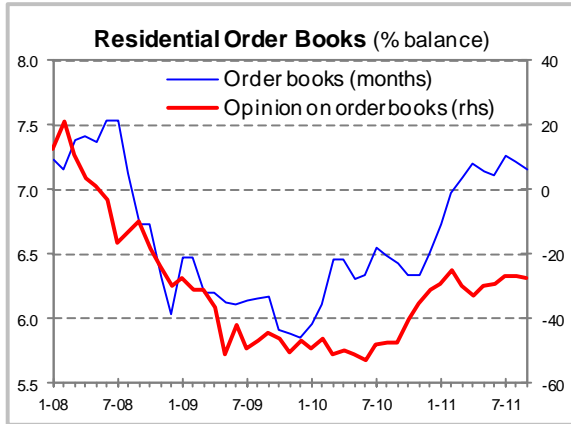
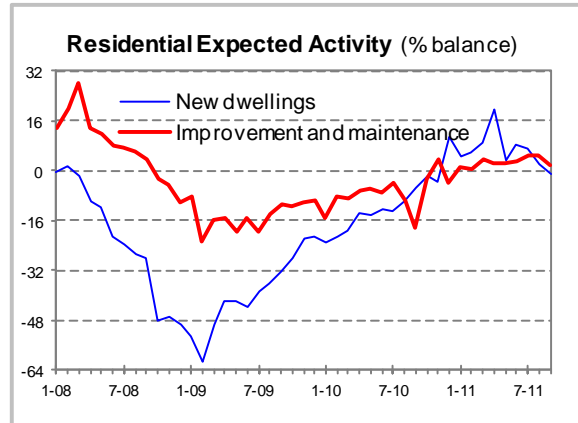
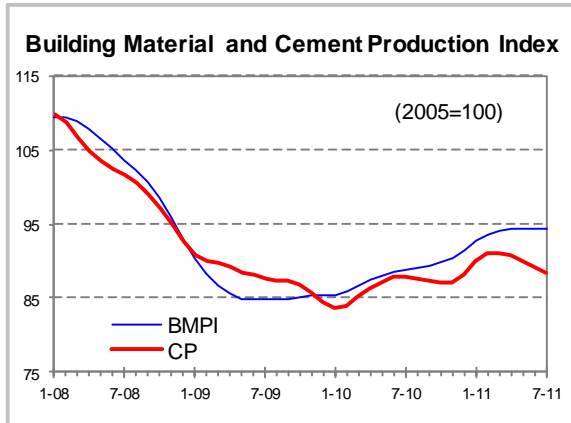
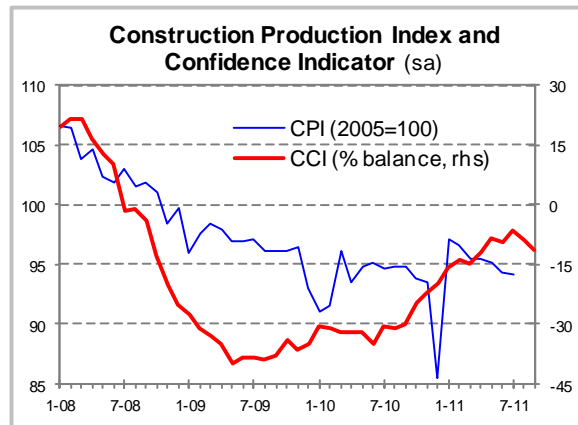
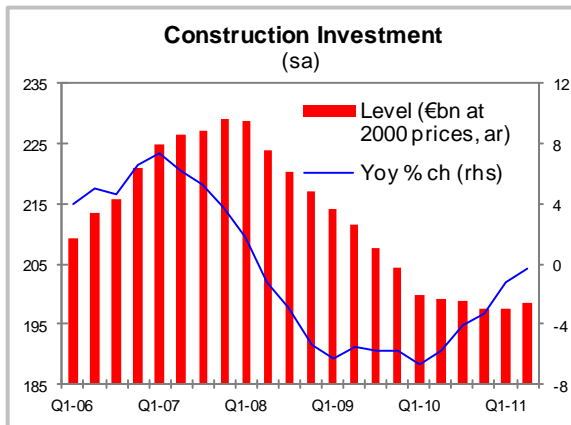


Sources: US Census, National Association of Home Builders, Dept. of Labour, HSH Associates, Bureau of Economic Analysis, Standard & Poor's, Bureau of Labour Statistics, OFHEO, RealtyTrac

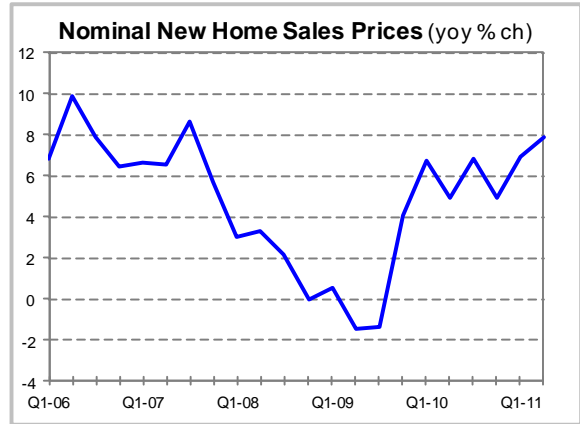
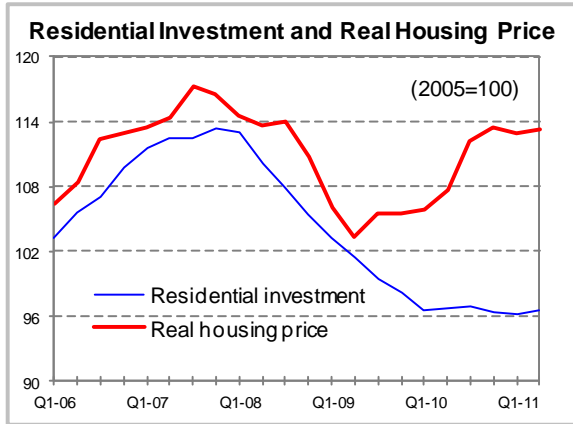
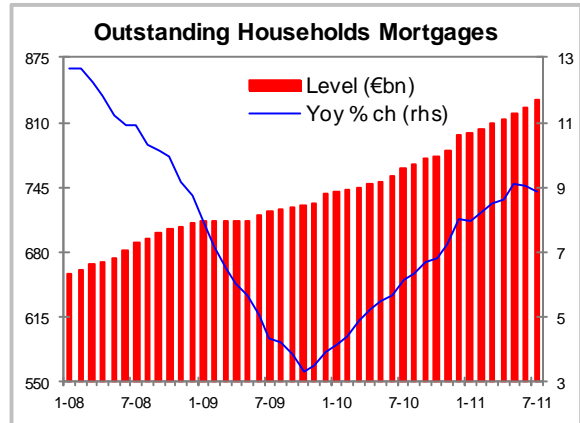
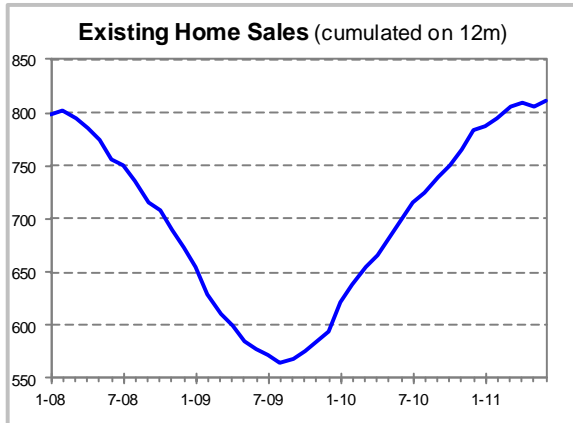
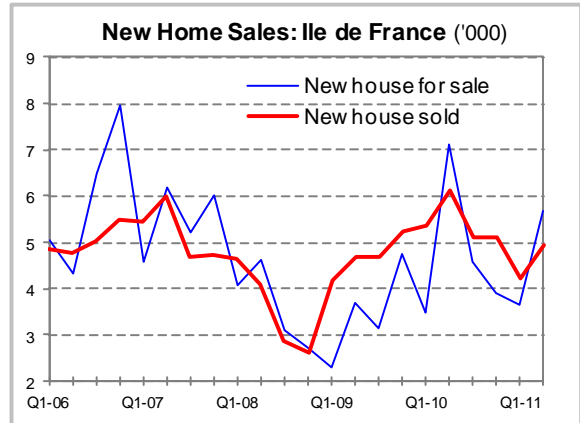
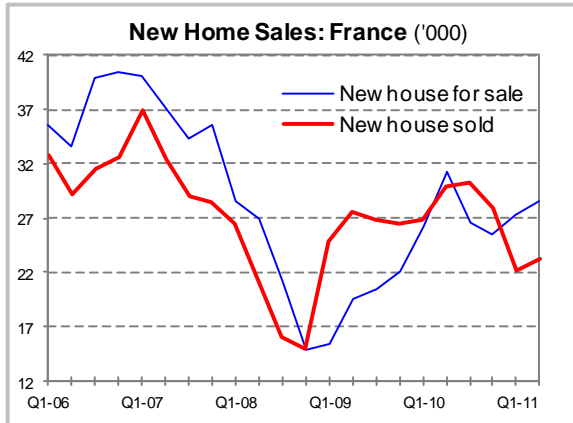
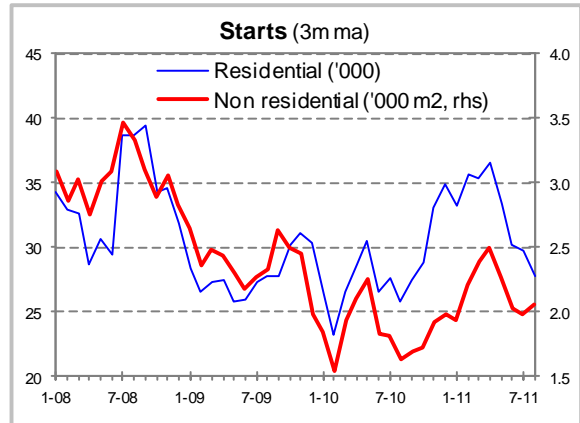
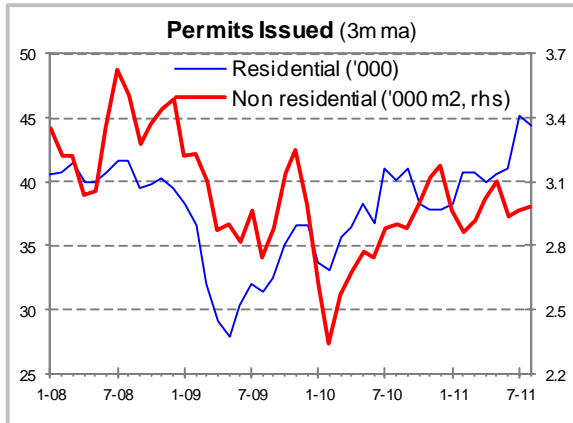
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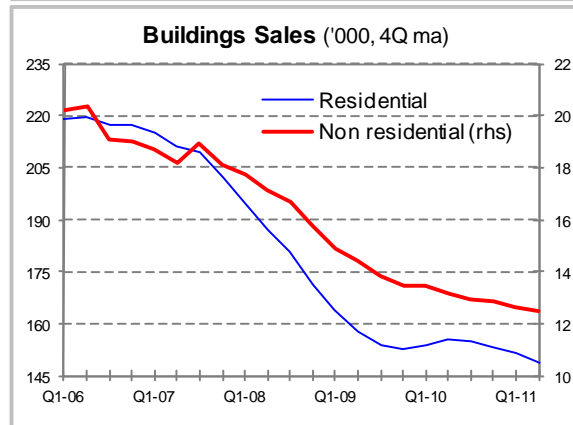
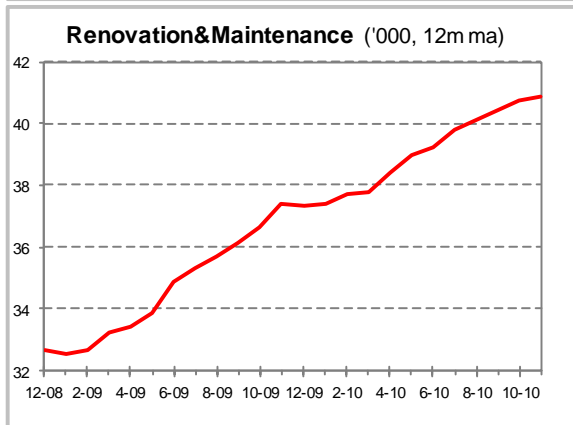
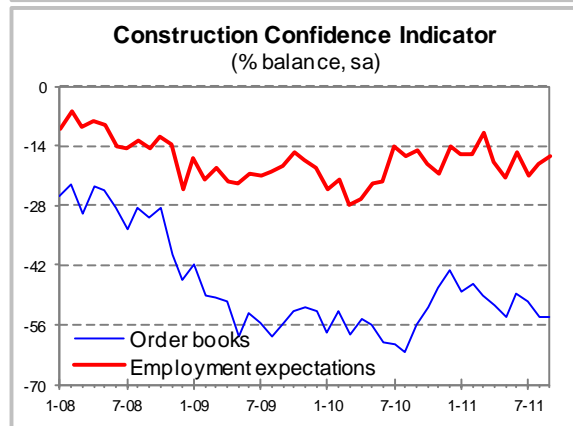
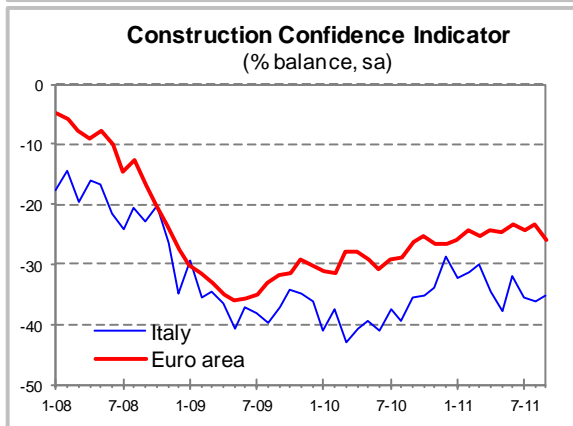
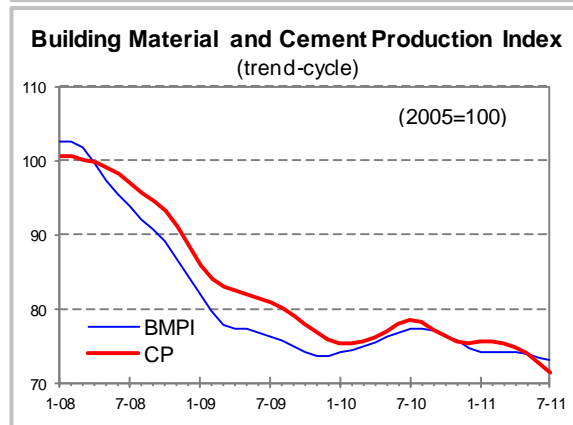
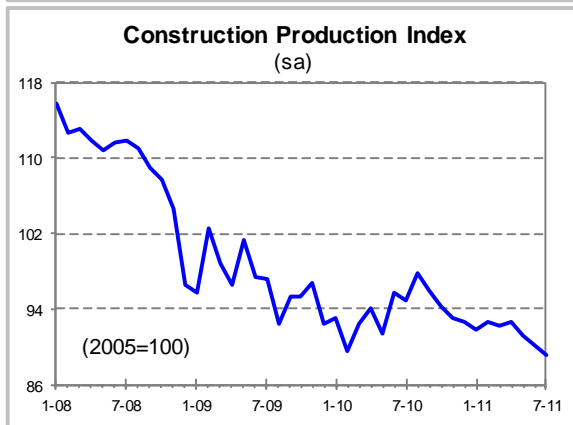
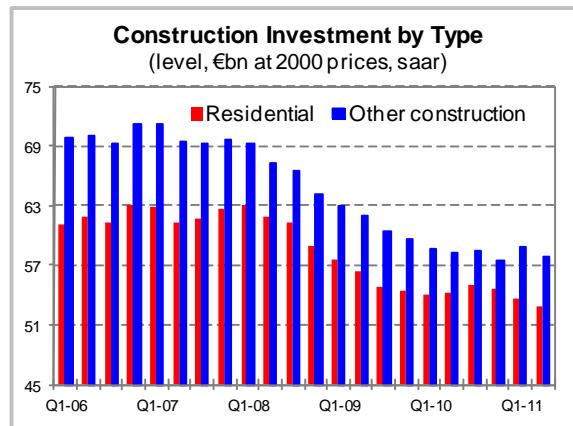
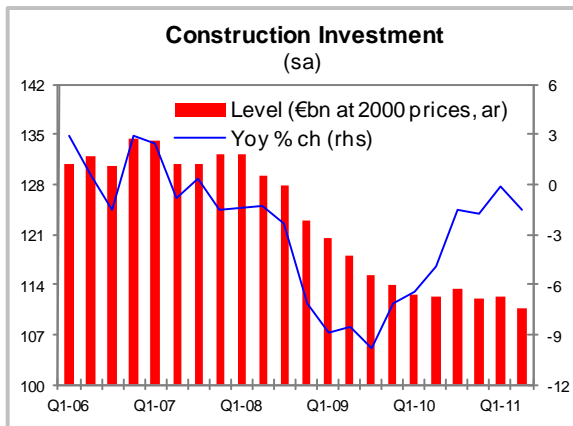
Sources: OECD, Canada's Statistics Agency, CMHC, Bank of Canada



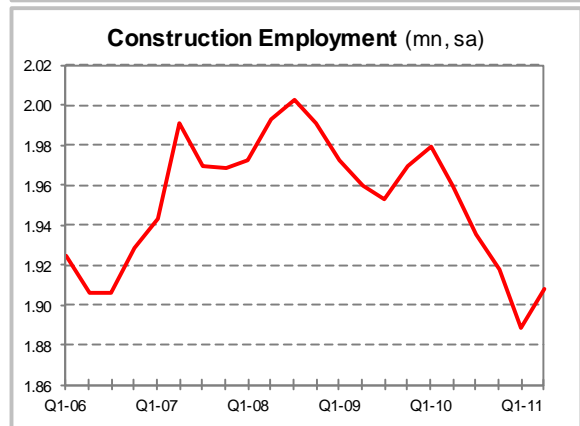
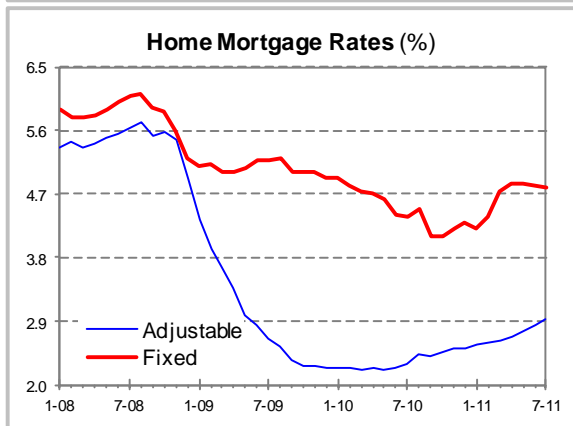
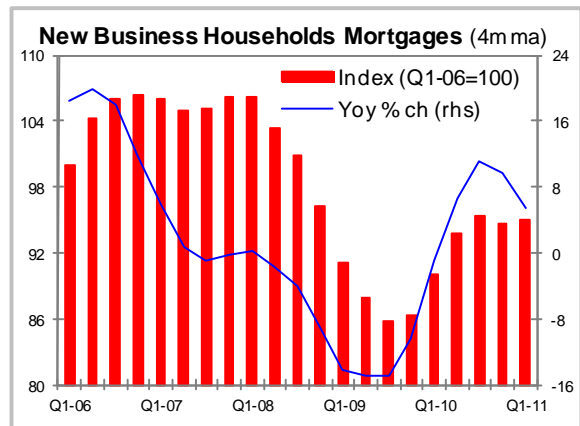
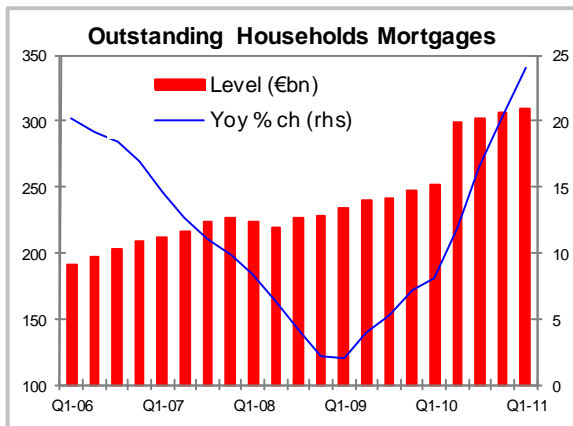
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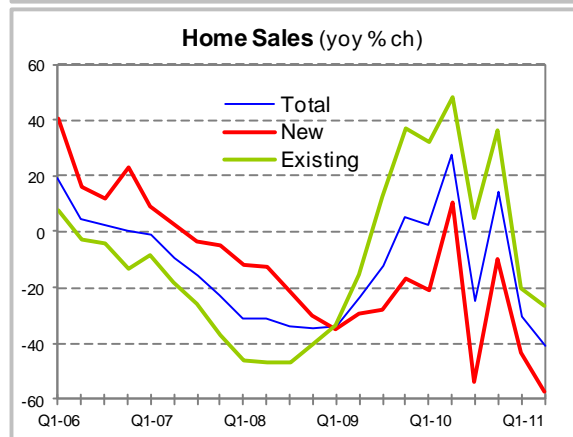
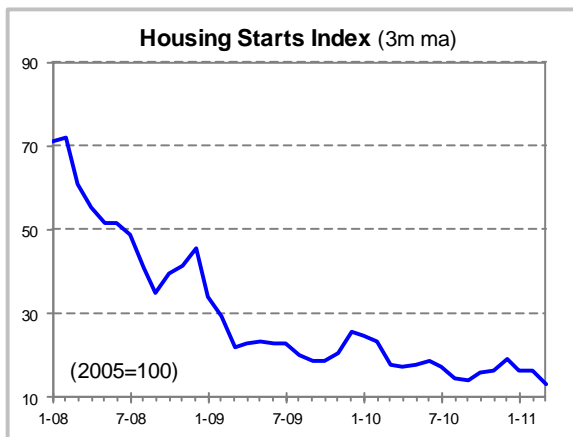
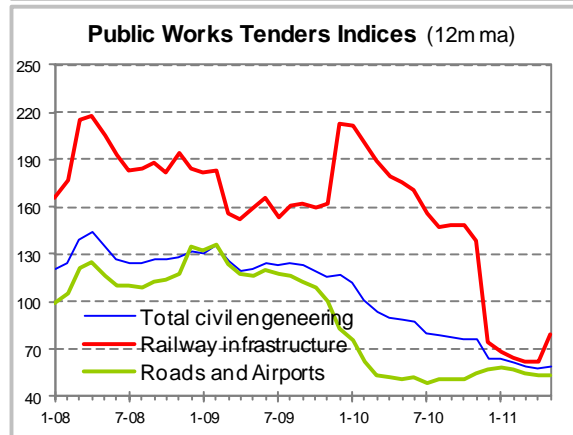
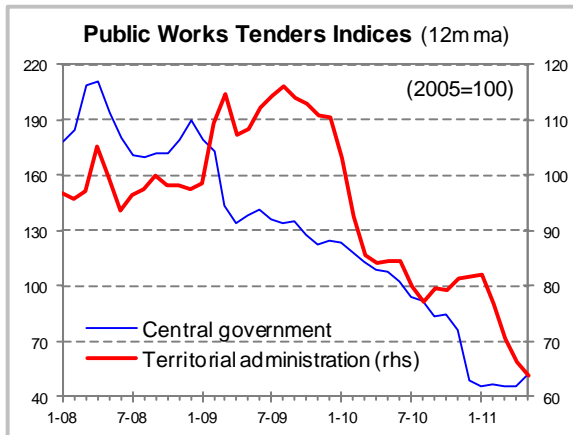
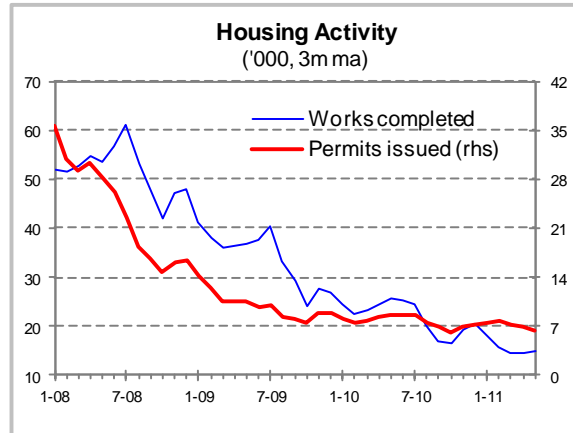
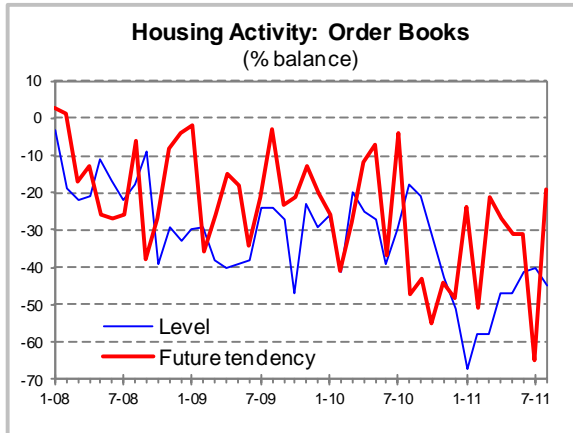
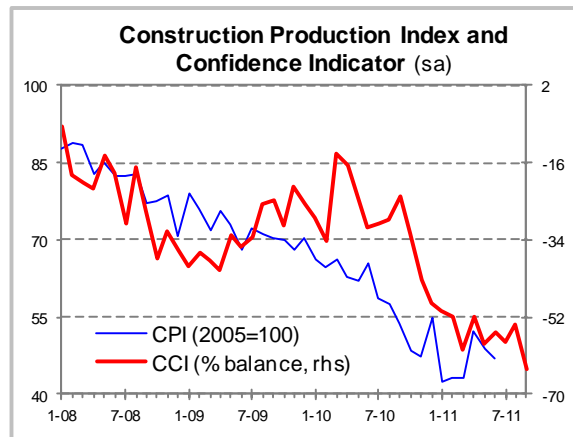
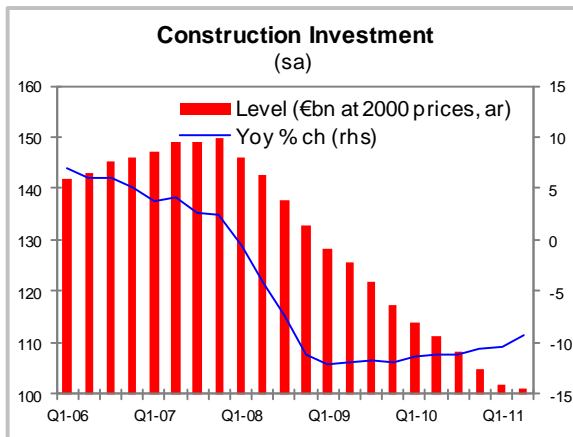
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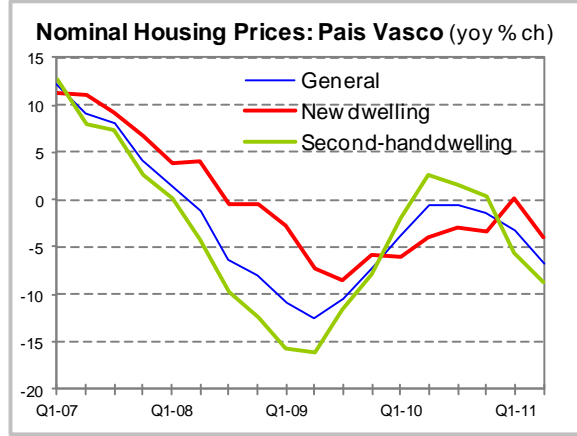
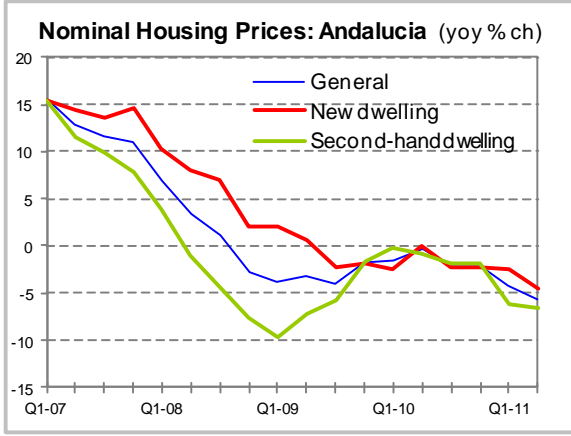
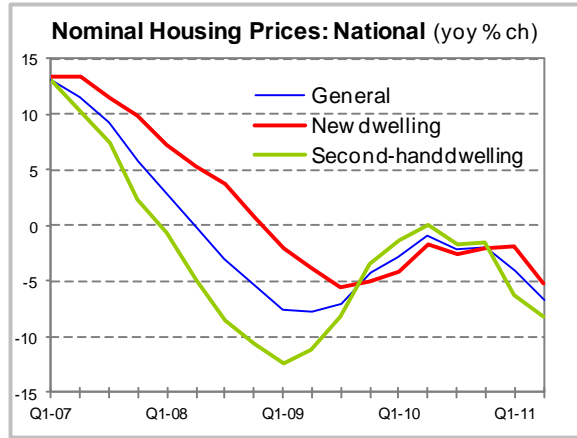
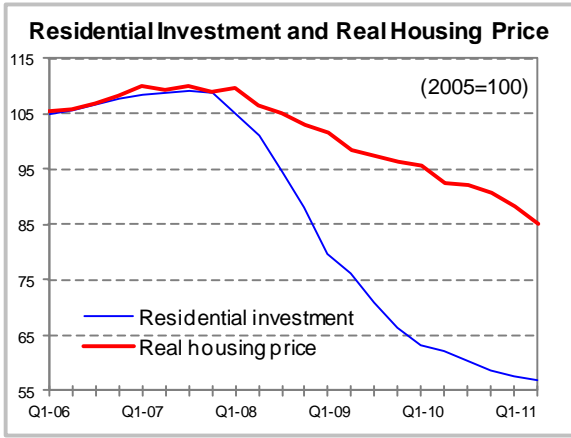
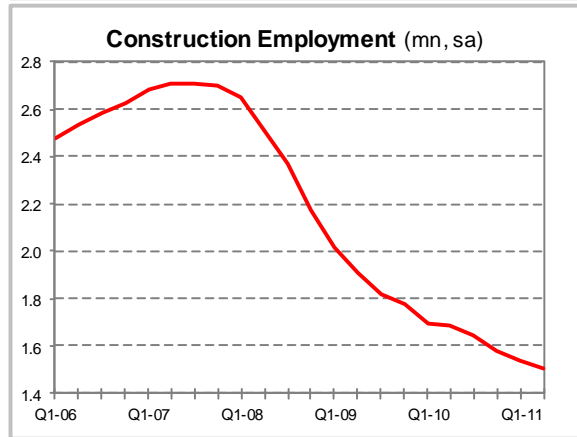
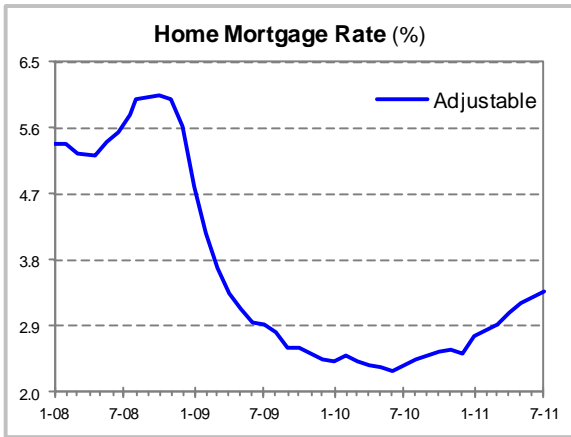
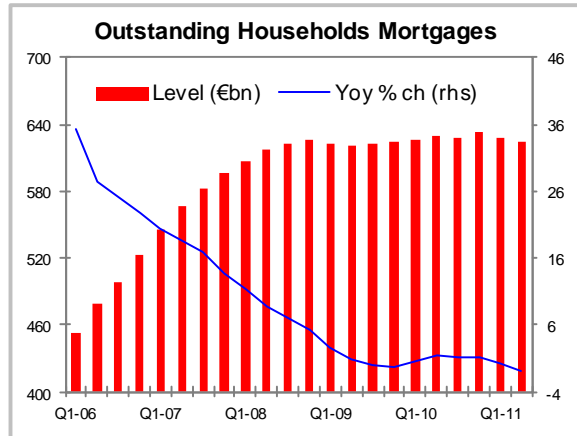
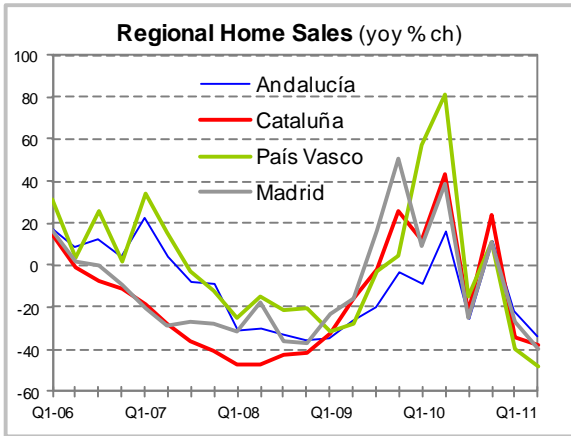
ITALY



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

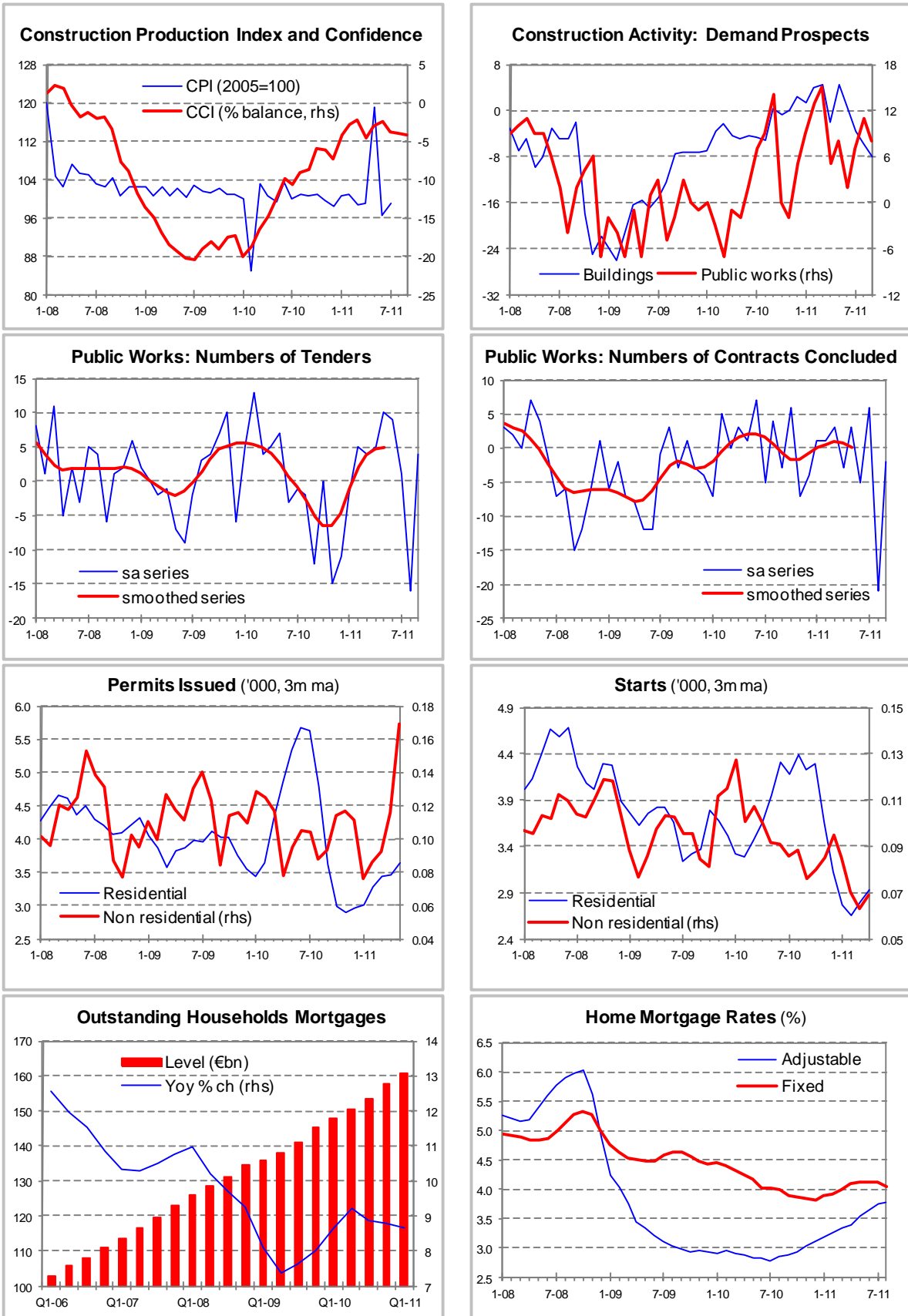


SPAIN



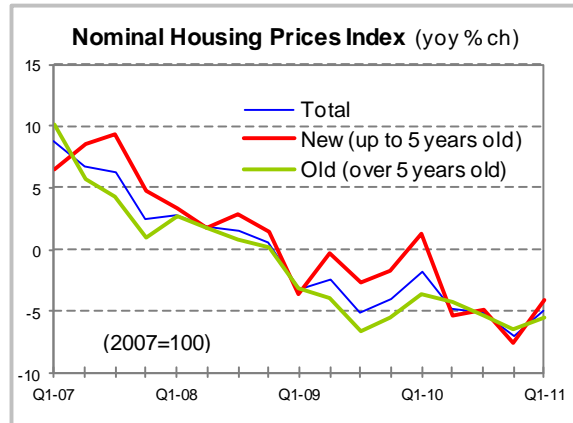
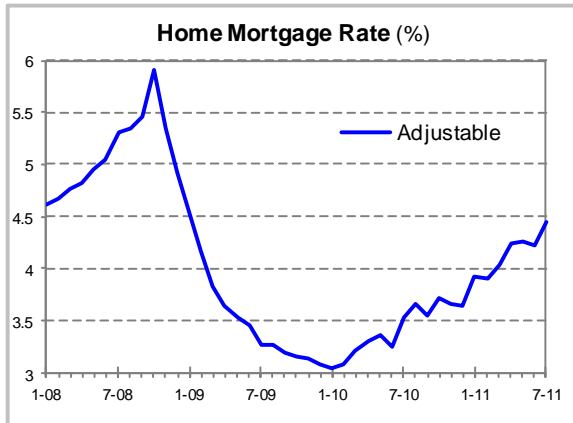
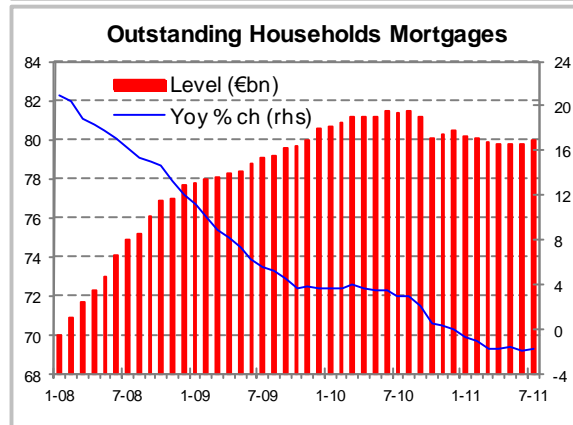
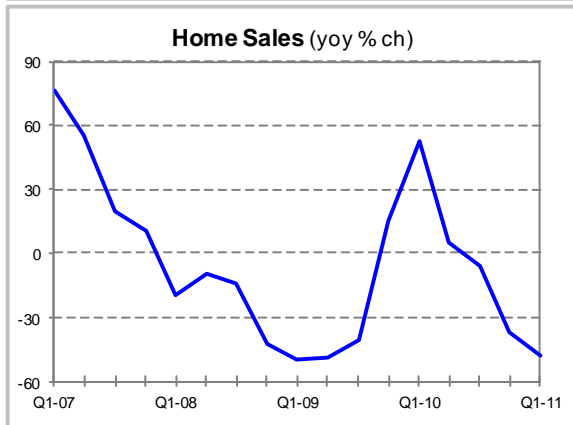
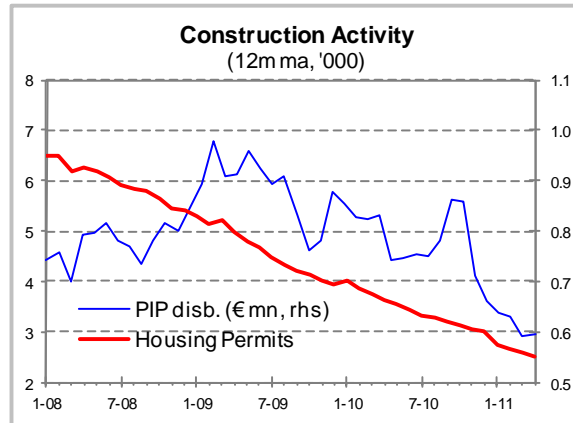
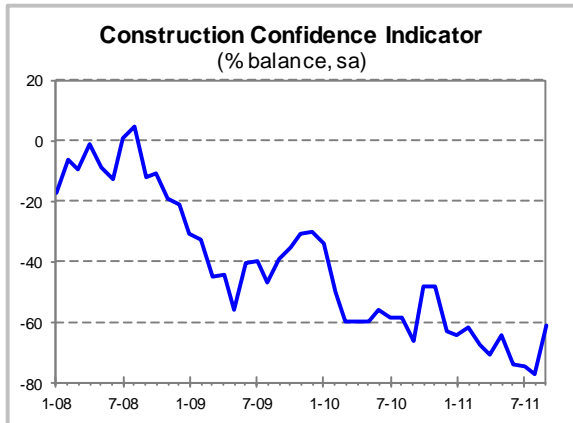
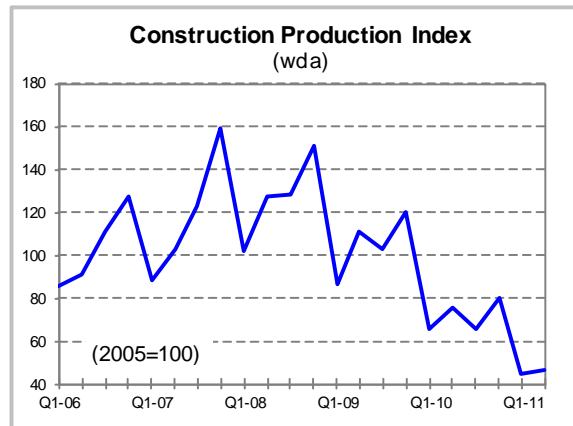
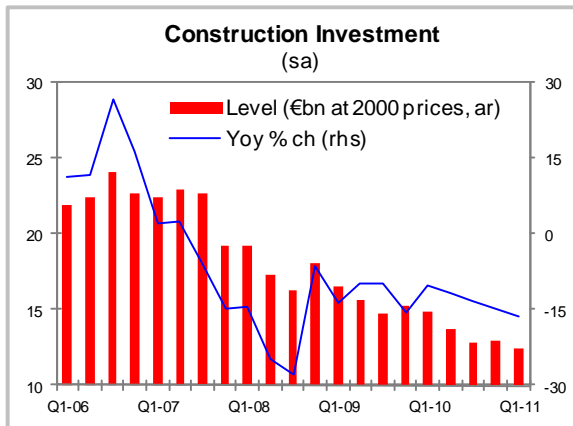
Sources: INE, European Commission, Banco de Espana, OECD, Ministerio de Fomento

BELGIUM



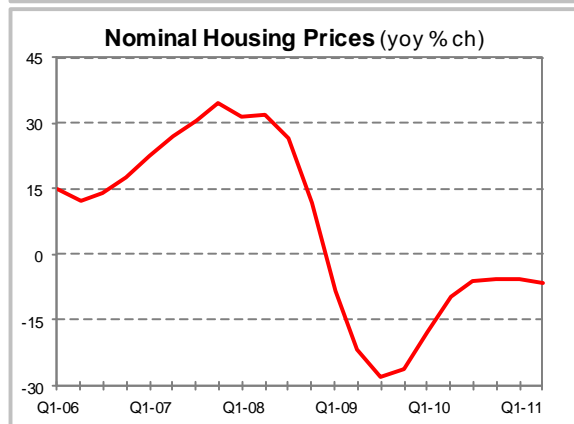
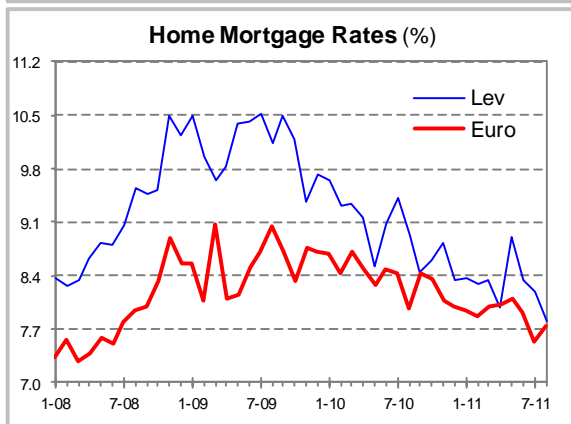
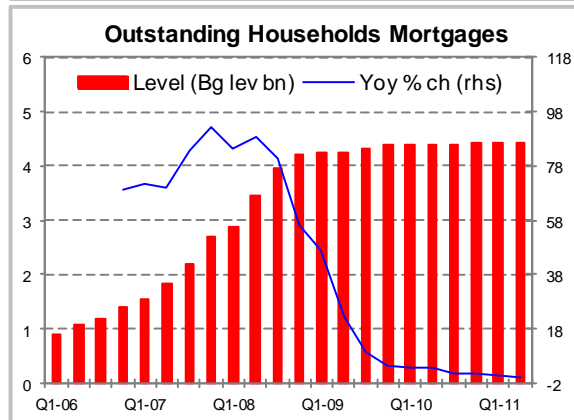
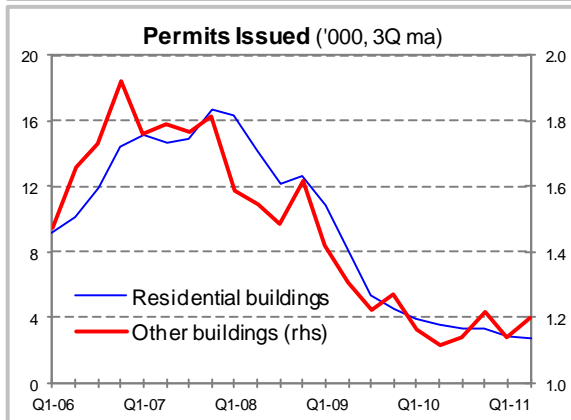
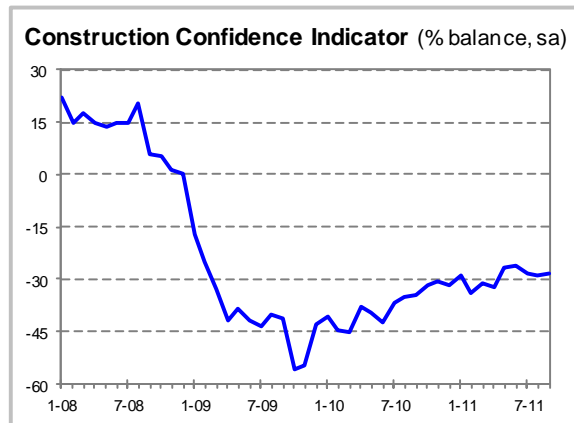
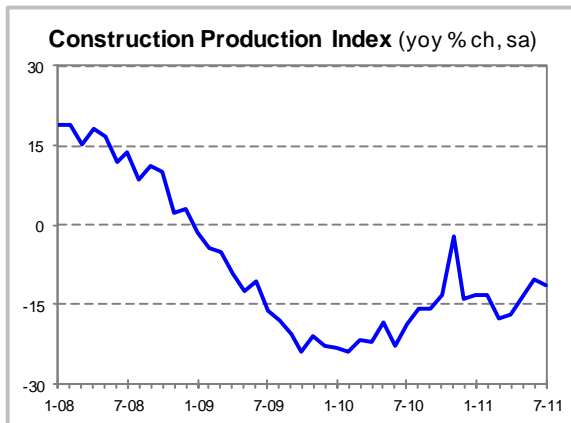
Sources: European Commission, Belgostat

GREECE



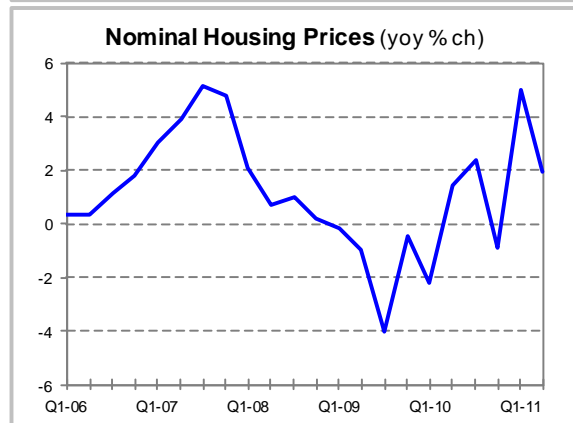
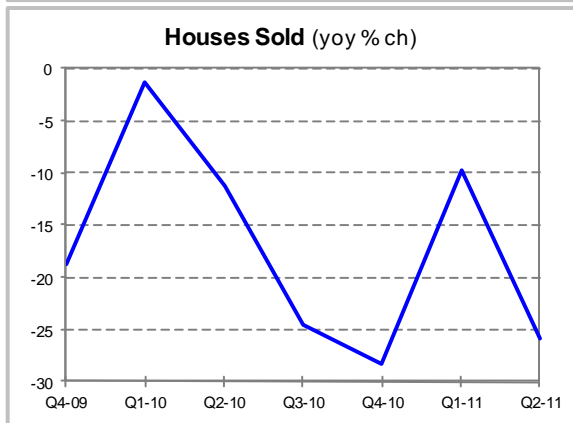
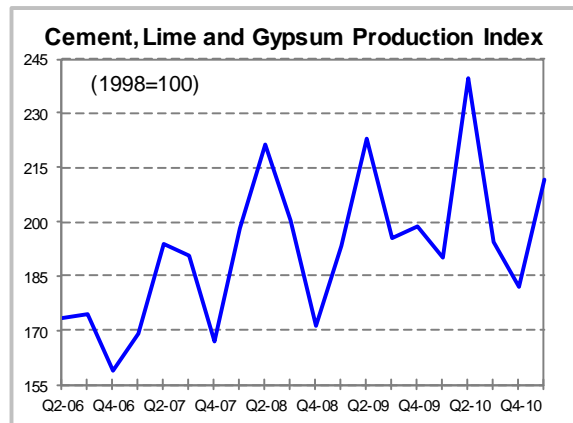
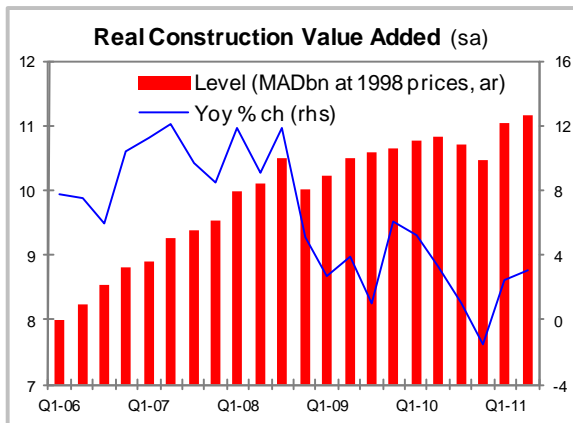
Sources: European Commission, Bank of Greece, National Statistical Service

BULGARIA



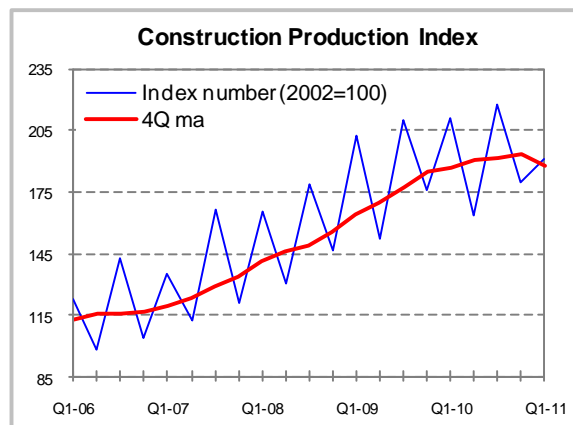
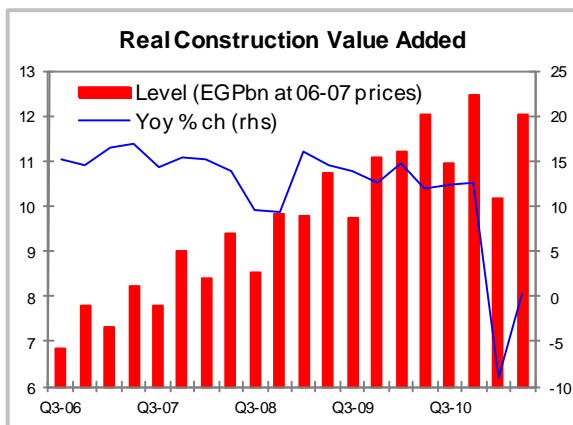
Sources: Eurostat, European Commission, National Institute of Statistics, Bulgarian National Bank

MOROCCO



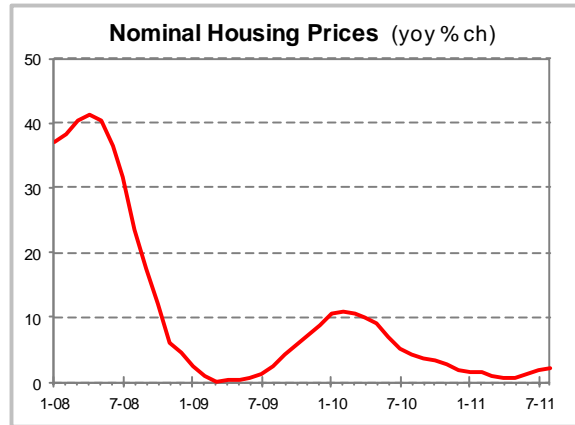
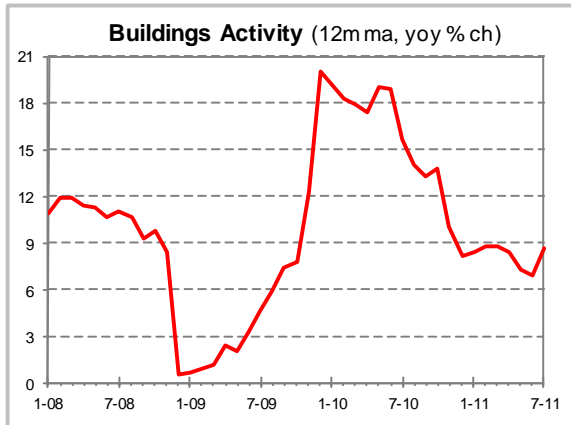
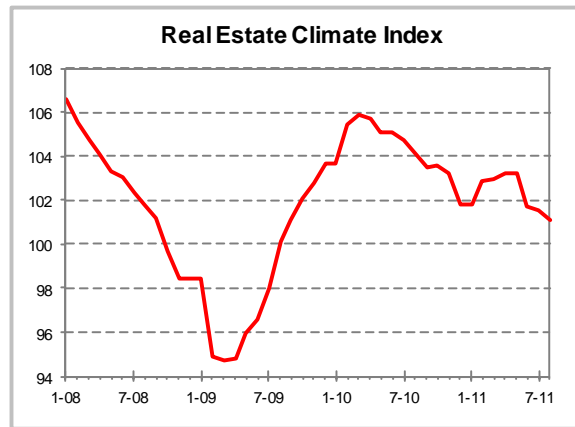
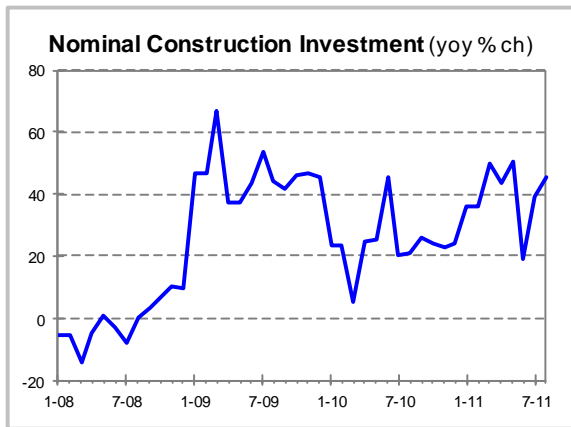
Source: Haut-Commissariat au Plan, ANCFCC

EGYPT



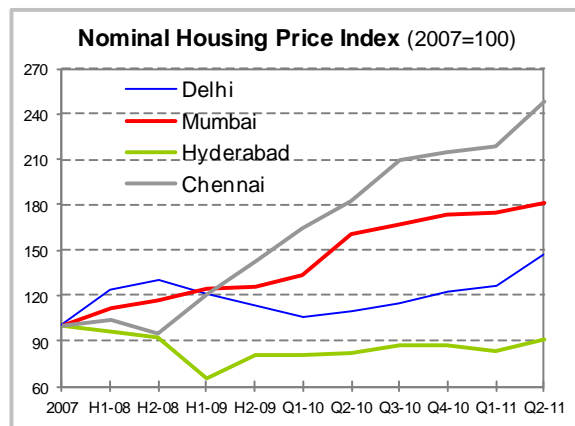
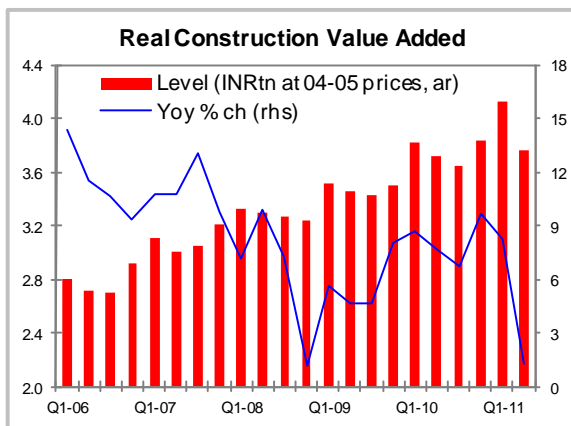
Source: Ministry of Finance

CHINA



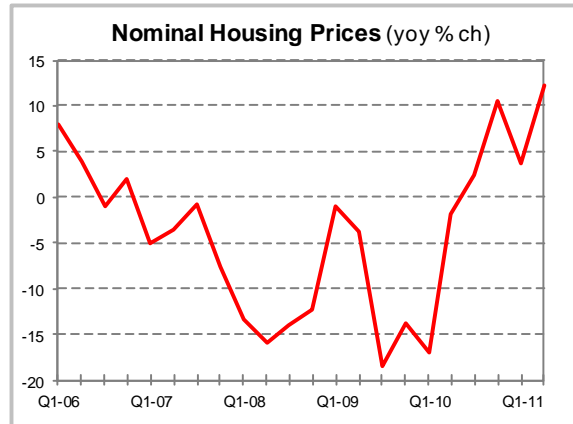
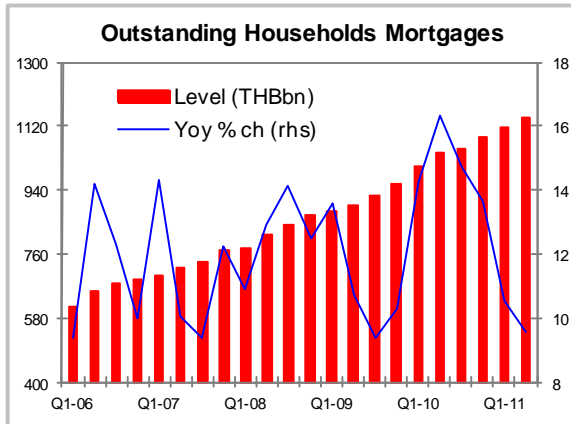
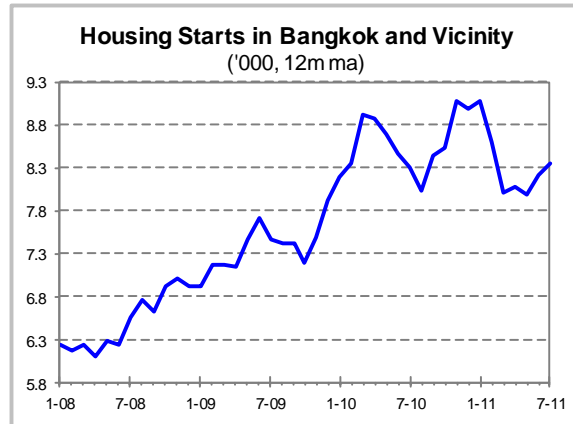
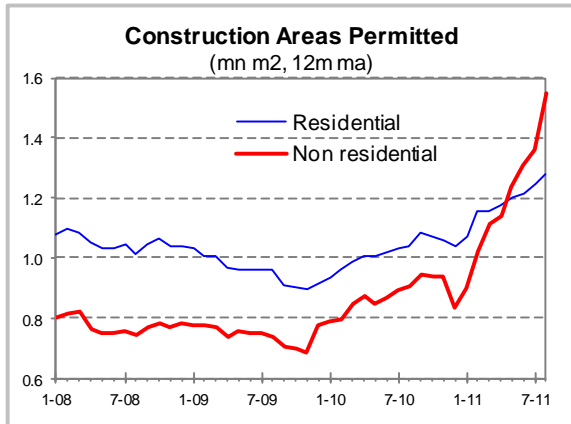
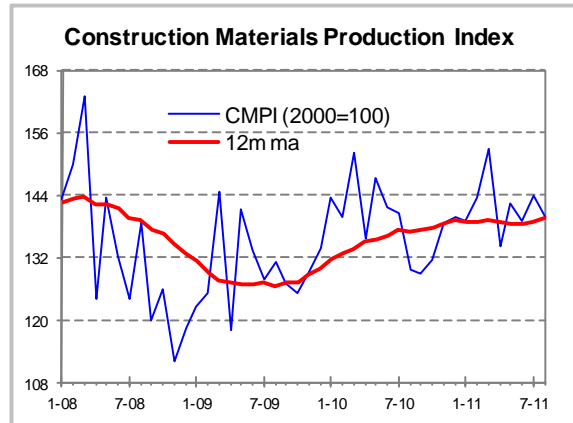
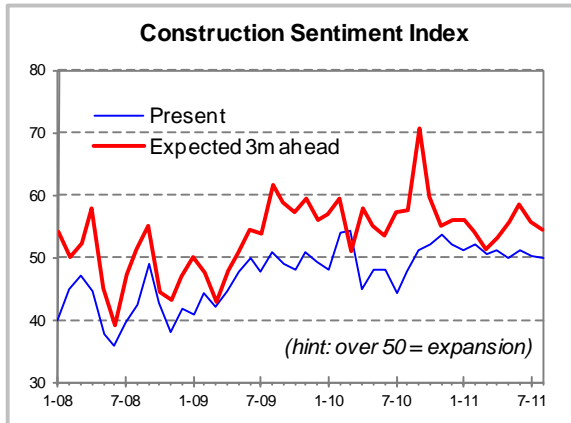
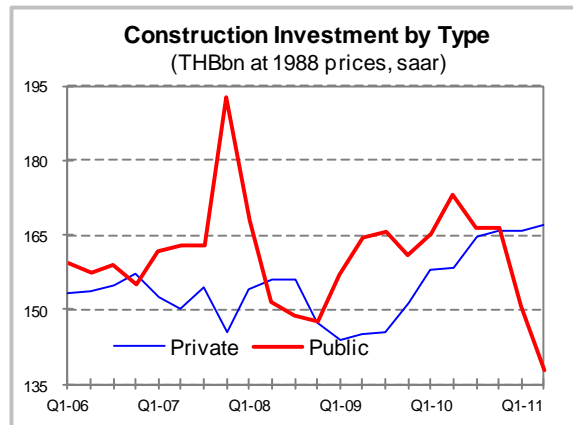
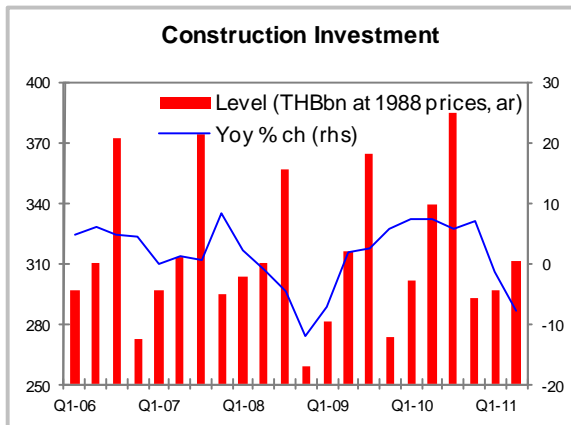
Sources: OECD, National Bureau of Statistics, Ehomeday

INDIA



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

THAILAND



Source: Bank of Thailand