

Construction Profile in ITC Group Countries

N. 3 – October 24th 2012

Highlights

Country Focus

Main Construction Indicators

Countries:

United States
Canada
France
Italy
Spain
Belgium
Greece
Bulgaria
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 October, 24th 2012
Available in i.like

HIGHLIGHTS

- World economic activity has weakened considerably in the last few months. All major areas have decelerated with Europe – particularly its Southern countries – at the roots of the new setback. These disappointing developments are also impacting negatively on construction thus further postponing any expected rebound. As a matter of fact, not only construction production has remained on a downtrend but also confidence and permits for housing construction have been heading down to new lows at the overall euro area level. In short, after having declined by roughly 20% in the last five years the construction recession in the euro zone is softening but does not appear close to bottoming out yet. Having suffered the worst (longest and deepest) recession in the past World War II era, construction is instead recovering in the US (for further details see below), although at a moderate and still fairly hesitant pace, which implies that given current trends it will take six/seven years to recover previous peaks.
- Construction in the emerging areas keeps performing well on balance, particularly so in the Group Asian countries; also in North Africa construction activity continues to expand at a robust pace, although its main driver in the region – the residential sector – shows early signs of weakening in Morocco.

COUNTRY FOCUS

- In the **US**, the lack of credit for home buyers and builders, weak job growth and policy uncertainty continue to be the main threats for housing. Also signals coming from sectoral indicators are mixed. On the one hand, new-home sales disappointed somewhat in September, while existing-home sales gave back some of the gains made in August. Following a house price rally in Q2 12, the foreclosure processing is set to accelerate again, thus adding renewed downward price pressure in the next few months. On the other hand, months' supply of new homes fell to 4.5 months, the lowest reading since 2005, housing starts moved to a four-year high in September, while home builders' confidence continued to improve in October. In the early part of 2012, private non residential construction was still getting a boost from spending on manufacturing and power and utility structures; however, that impetus seems to have subsided, given slowing growth in emerging markets and the recession in Europe, which is weighing manufacturing exports. Public works remain subdued. Although tax revenues have stabilized and are even increasing in most state governments, large coming obligations such as pension liabilities will keep public construction spending weak for some time ahead.
- In **Greece**, private construction continues its protracted slump and the outlook for the next few months is still extremely worrying. Unemployment keeps hitting record highs, while lack of credit, plummeting demand and significant concerns regarding the overall economic outlook are also taking their toll on construction activity. In addition, fiscal policy will be tighter over the coming quarters (the government unveiled its draft budget bill for 2013, which includes a mixture of spending cuts and savings worth €7.8bn, mainly focusing on the reduction of public spending), so that public works are set to contract strongly over the rest of the year.
- In **Thailand**, the recovery from the severe 2011 flooding and the subsequent policy stimulus sparked a rebound in GDP growth in H1 12. Construction expanded by 3.9% yoy in January–June, reflecting a restart of projects suspended during the floods and repair works on damaged houses and structures. Private non residential activity also increased in H1 as firms replaced plants and invested in flood-control infrastructures. As for public works, the government unveiled plans to spend almost US\$11.6bn by June 2013 on water-management schemes to prevent a repeat of last year disaster.

MAIN CONSTRUCTION INDICATORS

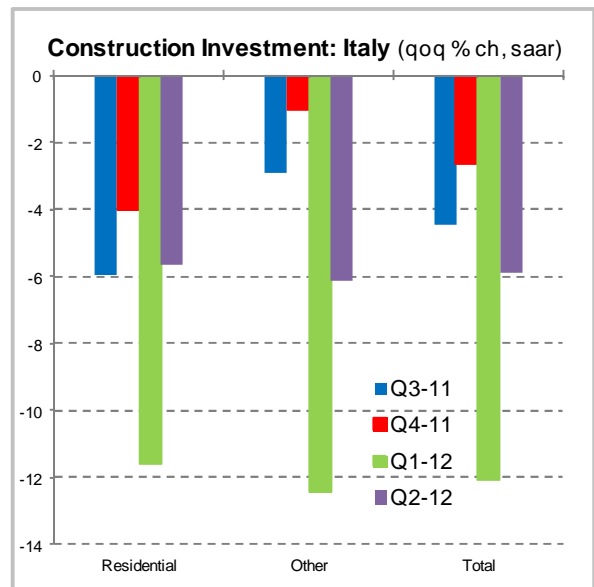
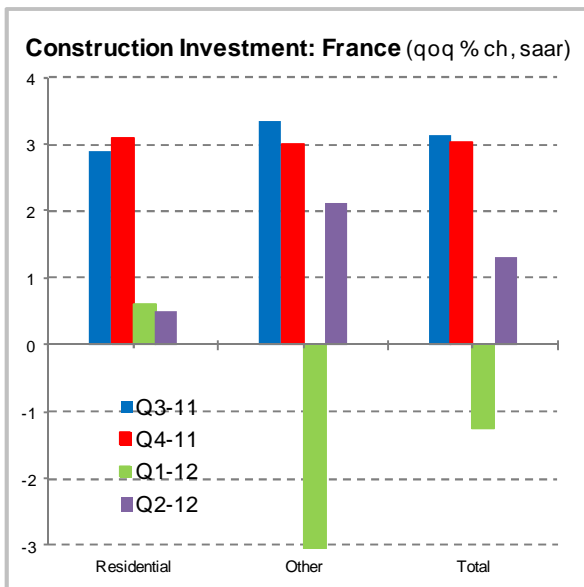
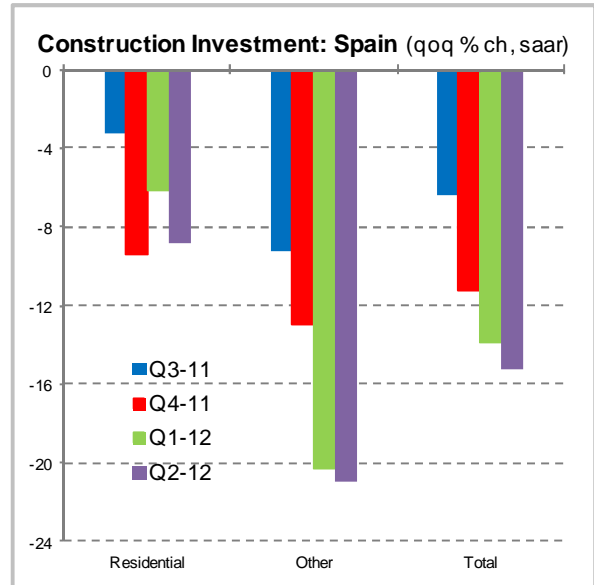
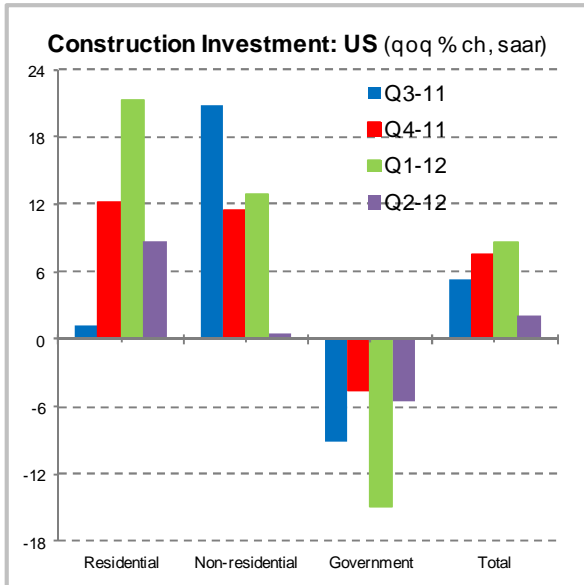
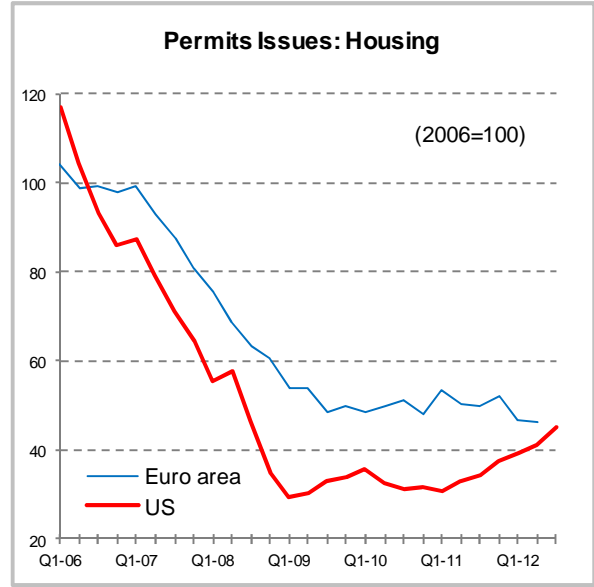
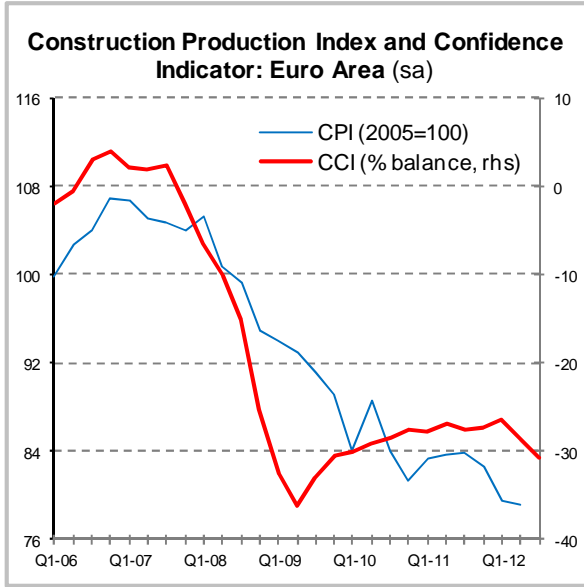
Indicators*	Construction Production				Construction Investment				House Prices			
	2009	2010	2011	Latest	2009	2010	2011	Latest	2009	2010	2011	Latest
USA	-28.5	-3.2	-2.7	17.4 Aug ⁽¹⁾	-17.1	-8.1	-2.5	5.9 Q2	-13.3	1.2	-3.9	1.2 Jul
Canada	-9.0	7.8	4.1	3.5 Jul	-10.9	9.2	4.7	4.9 Q2	-3.0	3.4	2.4	2.6 Aug
France	-5.1	-5.1	2.2	-1.2 Aug	-7.7	-3.5	2.0	1.5 Q2	-7.1	5.1	5.9	-0.1 Q2
Italy	-11.9	-3.5	-2.4	-10.2 Aug	-8.8	-4.9	-2.1	-6.3 Q2	-0.4	0.1	0.7	0.5 H2 11
Spain	-11.9	-20.0	-20.6	-9.5 Aug	-16.6	-9.8	-8.9	-11.5 Q2	-6.7	-2.0	-7.4	-14.4 Q2
Belgium	-3.8	-1.8	5.7	1.9 Jul	-1.9	0.5	4.8	1.2 Q2 ⁽²⁾	-0.3	5.4	3.1	2.7 Q2
Greece	-17.5	-29.2	-28.7	-28.6 Q2	-10.0	-12.2	-21.4	-17.7 Q2 ⁽⁶⁾	-3.7	-4.7	-5.4	-10.2 Q2
Bulgaria	-13.9	-14.3	-13.1	-0.4 Aug	-17.6	-18.3	-9.7	-2.1 Q2 ⁽³⁾	-21.4	-10.1	-6.1	-2.2 Q3
Morocco			-		3.4	2.6	4.9	3.5 Q2 ⁽²⁾	-	-	-	1.6 Q2
Egypt			-		14.2	12.9	-2.9	7.0 Q2 ⁽²⁾				-
China			-		38.7	27.4	29.3	23.6 Aug ⁽⁴⁾	2.9	6.5	1.3	-0.5 Sep ⁽⁵⁾
Thailand			-		0.6	6.6	-5.3	6.8 Q2 ⁽⁶⁾	4.4	1.0	3.1	2.3 Aug
India			-		5.7	7.9	6.3	10.9 Q2 ⁽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

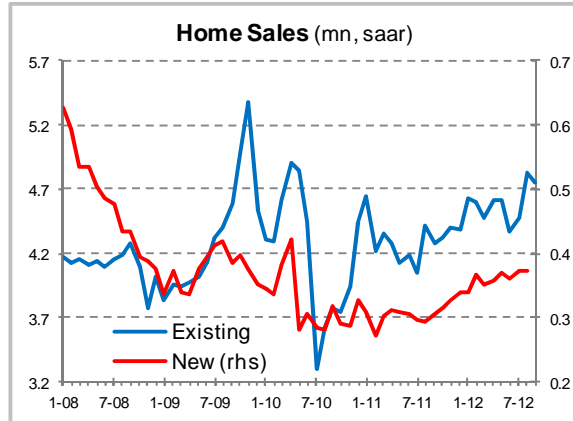
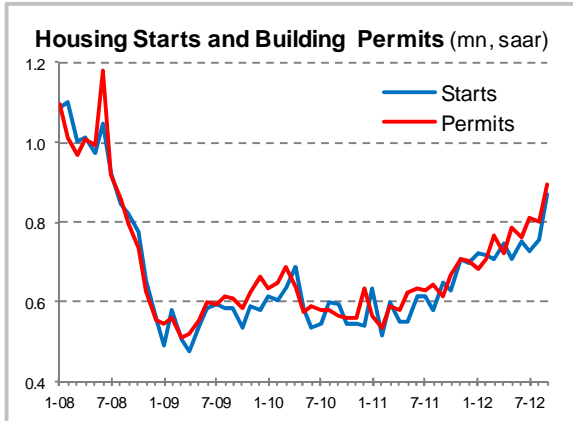
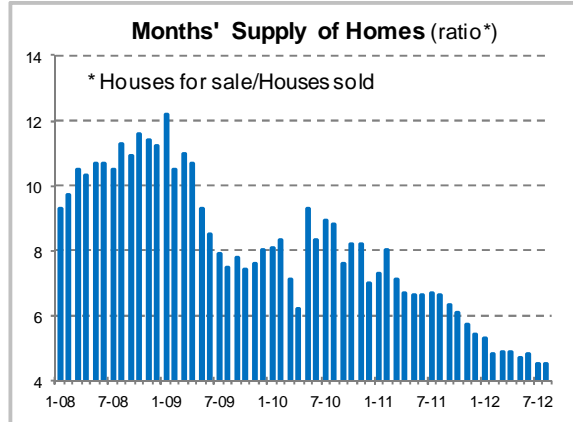
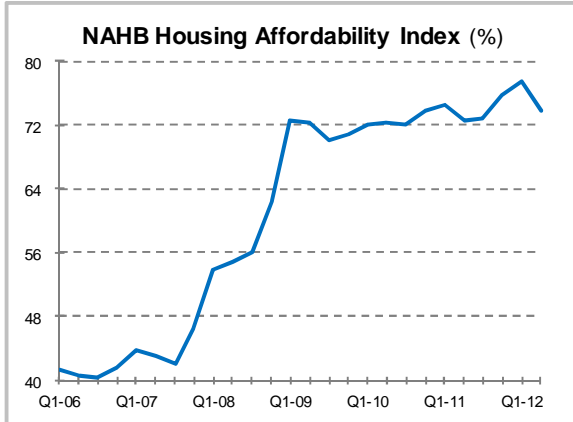
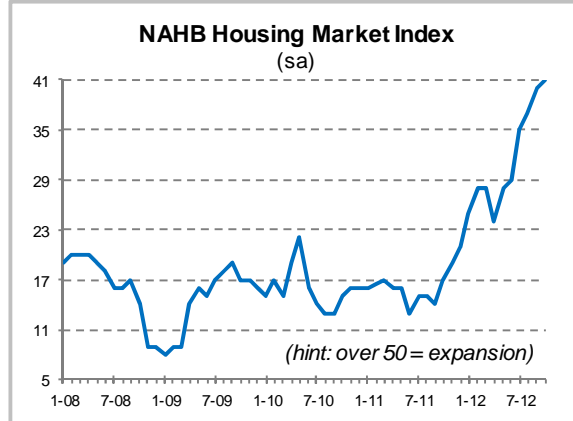
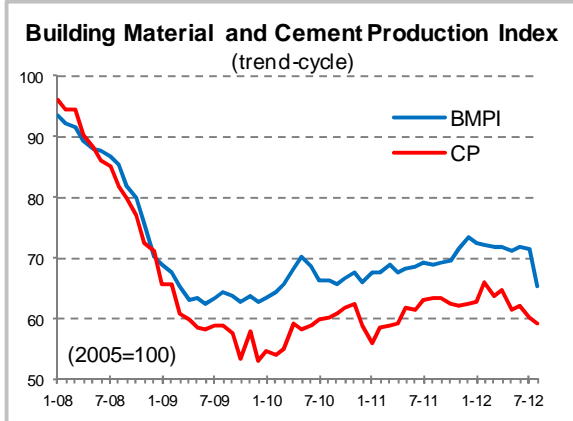
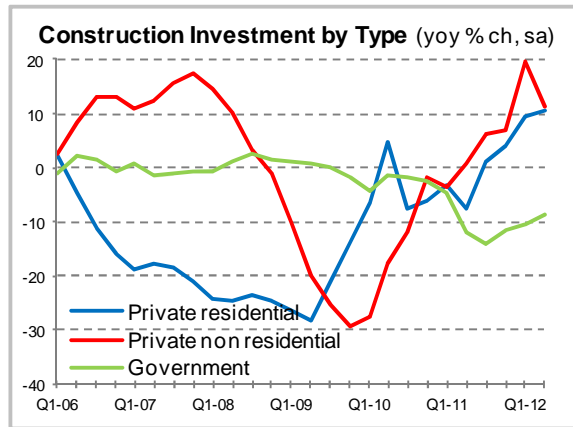
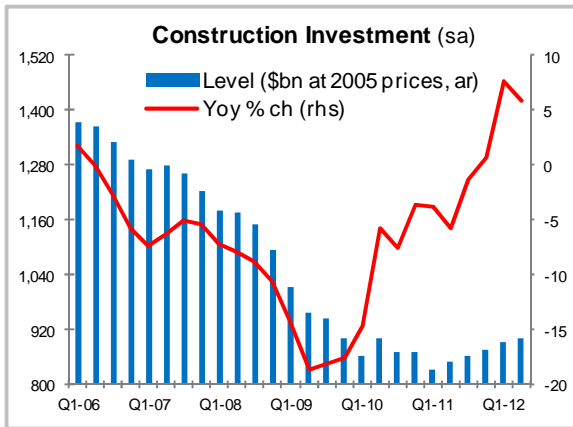
Sources: Eurostat, OECD, National Statistics

MAIN CONSTRUCTION INDICATORS

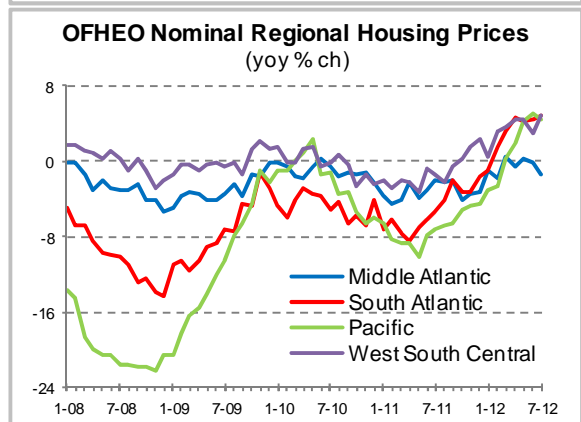
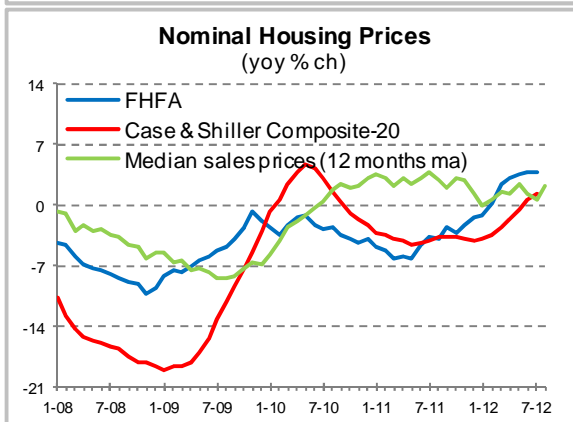
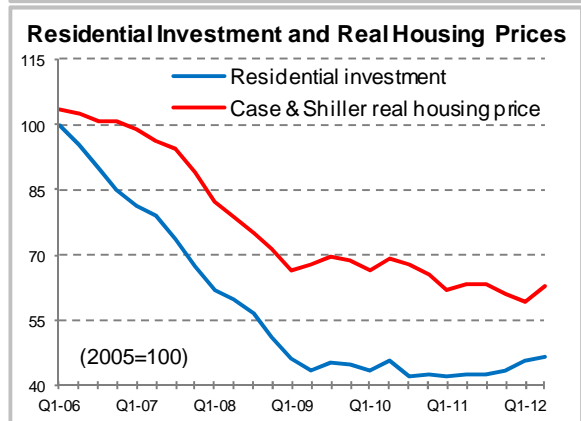
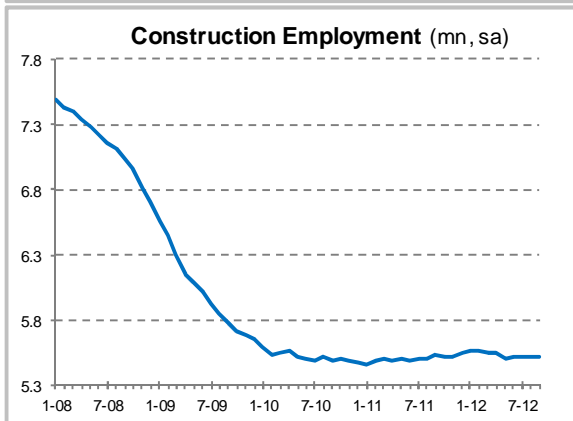
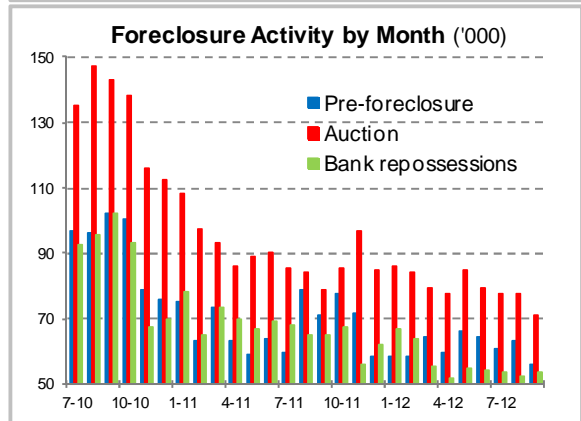
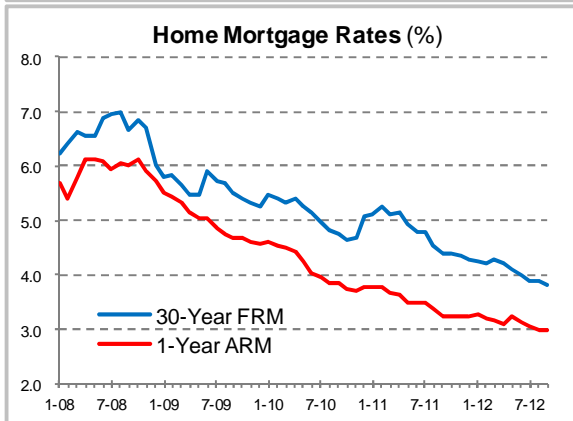
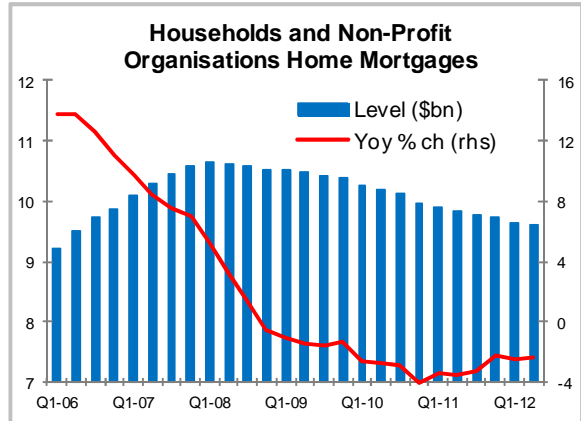
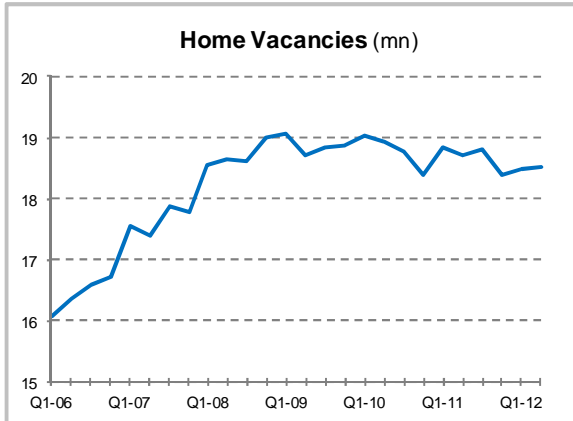


Sources: BEA, Eurostat, US Census, OECD

UNITED STATES

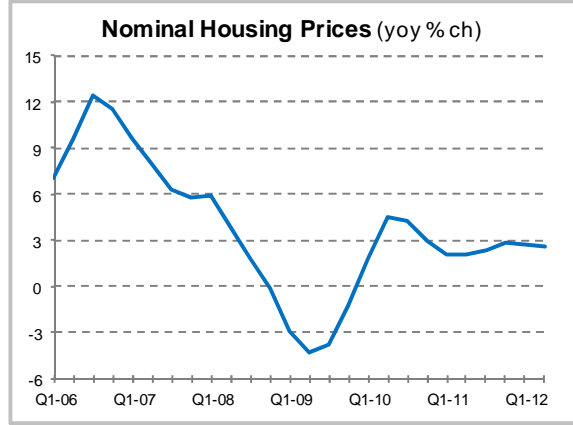
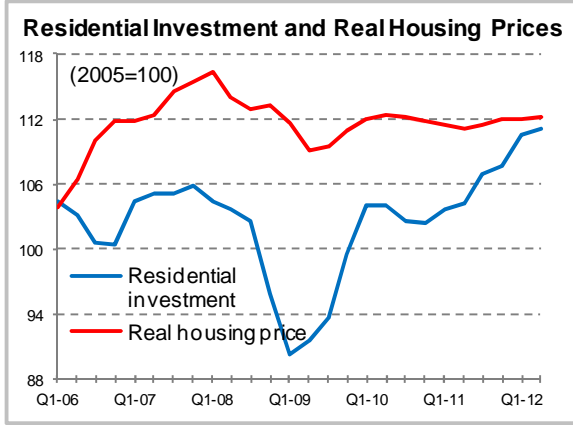
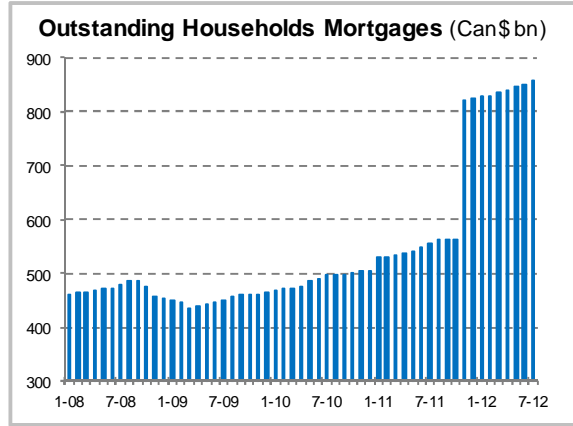
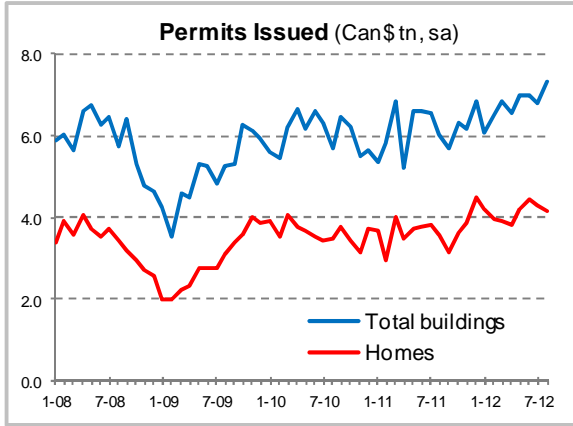
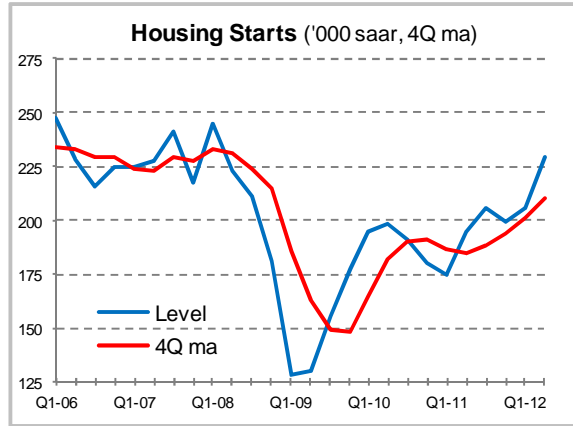
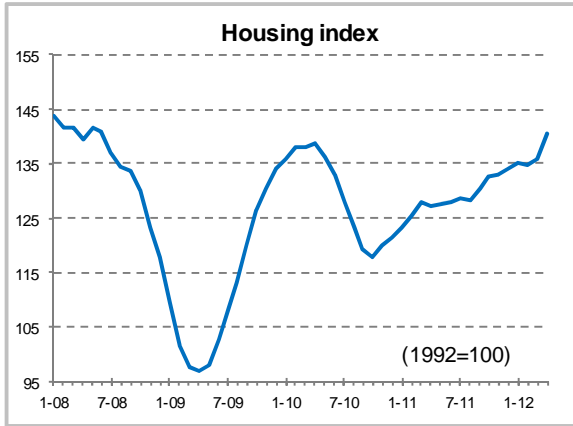
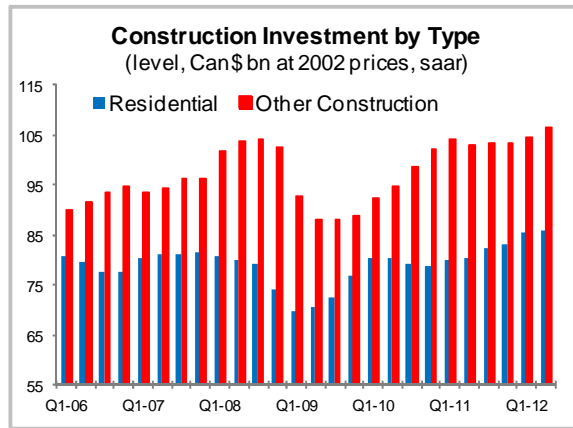
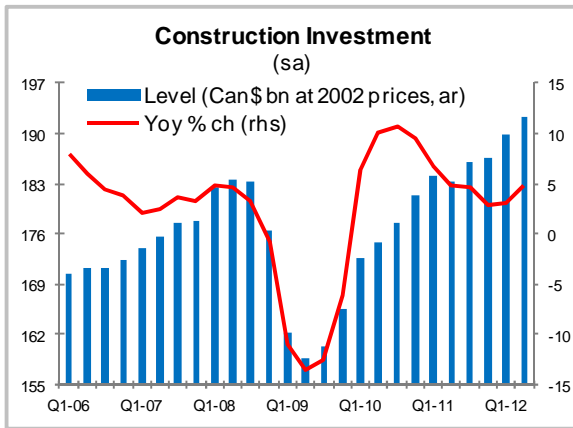


UNITED STATES



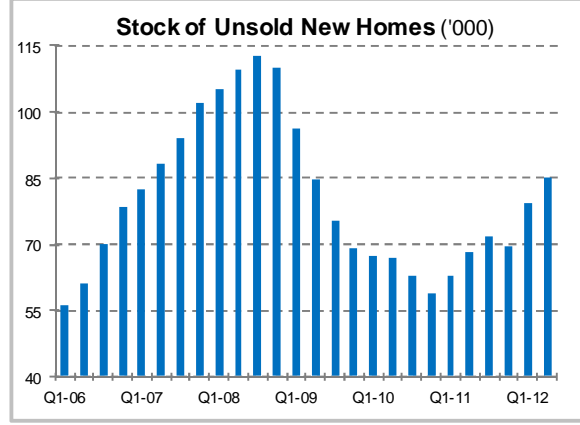
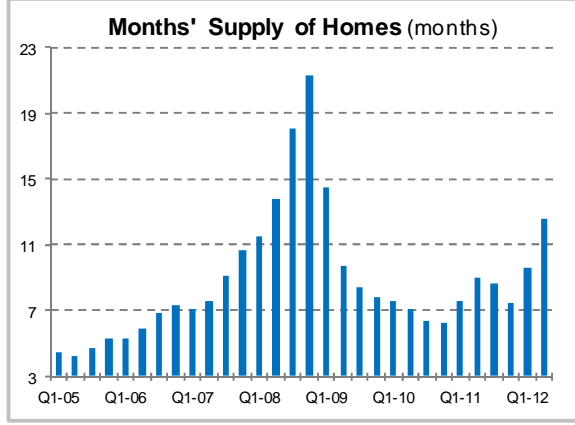
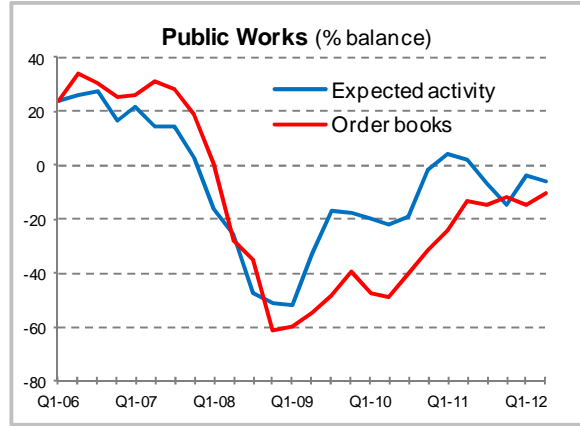
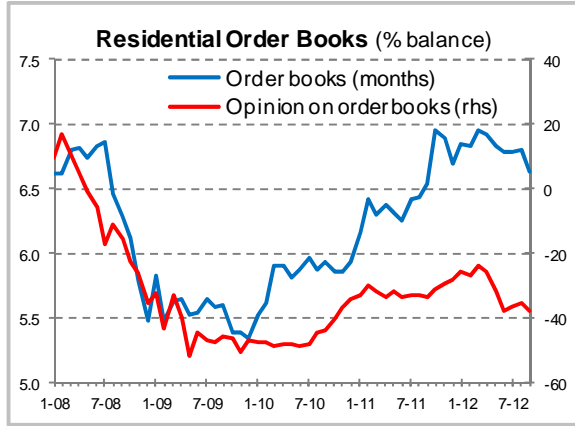
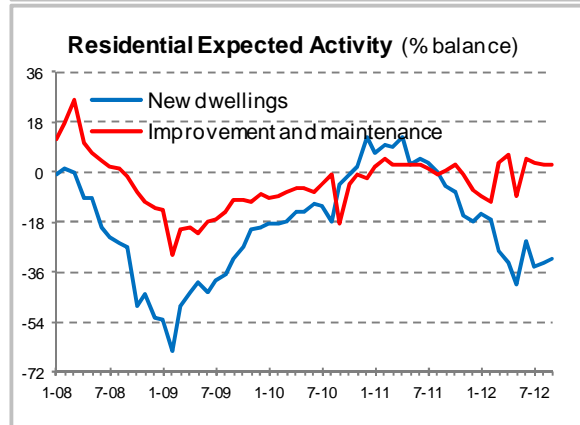
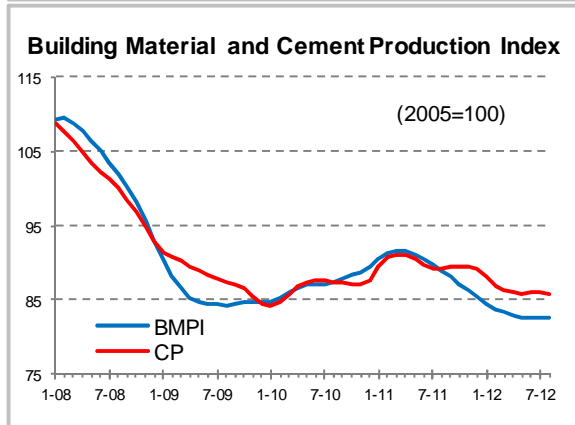
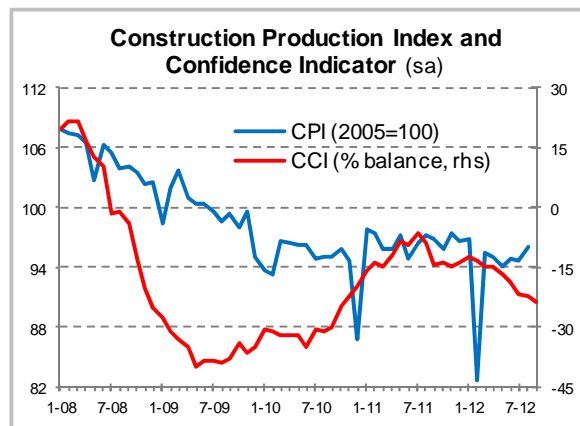
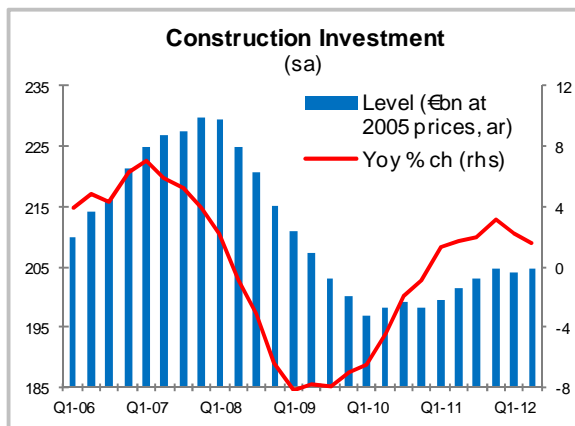
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CANADA

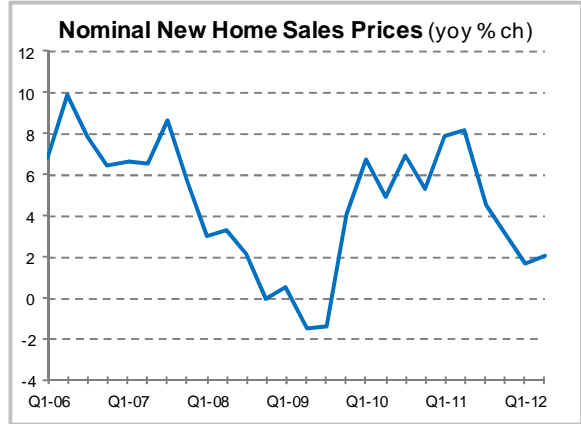
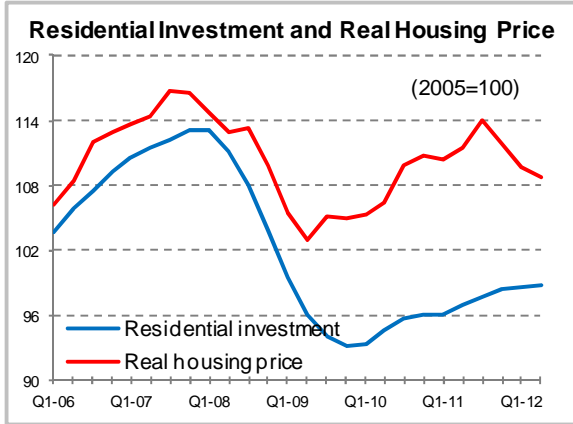
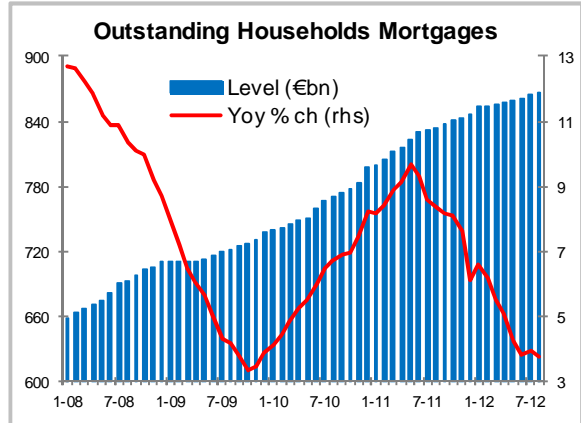
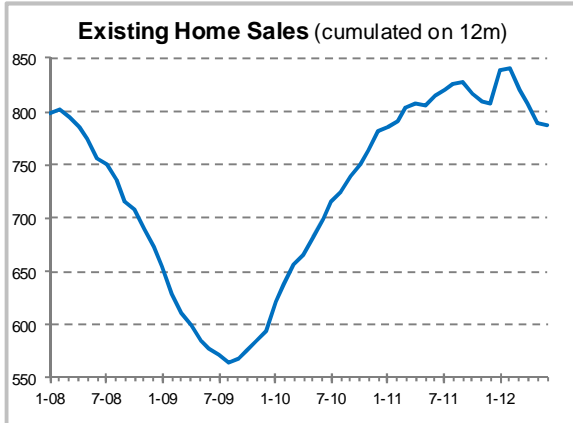
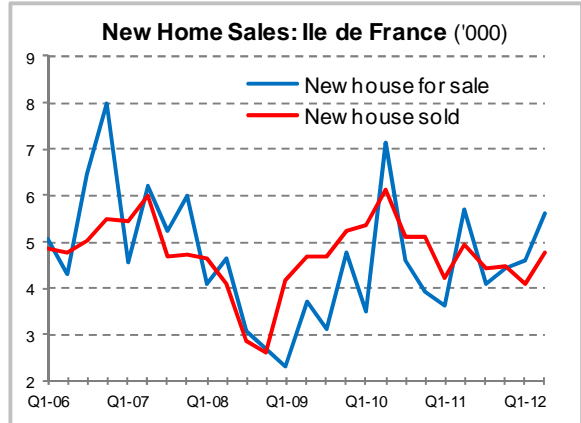
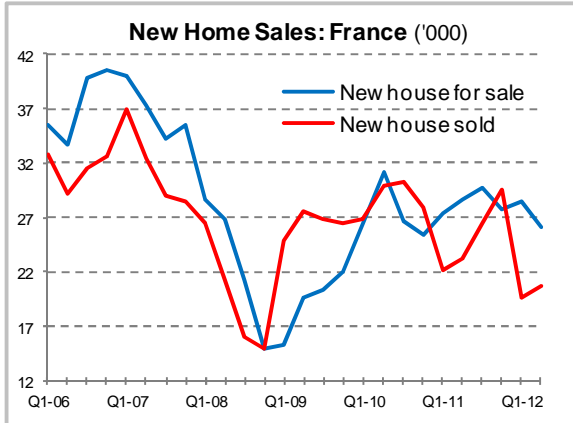
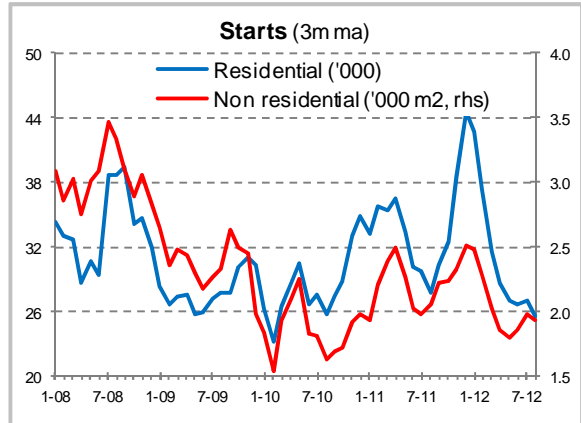
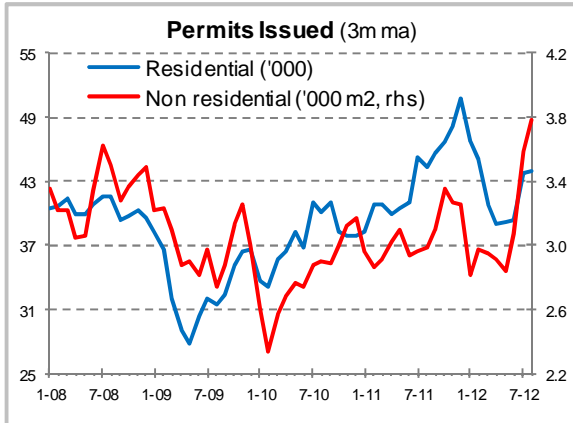


Sources: OECD, Canada's Statistics Agency, CMHC, Bank of Canada

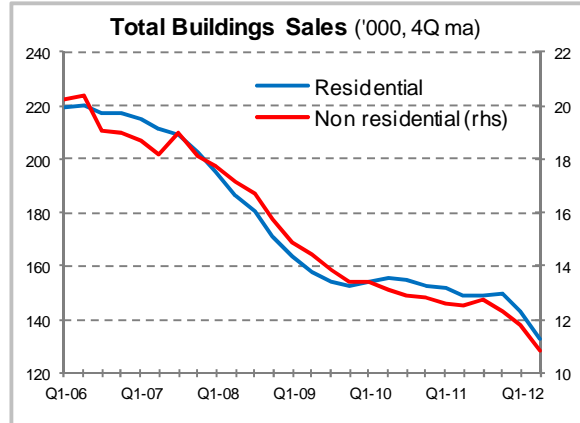
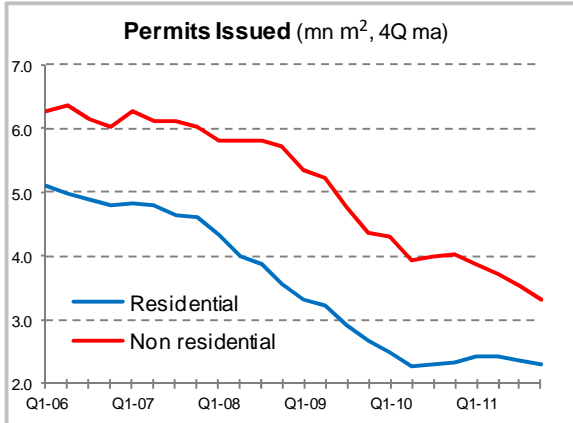
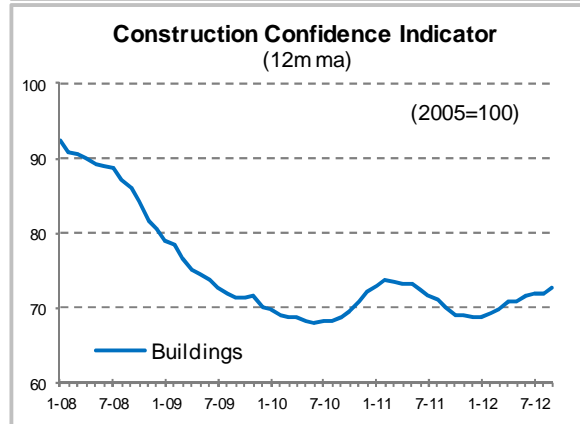
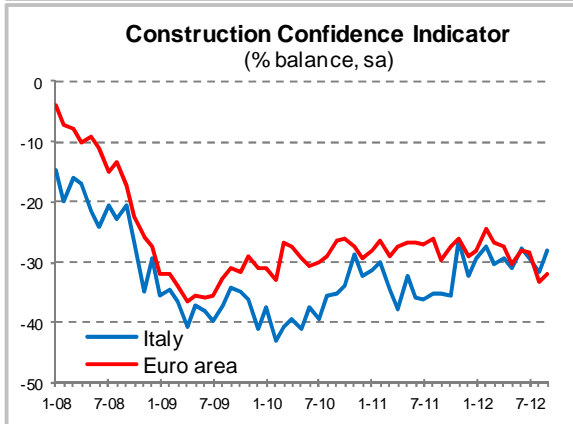
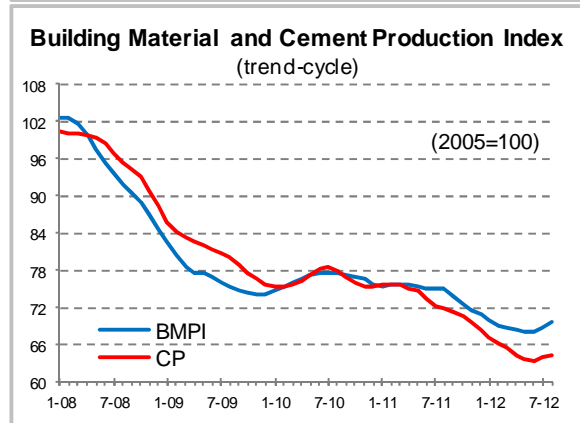
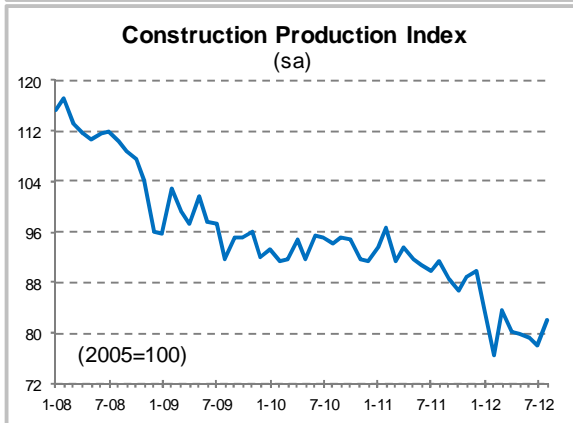
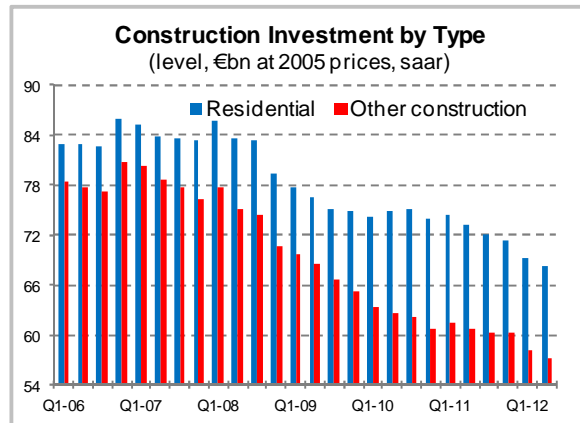
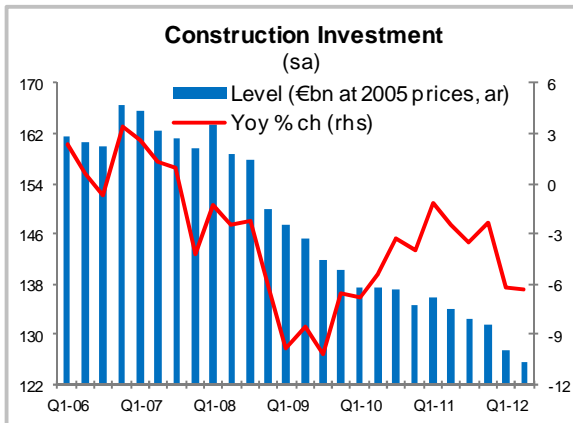
FRANCE



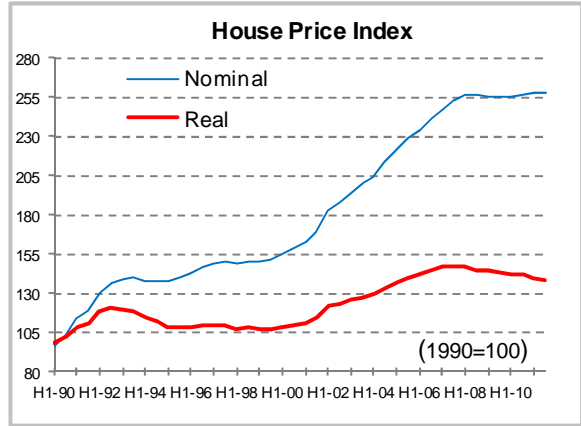
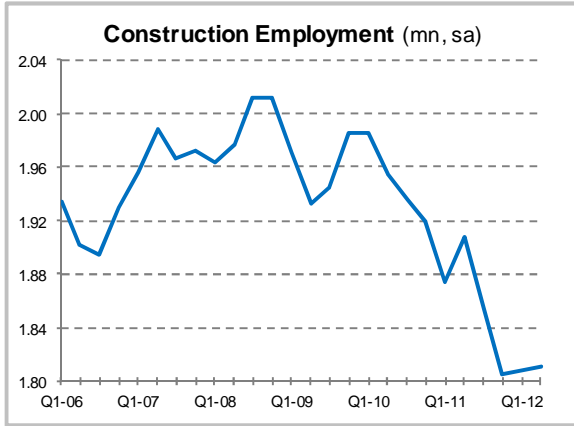
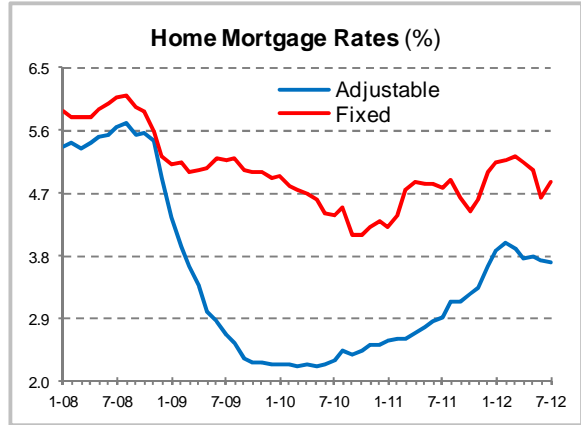
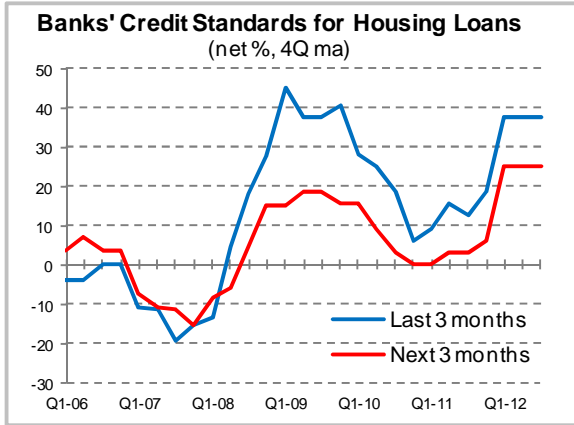
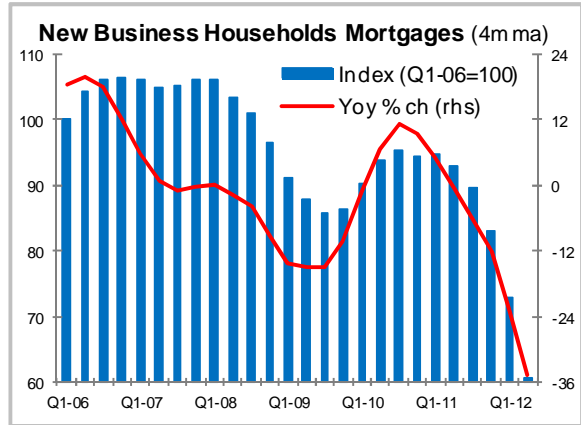
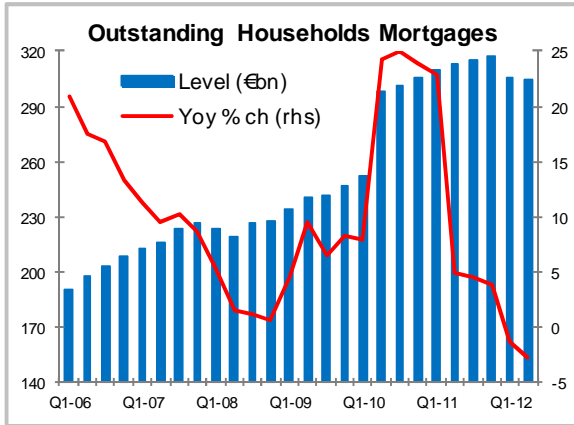
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Sources: OECD, Ministere de l'Equipeement, CGEDD, INSEE, European Commission, Banque de France, Eurostat

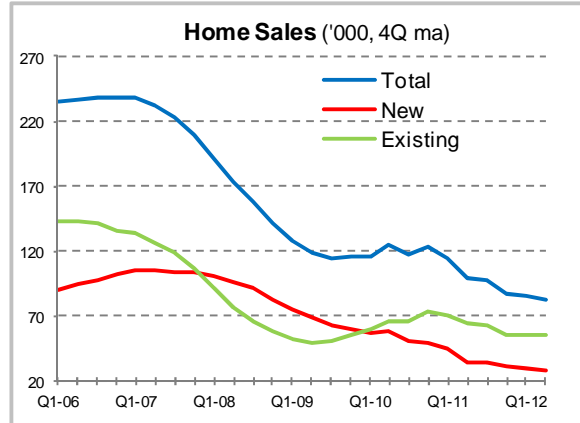
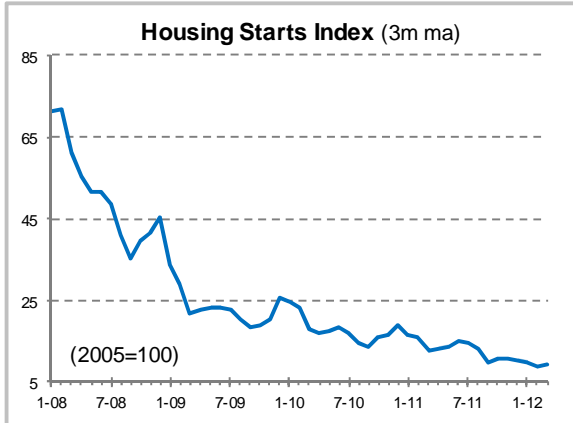
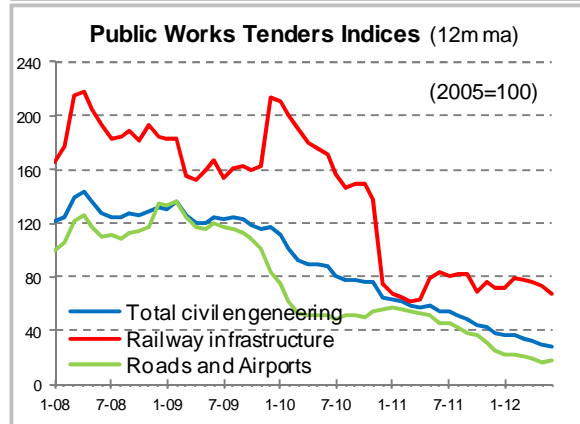
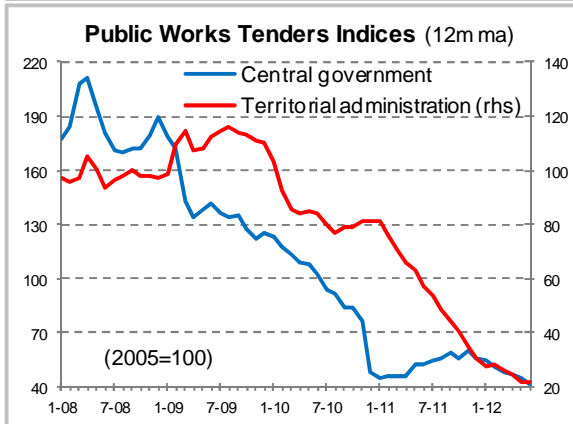
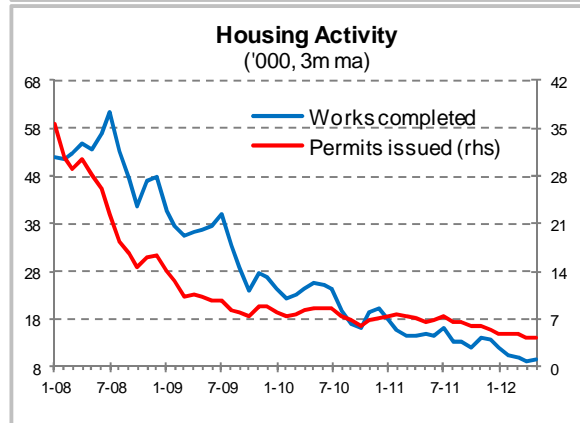
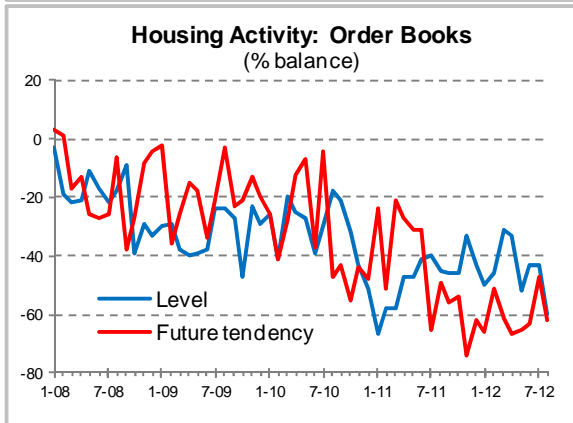
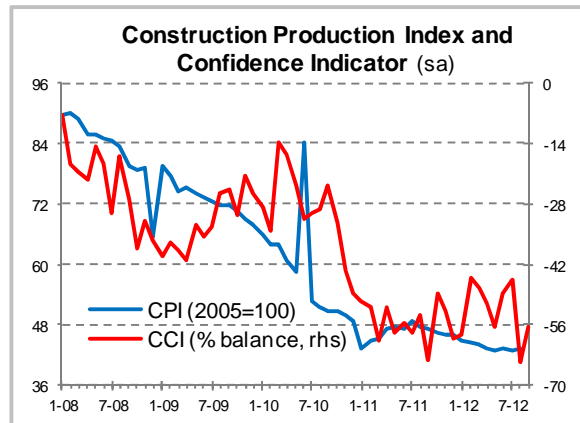
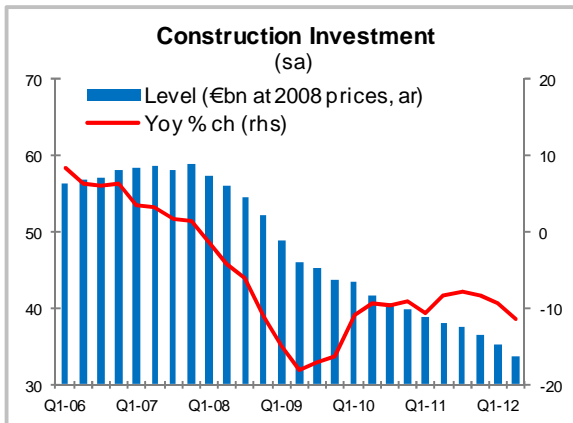


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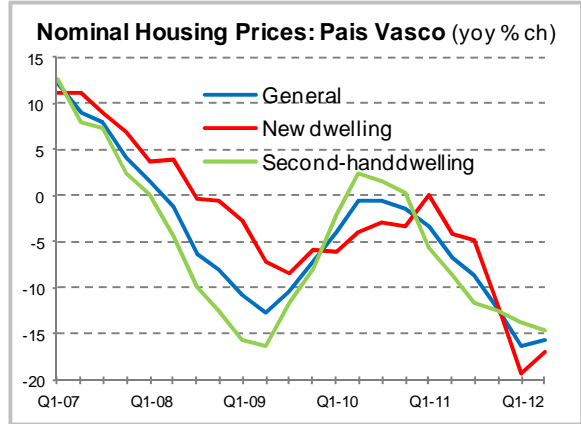
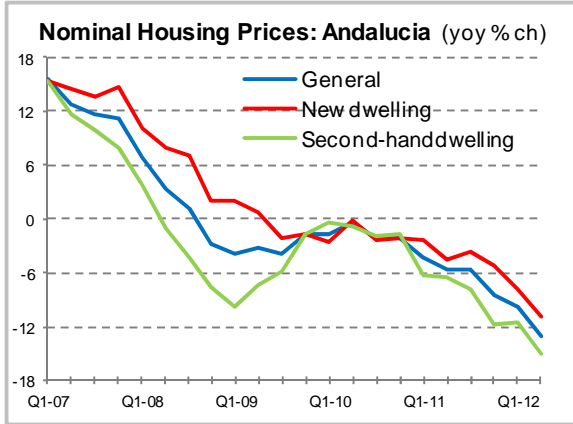
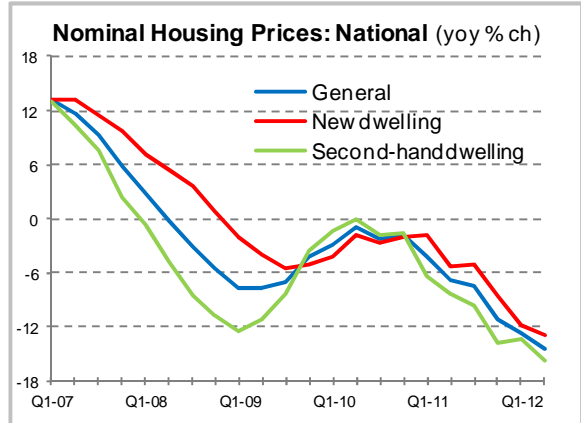
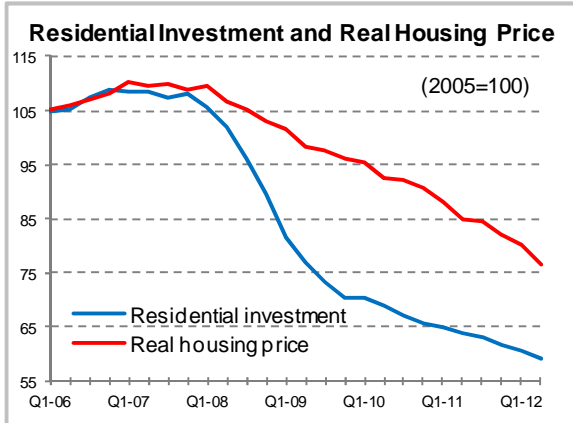
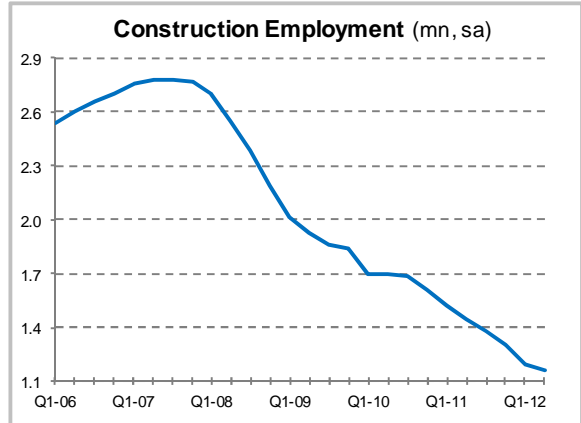
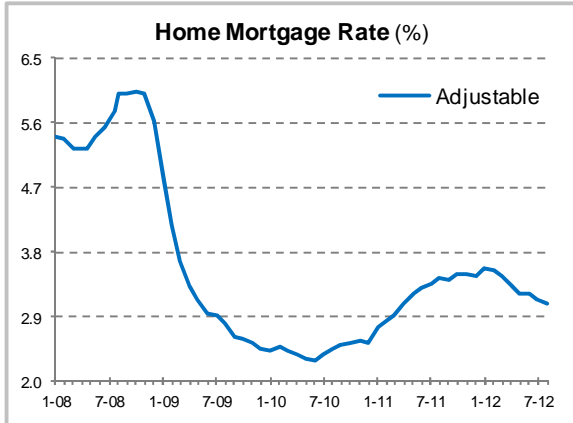
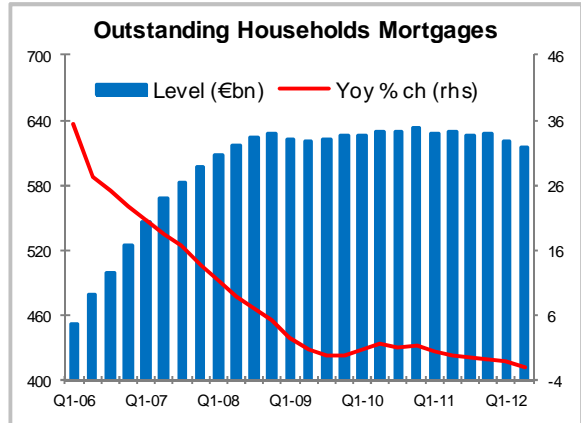
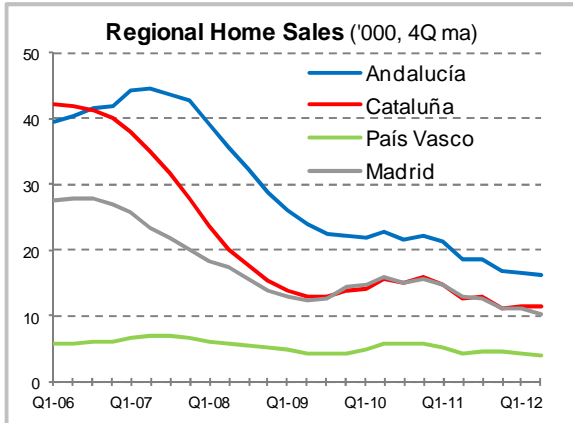


Sources: ISTAT, European Commission, Banca d'Italia, Eurostat, Agenzia del Territorio

SPAIN

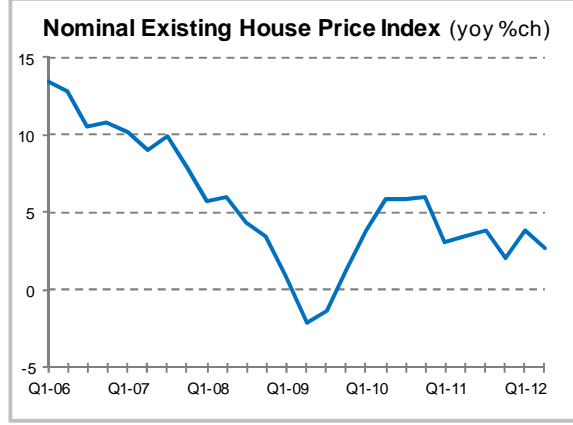
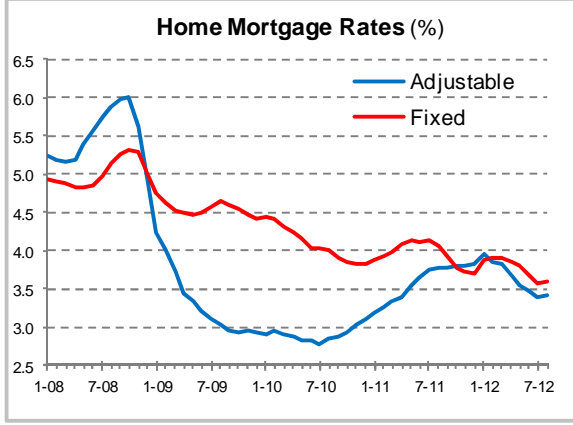
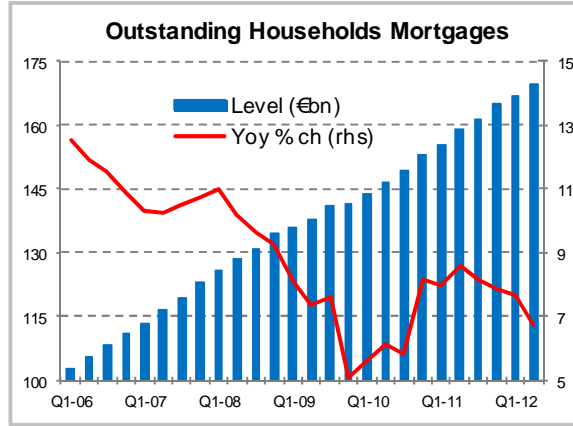
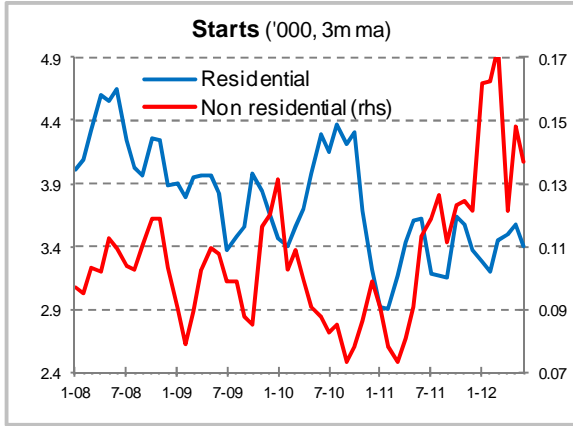
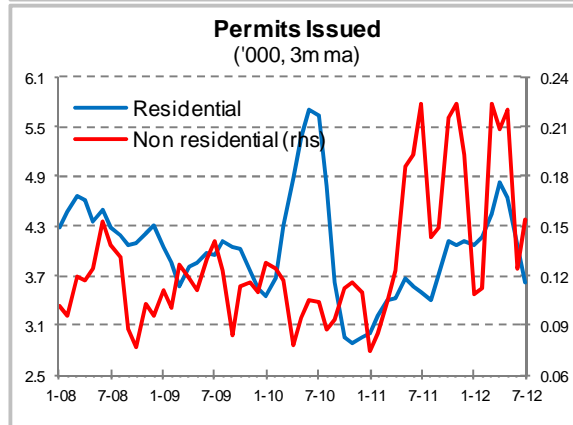
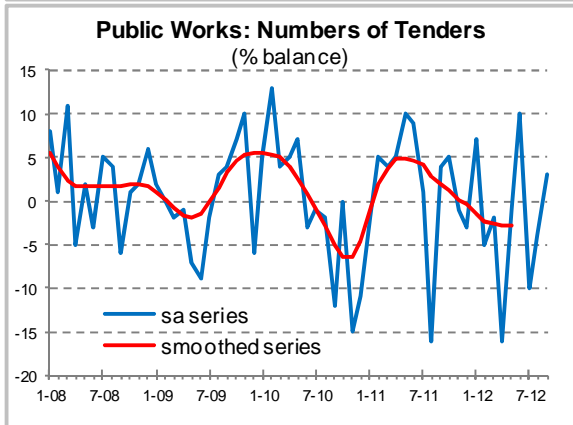
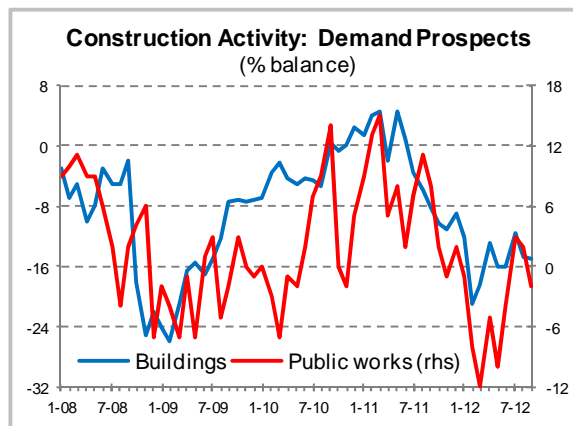
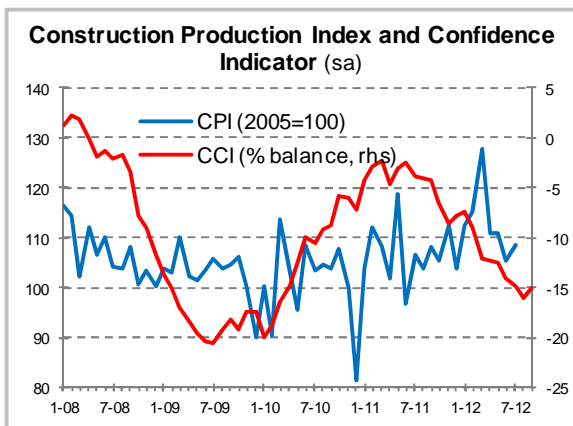


SPAIN



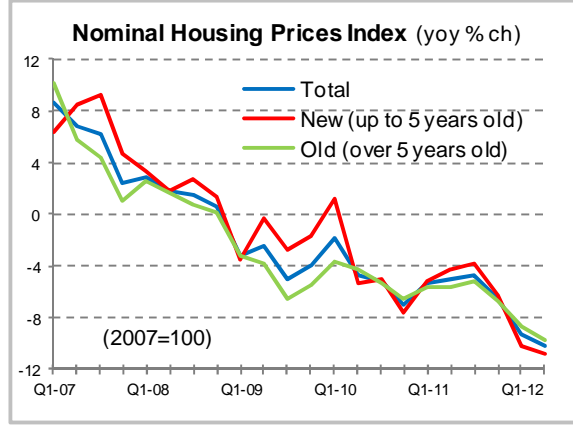
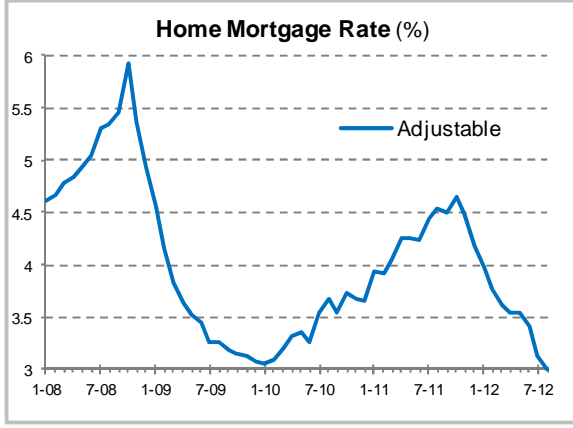
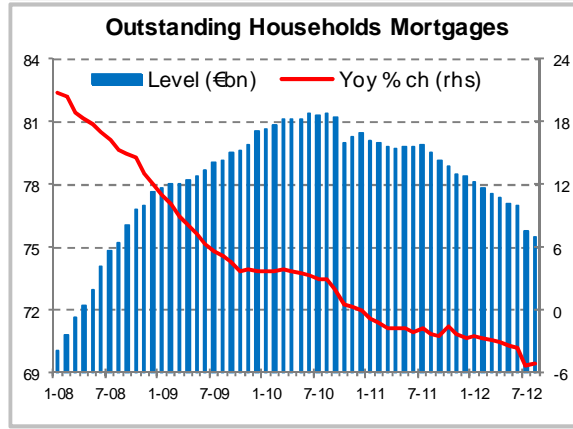
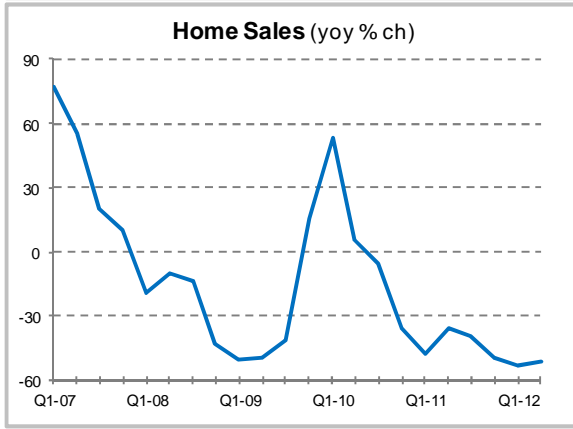
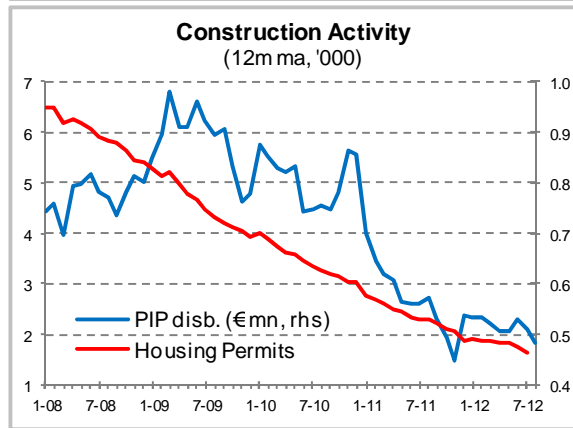
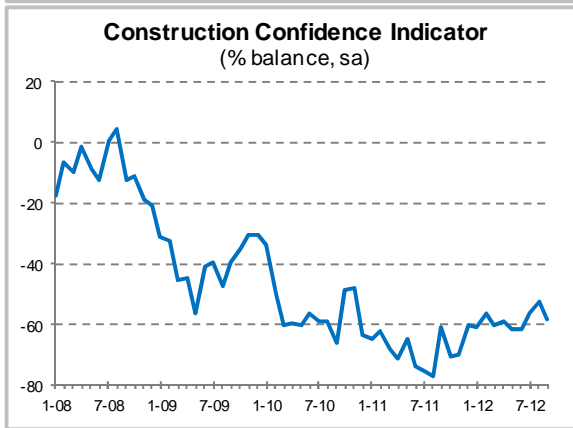
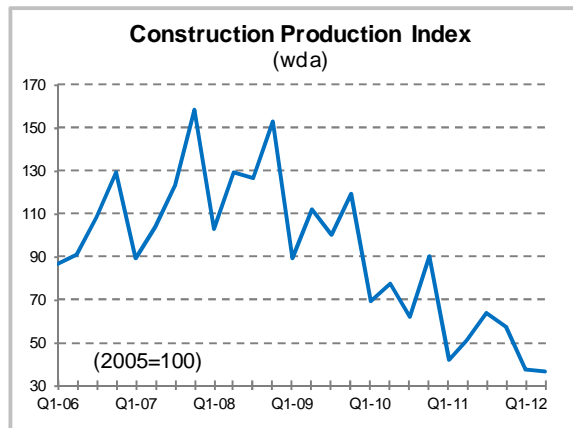
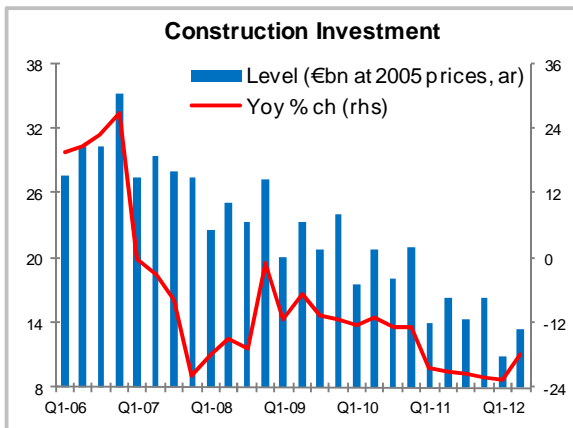
Sources: INE, European Commission, Banco de Espana, OECD, Ministerio de Fomento

BELGIUM



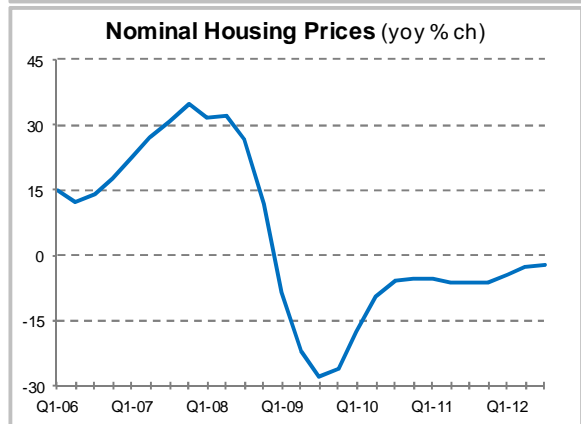
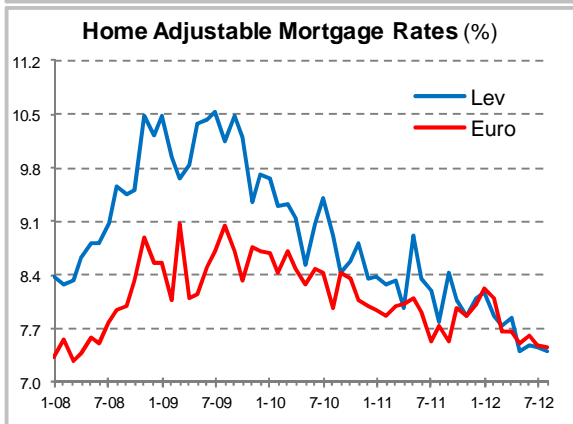
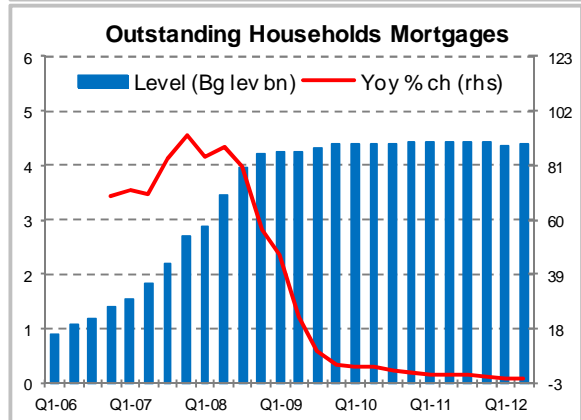
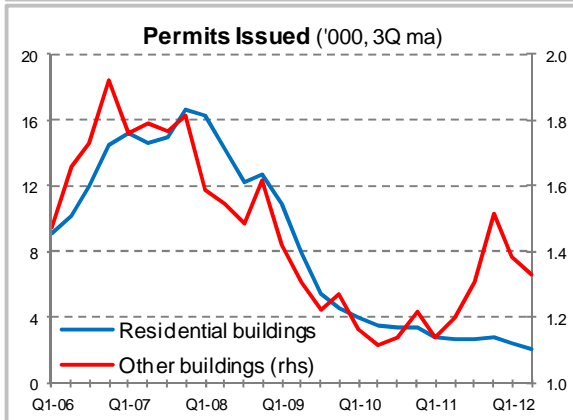
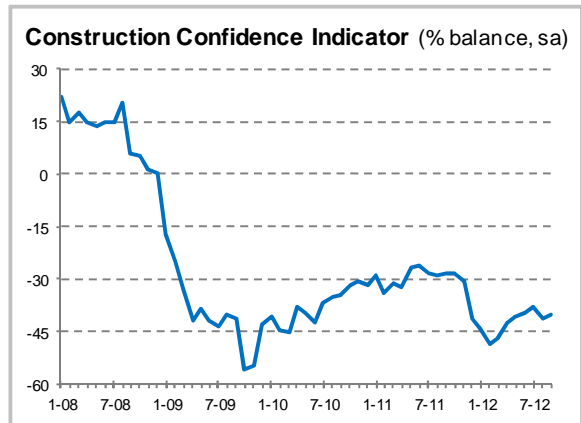
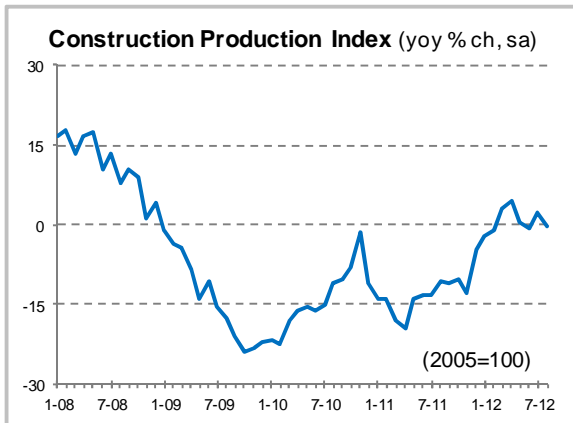
Sources: European Commission, Belgostat

GREECE



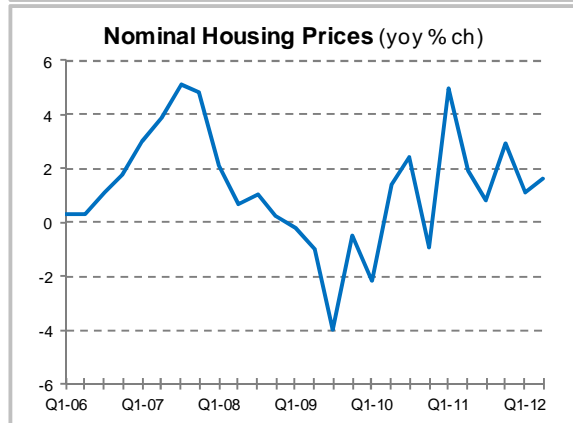
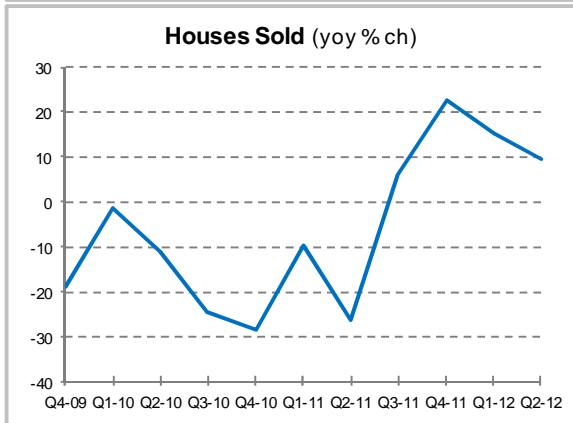
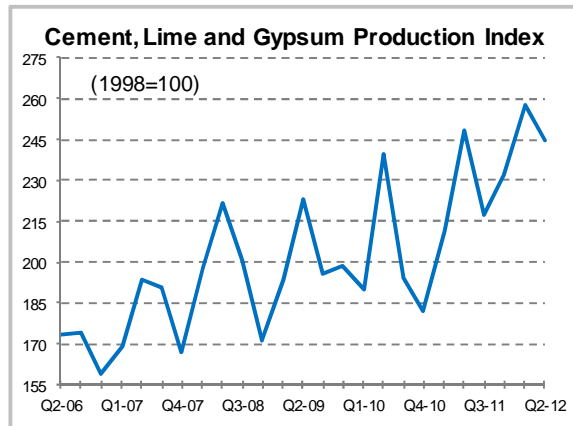
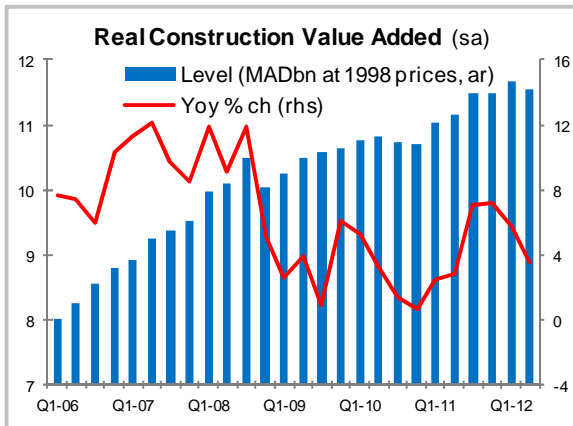
Sources: European Commission, Bank of Greece, National Statistical Service

BULGARIA



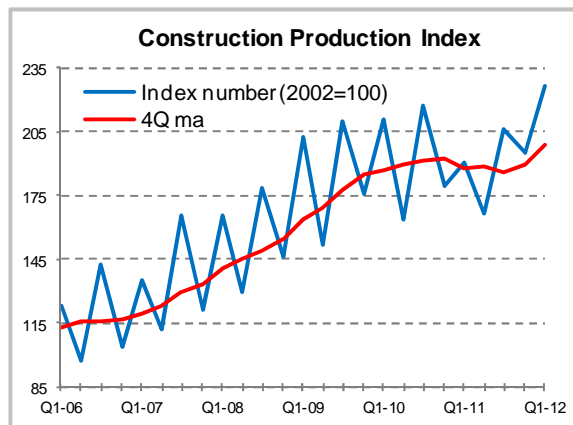
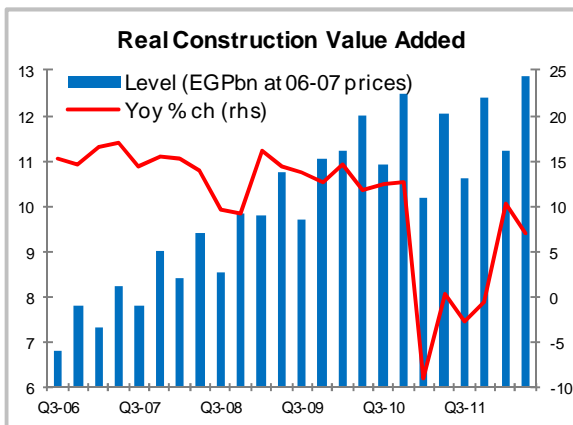
Sources: Eurostat, European Commission, National Institute of Statistics, Bulgarian National Bank

MOROCCO



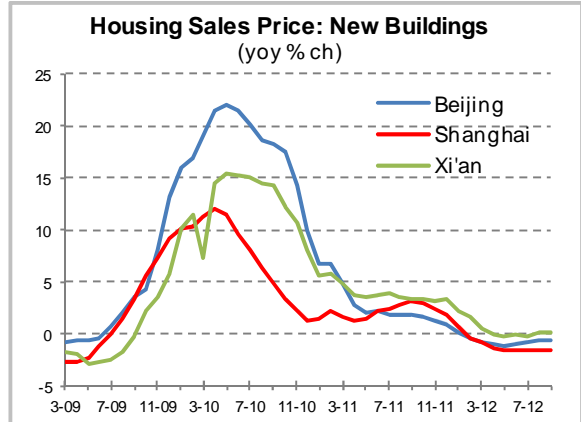
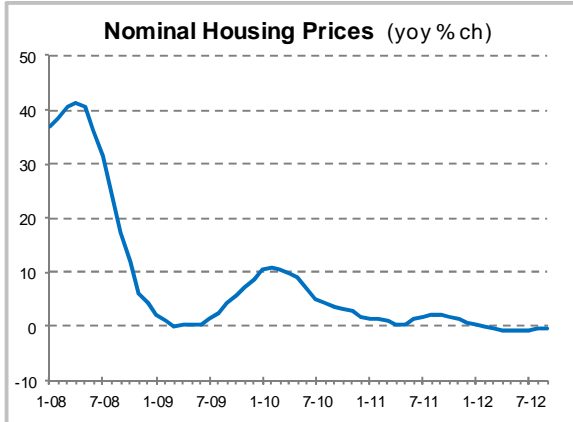
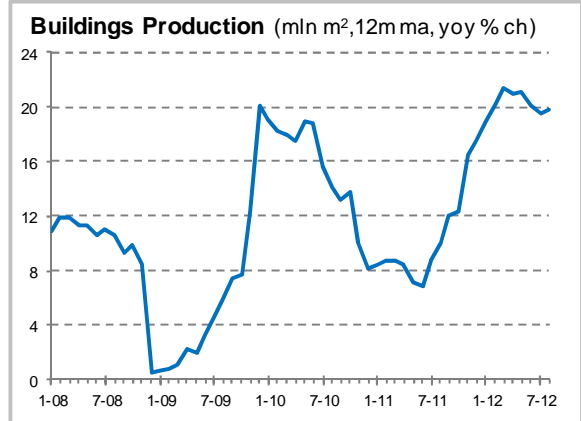
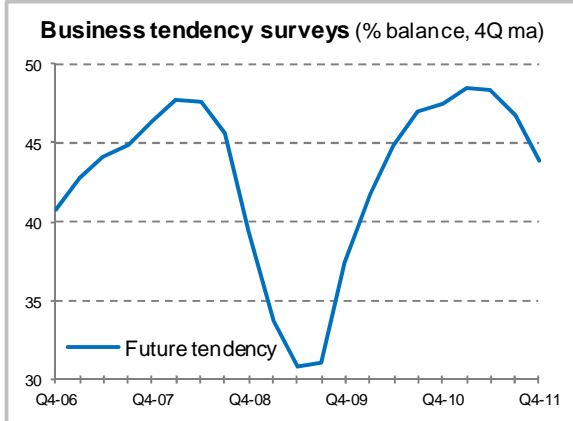
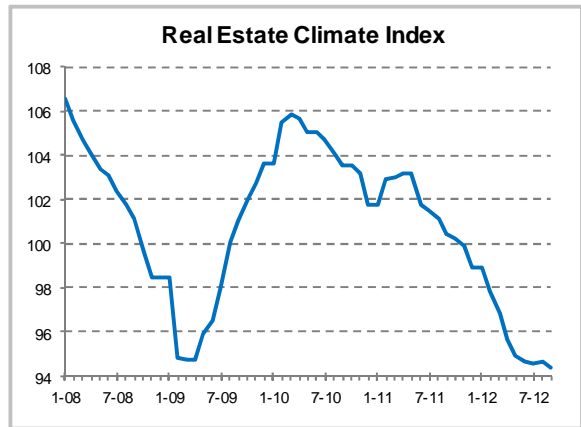
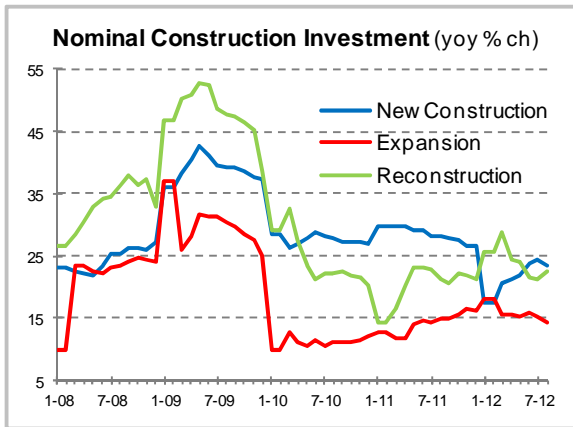
Sources: Haut-Commissariat au Plan, ANCFCC

EGYPT



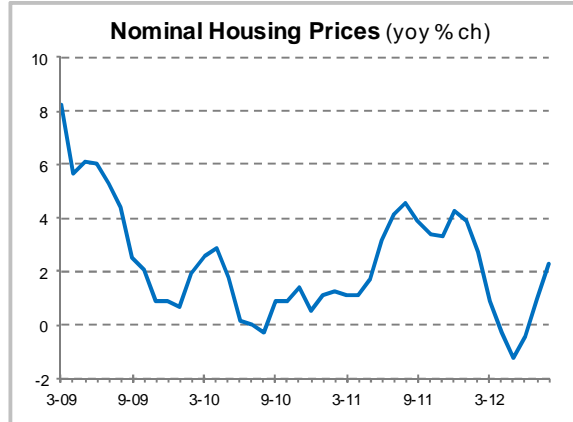
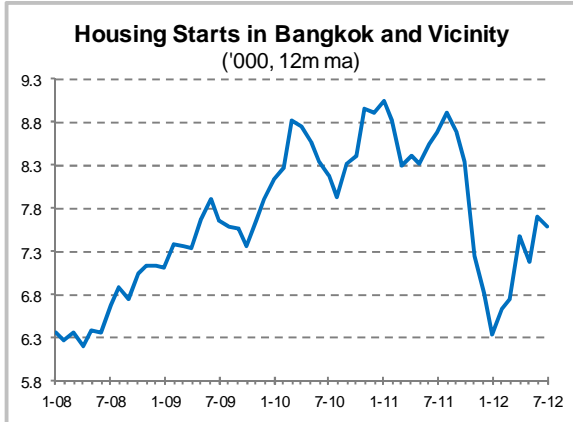
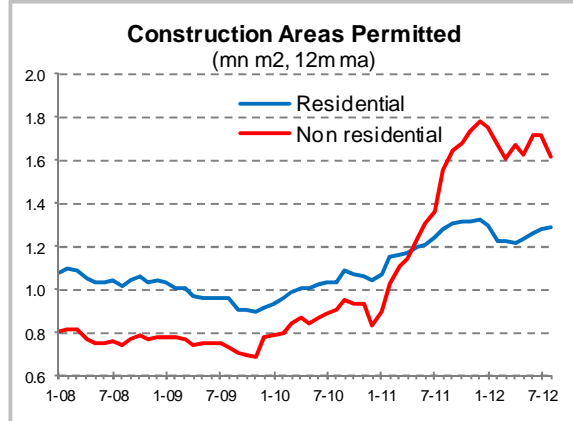
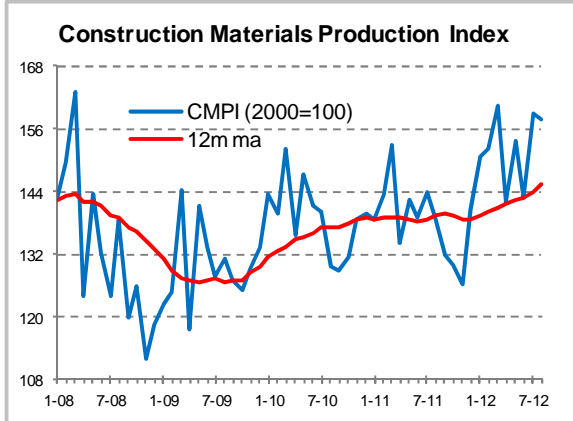
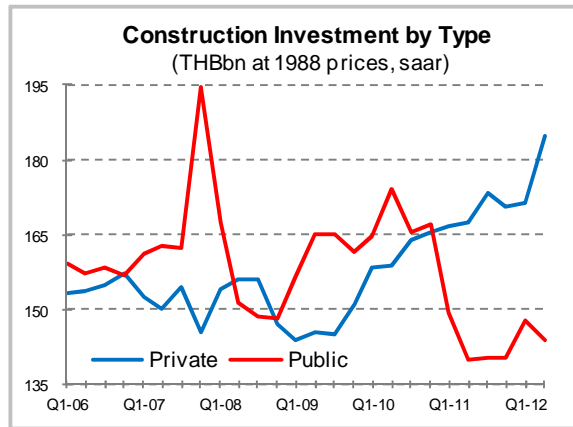
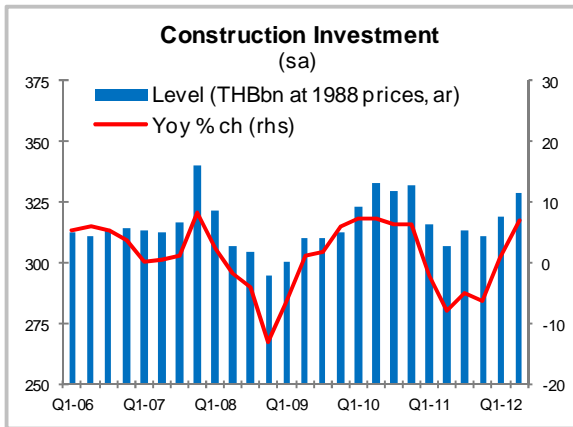
Source: Ministry of Finance

CHINA



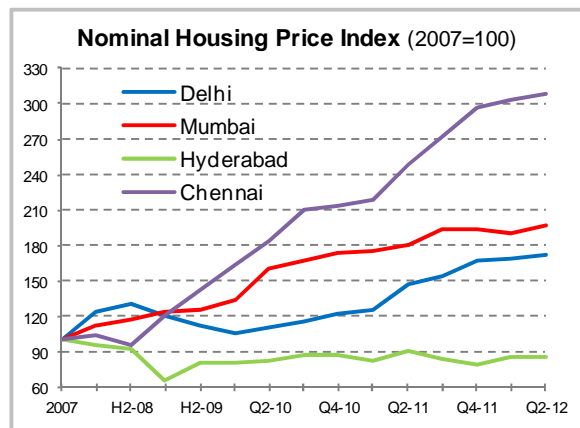
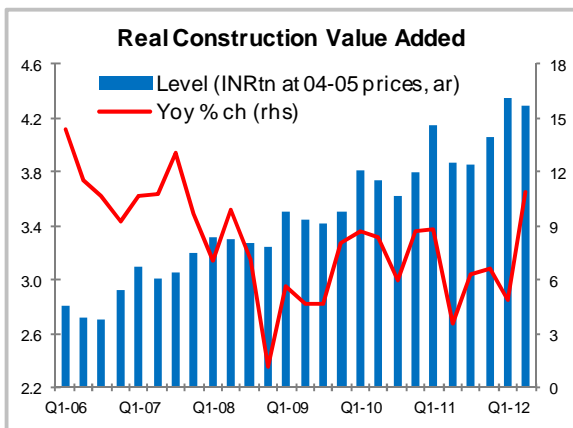
Sources: OECD, National Bureau of Statistics, Ehomeday

THAILAND



Source: Bank of Thailand

INDIA



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