



## Construction Profile in ITC Group Countries

N. 3 – July 31<sup>st</sup> 2009

**Highlights**

**Country Focus**

**Main Construction Indicators**

### **Countries:**

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

## 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, 31<sup>st</sup> 2009**  
**Available in @Gold**

## HIGHLIGHTS

- Within the Group industrial countries the construction sector recession keeps going but cyclical positions are further diverging. On the one hand, in the US there are multiple signals that the residential sector may be close to bottoming out but a clear-cut rebound is not at sight. On the other hand, in the Group euro area construction cycles are still in the midst of a deep downturn. The euro Med countries are mired into a continuing fall of activity levels, while France/Belgium are withstanding the crisis better than others – particularly so France, also thanks to the implementation of a large set of stimulus measures. In any case, also due to statistical effects (in most countries the downfall started in the second half of 2008) the pace of decline is set to soften, starting in the current quarter.
- Also among the Group emerging countries cyclical positions have been strongly diverging since the start of the crisis. At one extreme, construction remains positively sloped and keeps performing better than expected in Egypt, China and India. At the other extreme, construction has faltered dramatically in Turkey, Bulgaria and Thailand amid serious macroeconomic turmoil. In Thailand, in particular, activity has retrenched to levels not seen in the last four-five years in just a few quarters. On the positive side, there is widespread belief that the ongoing sectoral recession in the above countries could be overcome much more rapidly than in mature economies, given the huge extent of the basic construction needs still to be fulfilled.

## COUNTRY FOCUS

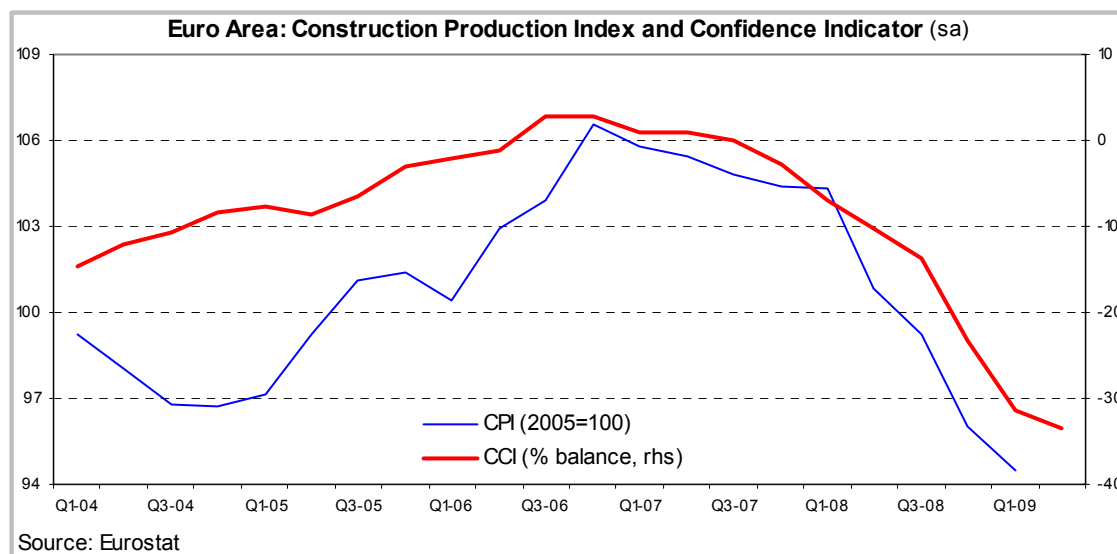
- In **Italy**, the fall in construction investment continued in Q1 09, even though at a more moderate pace (-0.8% qoq from -4.2% qoq in Q4 08). As for the housing sector (-1% qoq), there are growing signs of demand saturation. As a matter of fact, home sales are contracting and the time needed to sell an apartment is widening. Prospects remain gloomy for the rest of the year even assuming some positive impact stemming from the so called Housing Plan. Also the non-residential component is expected to contract heavily this year as a consequence of the economic recession and less favourable financing conditions. As for public works, the government is committed to an ambitious plan over 2009-11 (worth an estimated €28bn, of which €18bn should be raised through the private sector) aimed at upgrading and widening the infrastructure grid. Worries are, however, mounting relative to the short-term prospects given the existing implementation constraints.
- In **Bulgaria** the construction sector is facing a severe recession. Construction output fell by 8.9% yoy in April. In addition, growing risk aversion among foreign investors is resulting in a significant contraction in capital inflows (-54% yoy in January-May) and a prompt reversal in this trend is unlikely. As for public works, business sentiment is continuing to worsen as the risk is that the government will be unable to stick to its investment plans given the need to tighten fiscal policy.
- The **Egyptian** economy is holding up better than expected. Although the rapid pace of expansion of recent years has eased on the back of a downturn in export demand, tourism revenues and Suez Canal fees, and of tightened credit terms, GDP grew by 4.3% yoy in Q1 09 (from +4.1% yoy in Q4 08). The overall economy was underpinned by buoyant activity in the construction sector (which increased by 16% yoy) primarily driven by public works. Prospects remain positive over the next few months mainly due to the effects of the US\$2.7bn's stimulus package, most of which (US\$2bn) earmarked for infrastructure projects and at supporting the industrial zones.

# MAIN CONSTRUCTION INDICATORS

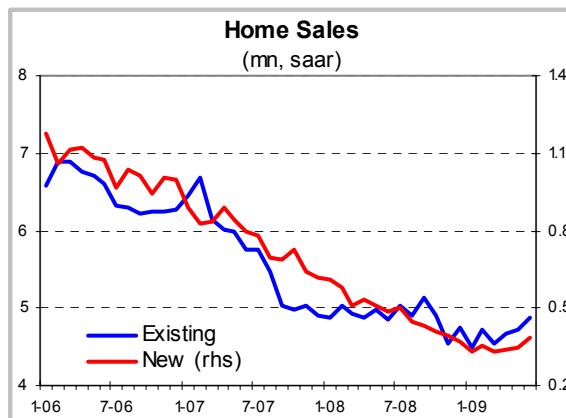
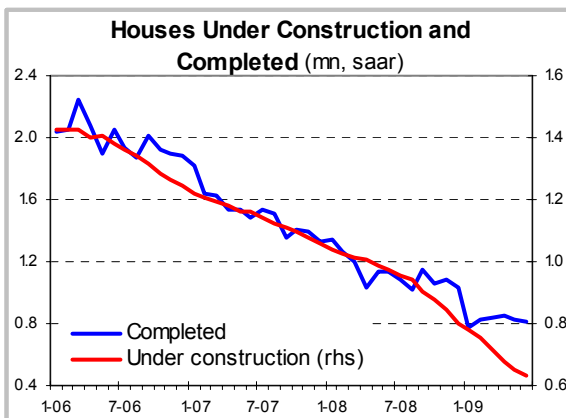
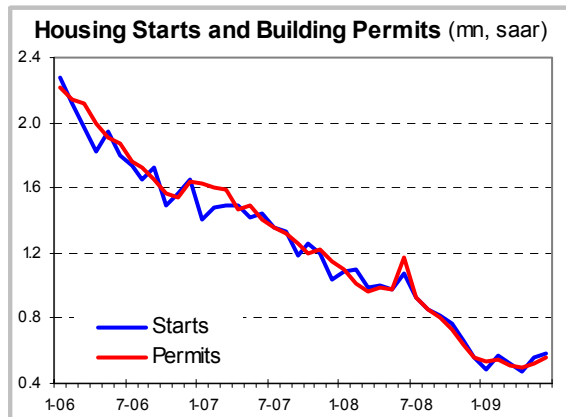
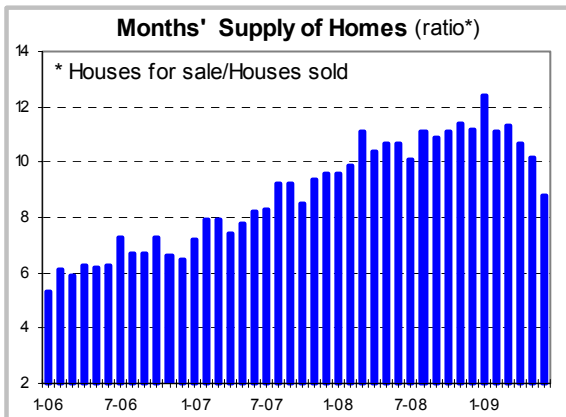
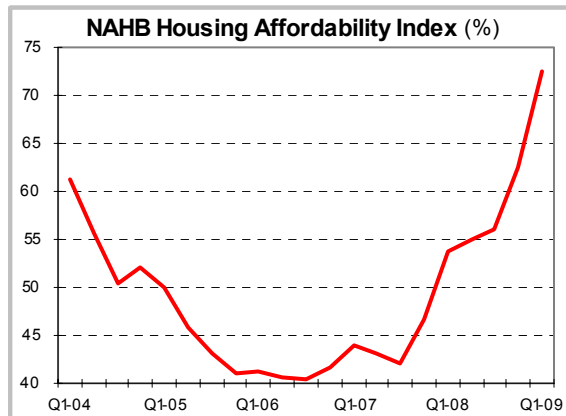
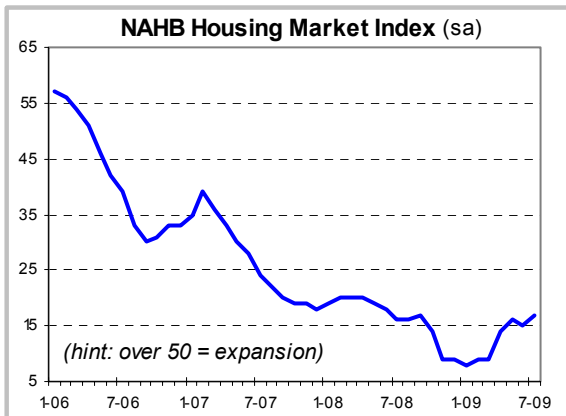
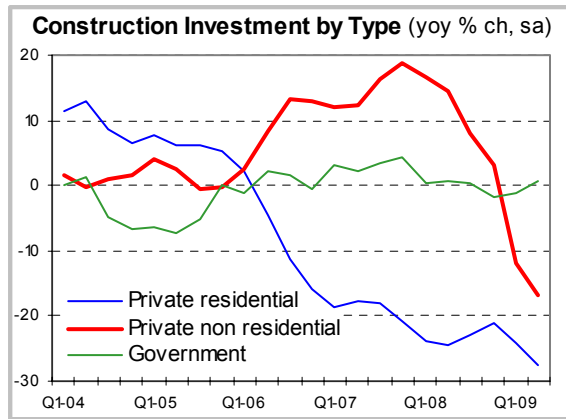
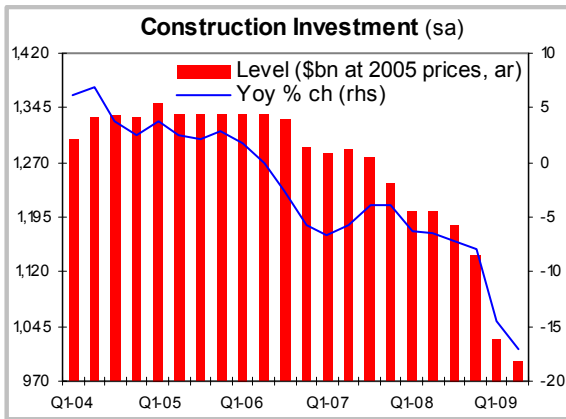
Indicators*	Construction Production				Construction Investment				House Prices			
	2006	2007	2008	Latest	2006	2007	2008	Latest	2006	2007	2008	Latest
<b>USA</b>	-1.6	-17.9	-30.4	-34.7 May <sup>(1)</sup>	-1.7	-5.1	-7.0	-17.1 Q2	7.6	-3.8	-15.8	-17.1 May
<b>Canada</b>	6.3	3.0	2.8	-3.2 Apr	5.2	3.1	0.7	-4.6 Q1	10.2	7.4	2.9	-4.3 May
<b>France</b>	3.2	3.3	0.4	-4.4 May	4.4	4.8	-0.2	-6.8 Q1	12.2	6.5	1.2	-6.7 Q1
<b>Italy</b>	4.0	6.2	-0.4	-12.0 Q1	1.1	0.8	-1.8	-7.9 Q1	6.5	5.3	2.7	1.1 H2 08
<b>Spain</b>	2.9	-3.6	-15.6	-16.2 May	5.9	3.8	-4.8	-11.5 Q1	10.4	5.8	0.7	-6.8 Q1
<b>Belgium</b>	3.3	2.2	-1.1	-16.9 Apr	8.5	3.4	1.3	-4.1 Q1 <sup>(2)</sup>				-
<b>Bulgaria</b>	24.2	27.5	-3.3	-12.8 May	14.7	21.7	20.4	-14.1 Q1 <sup>(4)</sup>				-
<b>Greece</b>	7.1	23.8	2.7	-3.7 Q4	5.8	1.6	-14.6	5.7 Q1	13.0	3.8	2.6	-2.5 Q1 <sup>(3)</sup>
<b>Morocco</b>			-		7.9	10.3	9.2	-0.2 Q1 <sup>(2)</sup>				-
<b>Turkey</b>			-		17.8	5.8	-6.8	-16.6 Q1				-
<b>Egypt</b>			-		10.7	16.2	11.9	16.1 Q1 <sup>(2)</sup>				-
<b>Thailand</b>			-		4.1	2.0	-5.3	-9.1 Q1				-
<b>India</b>			-		13.2	11.5	7.2	6.7 Q1 <sup>(2)</sup>				-
<b>China</b>			-		42.0	23.8	3.0	37.0 May <sup>(5)</sup>	6.1	7.6	6.5	0.2 Jun <sup>(6)</sup>

**Notes:**

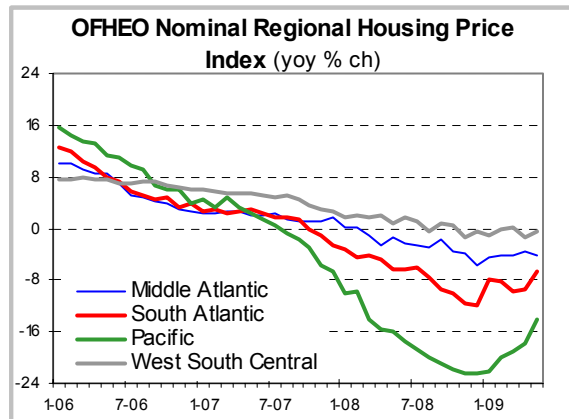
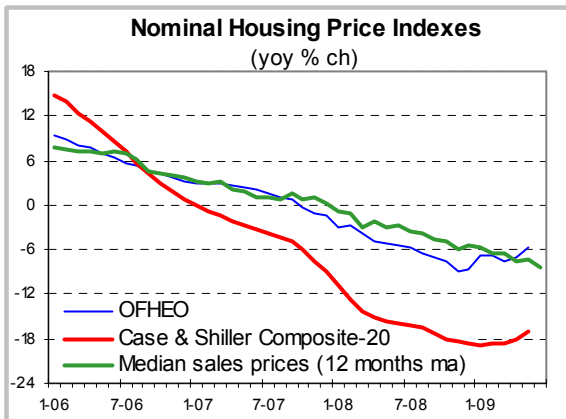
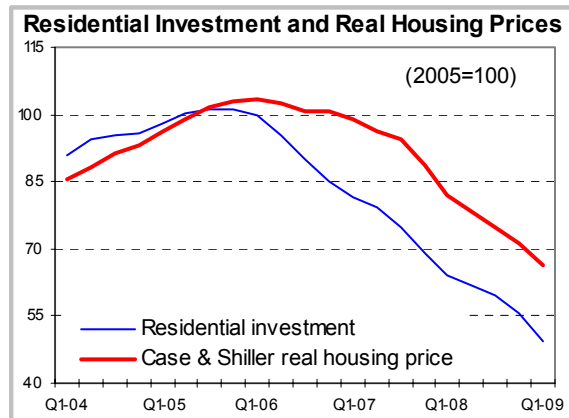
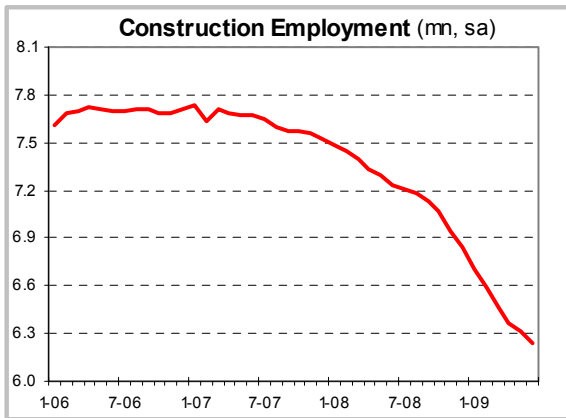
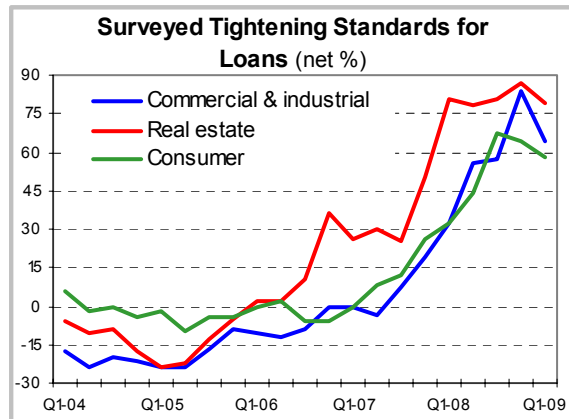
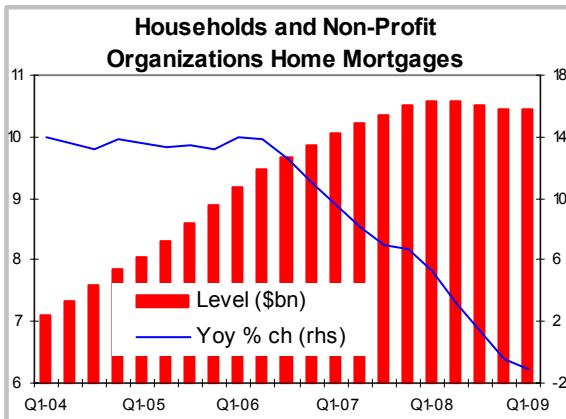
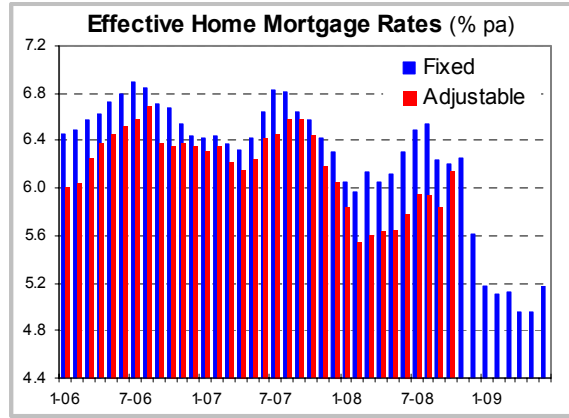
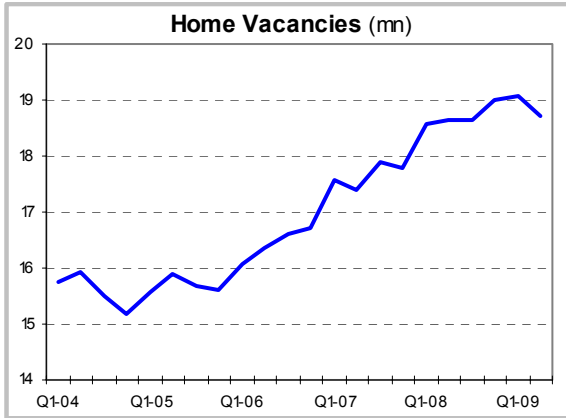
\* yoy % ch, sa, unless otherwise indicated; <sup>(1)</sup> Production of dwellings ; <sup>(2)</sup> Gross value added; <sup>(3)</sup> Urban areas excluding Athens; <sup>(4)</sup> Gross fixed capital investment; <sup>(5)</sup> Investment in fixed assets: construction; <sup>(6)</sup> 70 major cities



# UNITED STATES

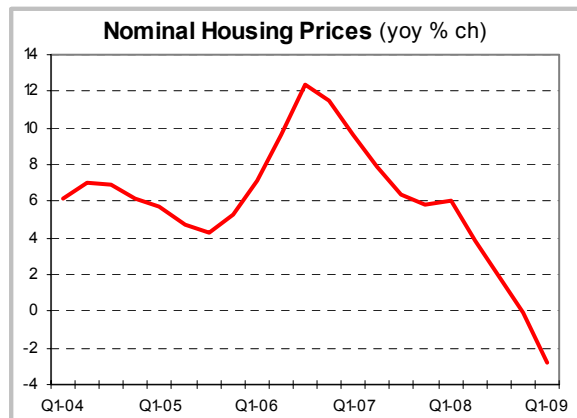
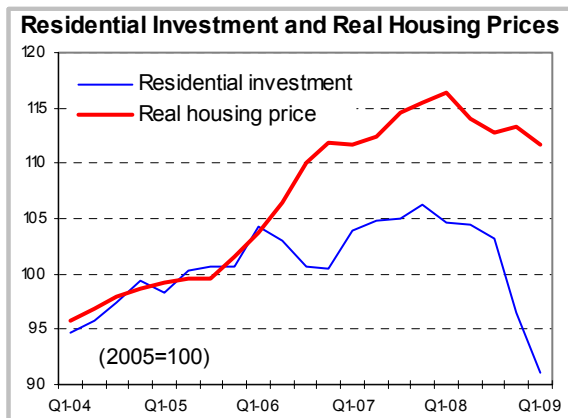
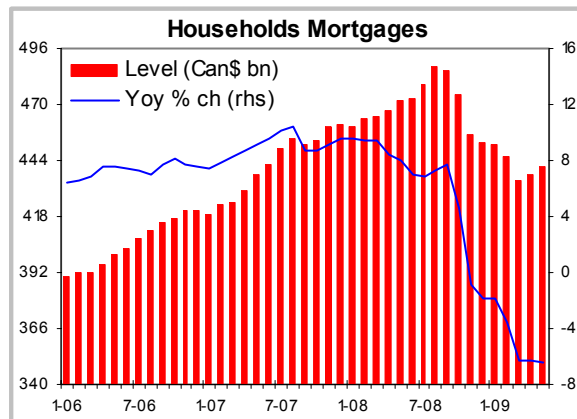
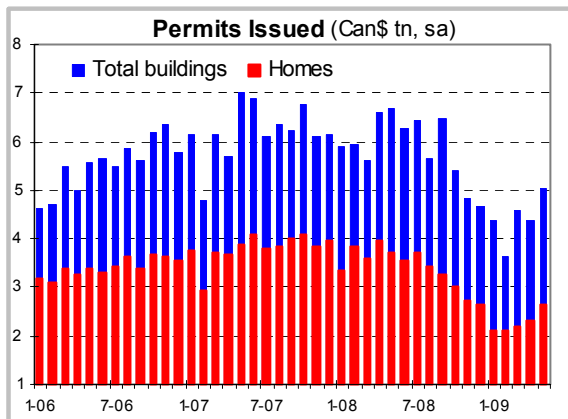
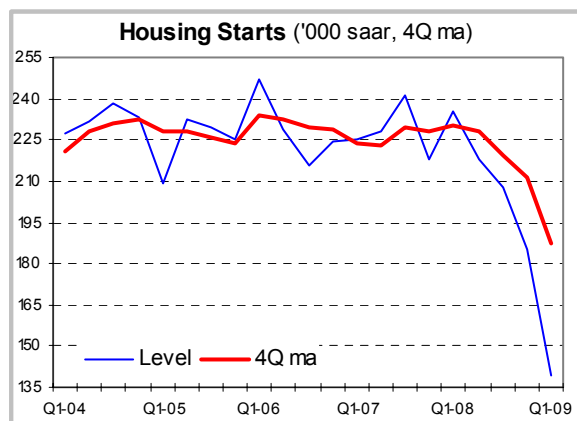
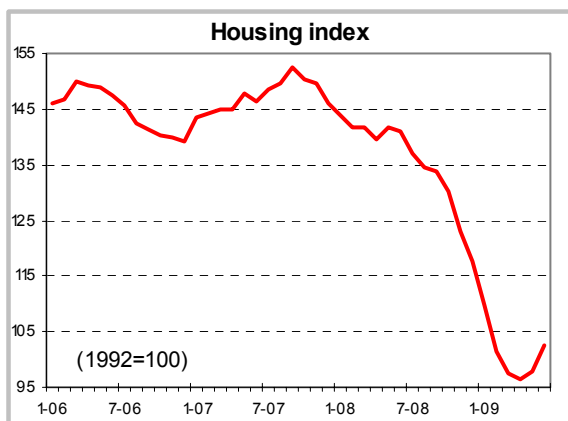
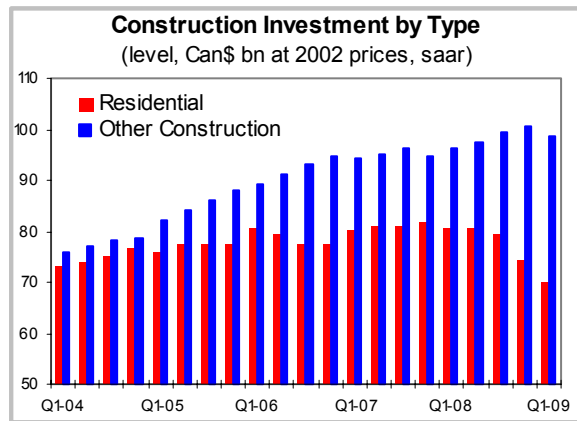
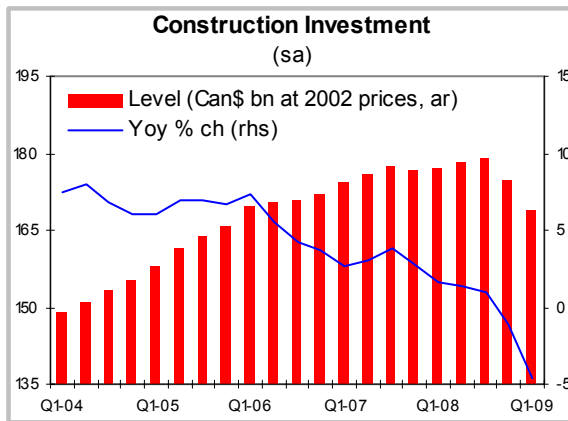


## UNITED STATES



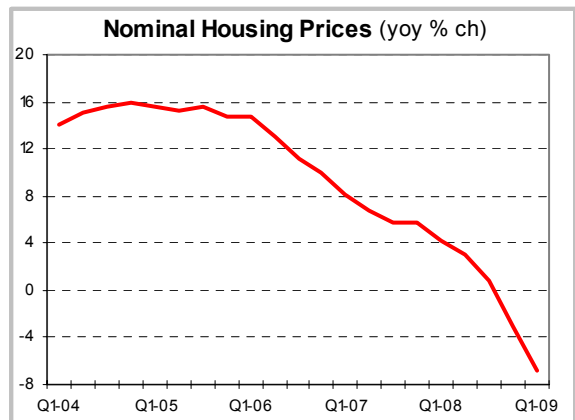
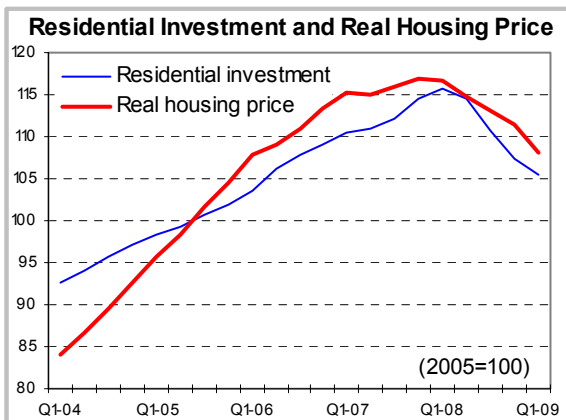
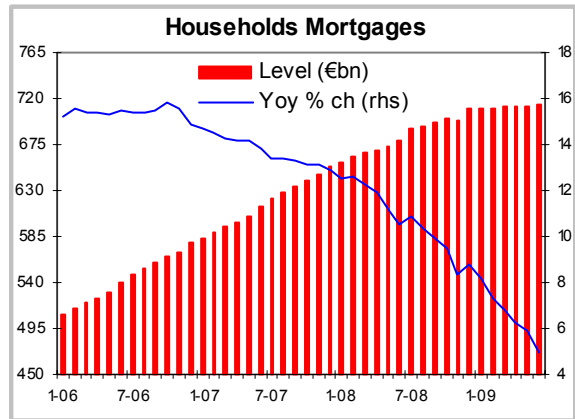
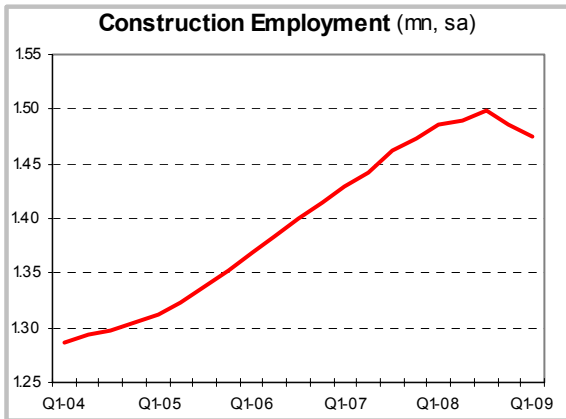
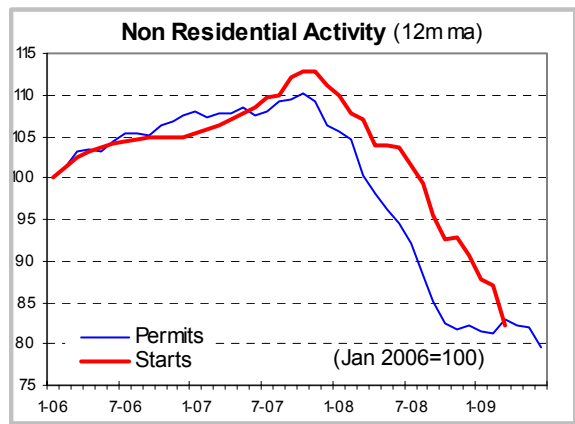
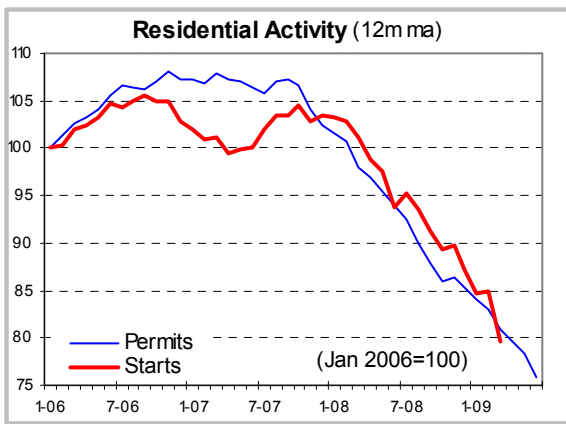
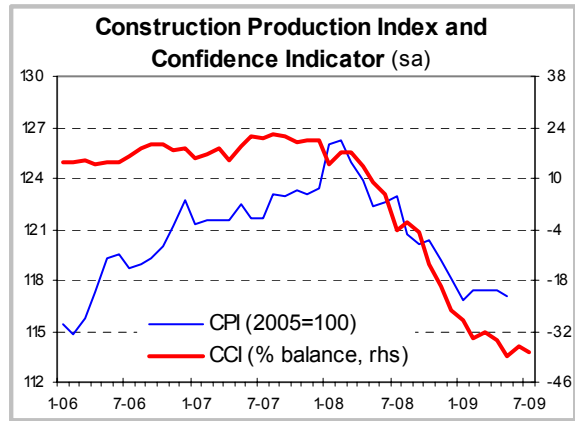
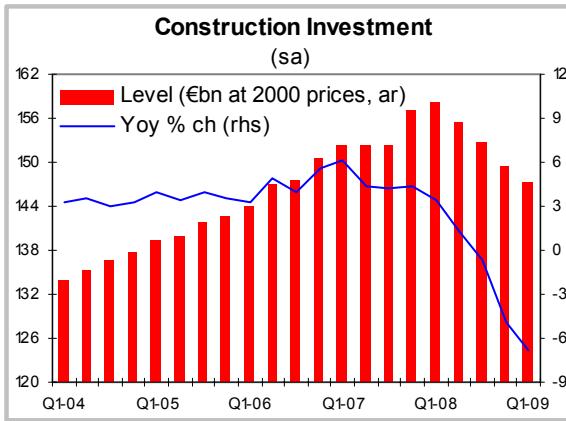
Sources: US Census, National Association of Home Builders, Dept. of Labour, Federal Housing Finance Board, Bureau of Economic Analysis, Standard & Poor's, Bureau of Labour Statistics, OFHEO

# CANADA



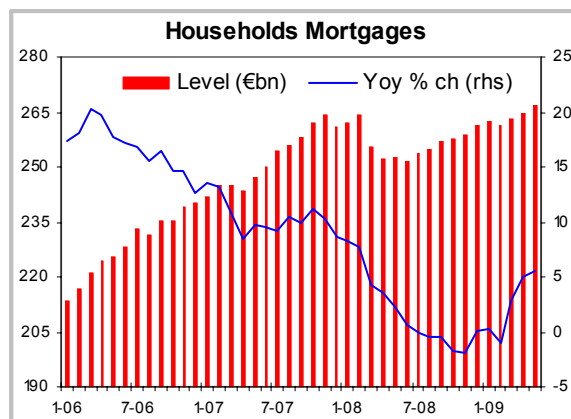
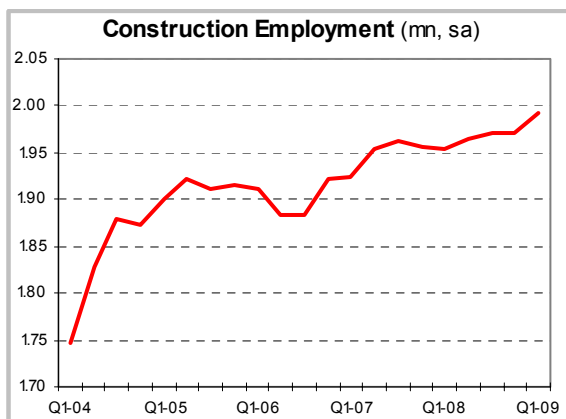
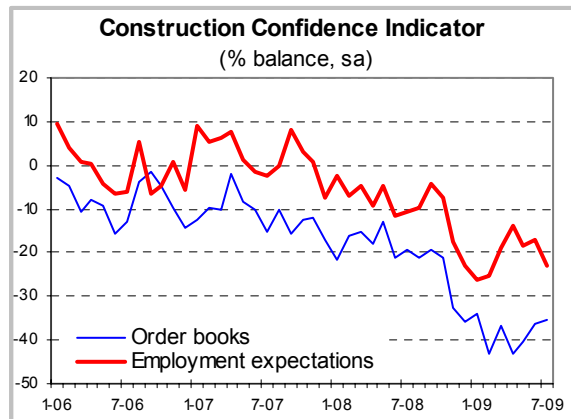
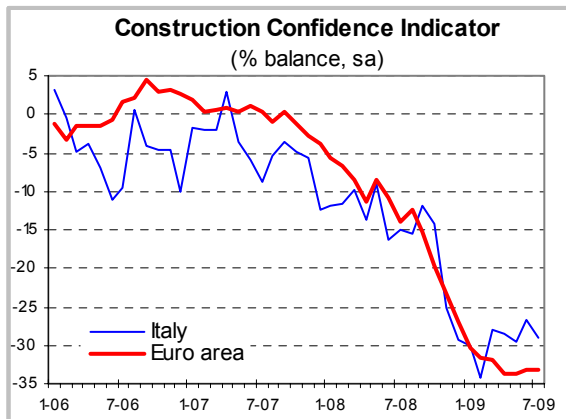
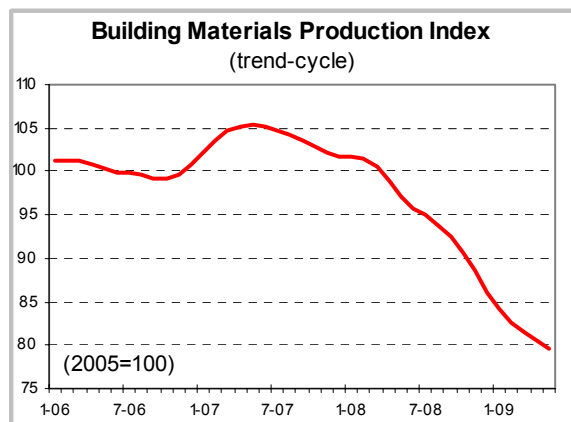
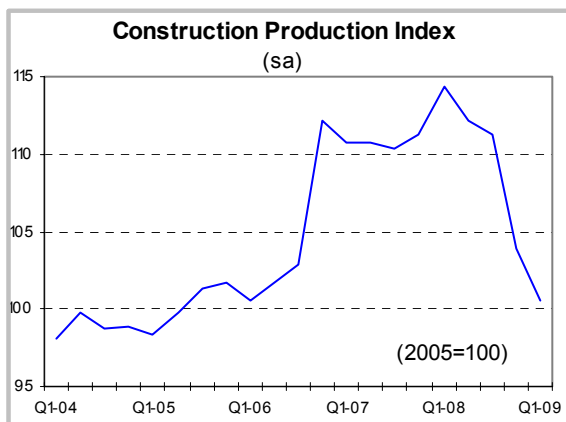
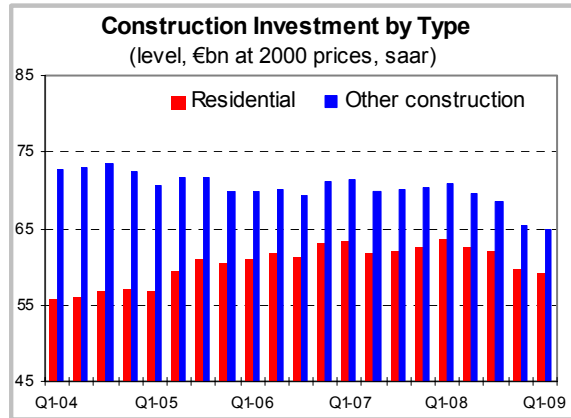
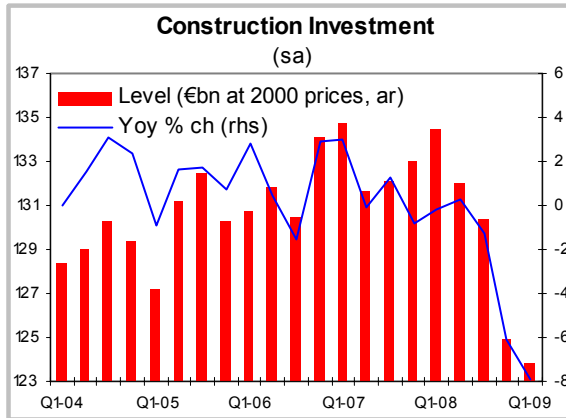
Source: OECD, Canada's Statistics Agency, CMHC, Bank of Canada

# FRANCE



Sources: OECD, Ministered de l'Equipeement, INSEE, European Commission, Banque de France

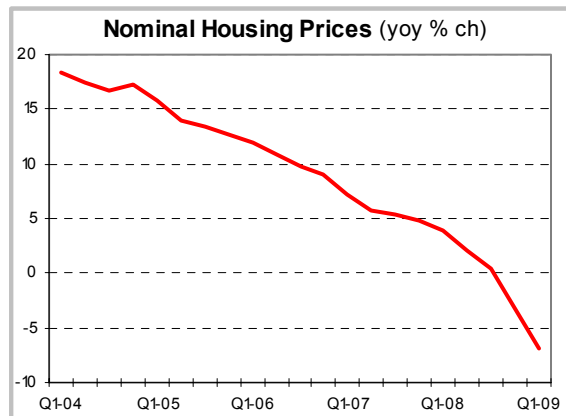
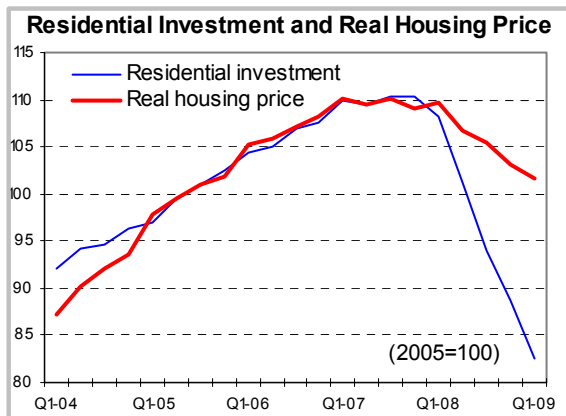
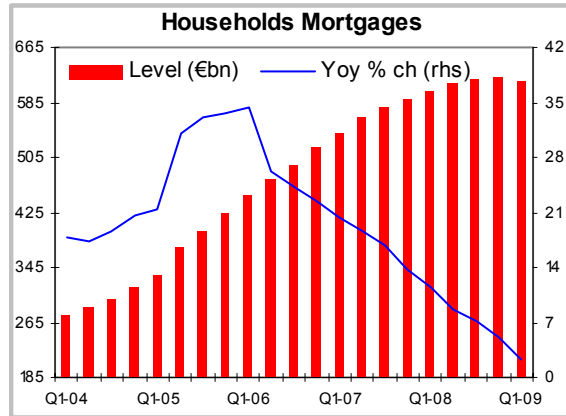
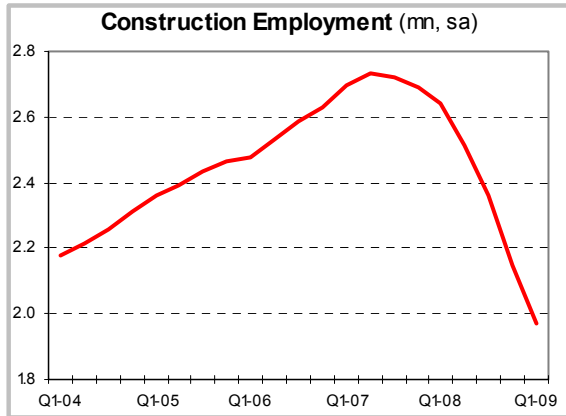
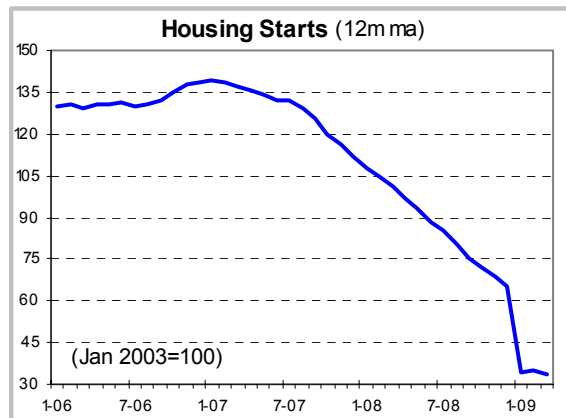
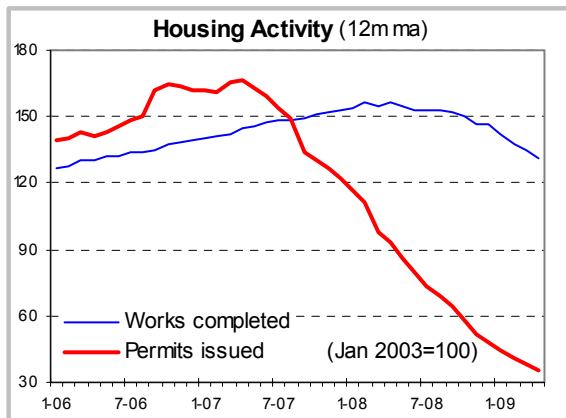
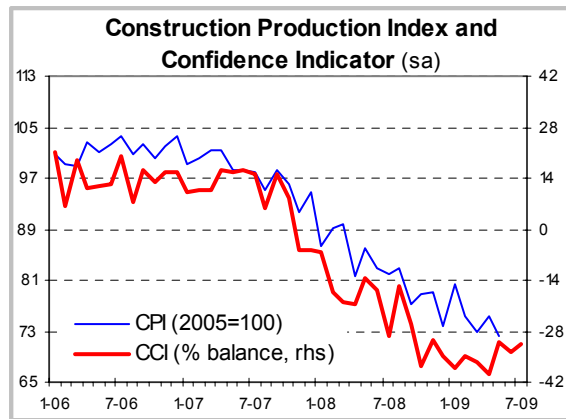
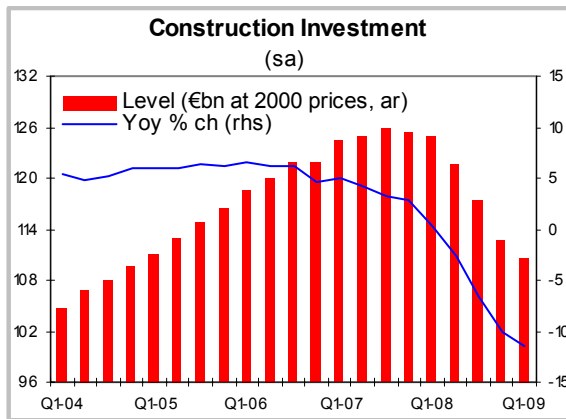
# ITALY



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

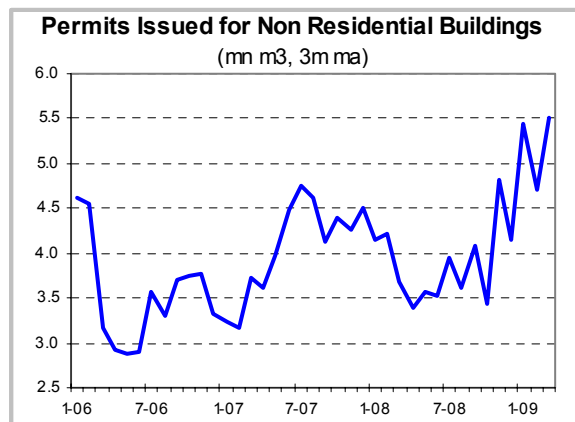
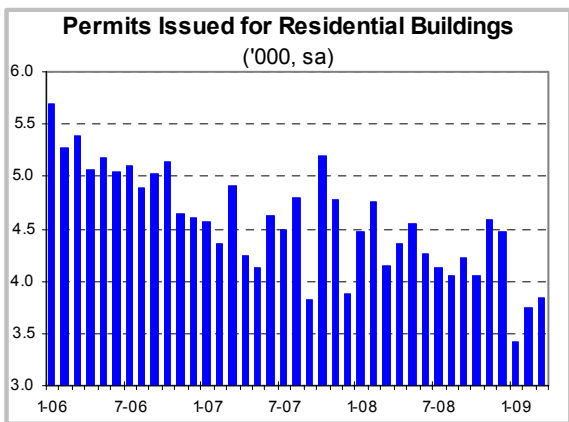
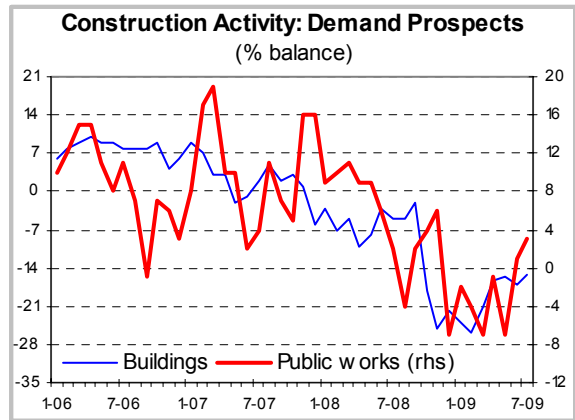
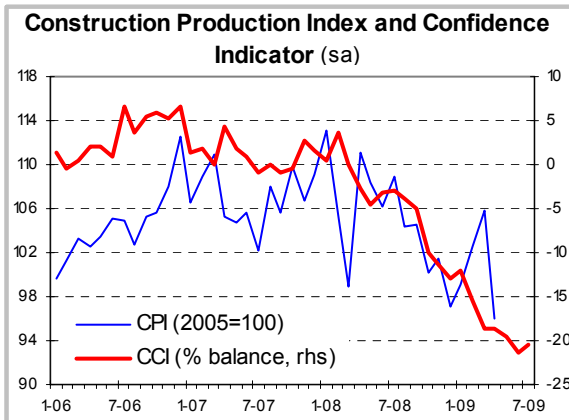
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# SPAIN



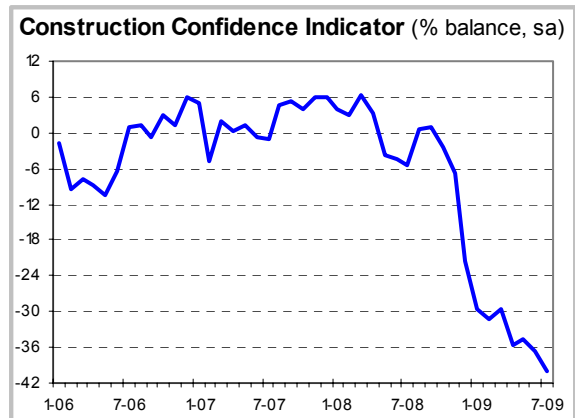
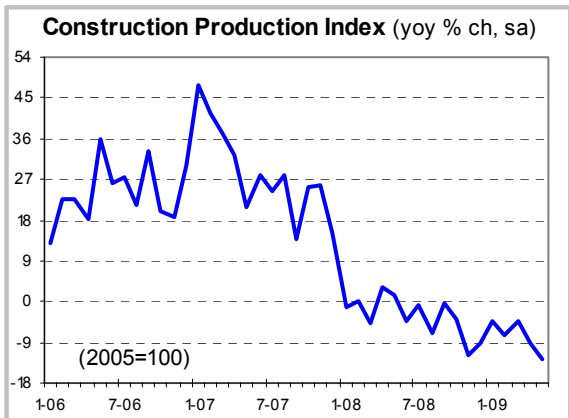
Sources: INE, European Commission, Banco de Espana, OECD

# BELGIUM



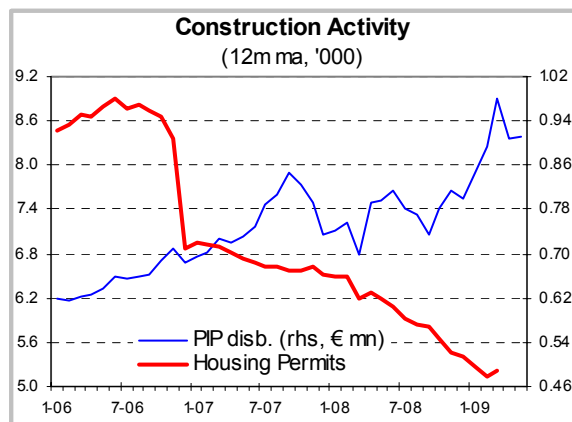
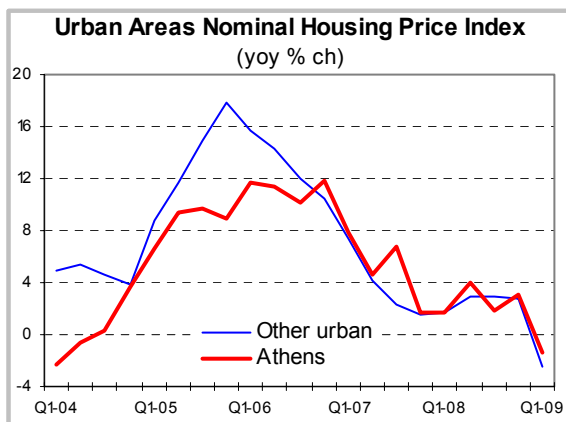
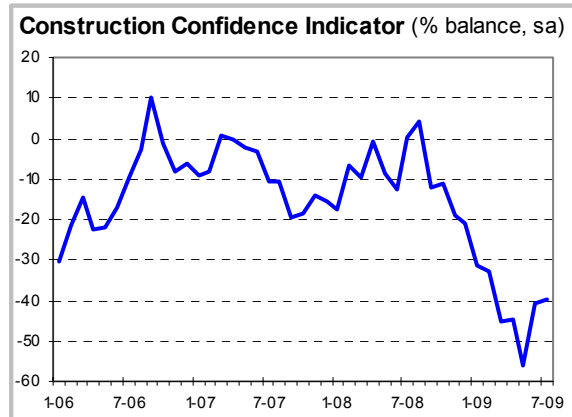
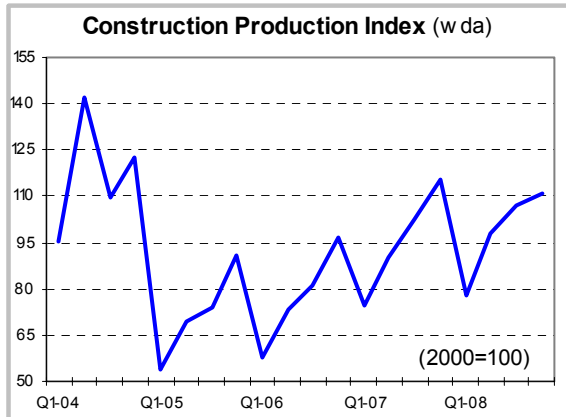
Sources: European Commission, Belgostat

# BULGARIA



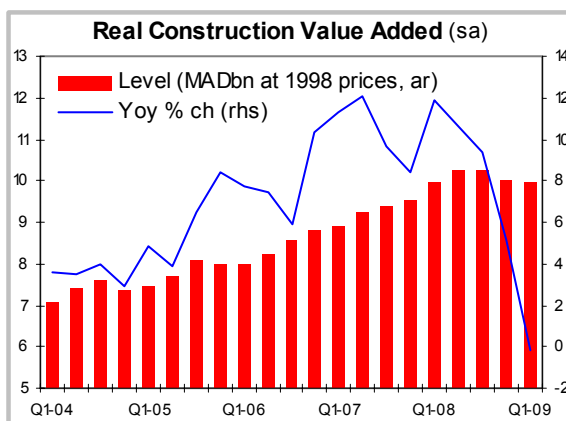
Sources: Eurostat, European Commission

# GREECE

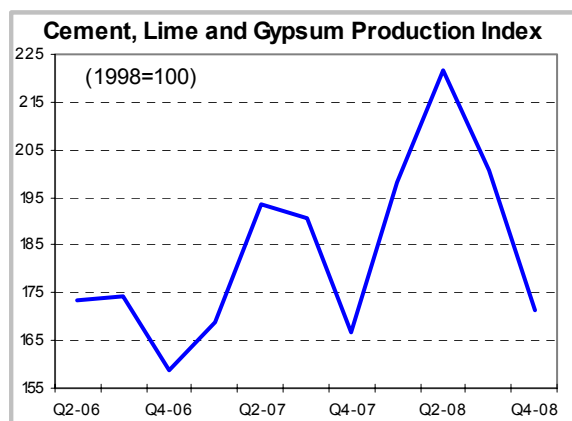


Sources: European Commission, Bank of Greece, Ministry of Economy and Finance, National Statistical Service

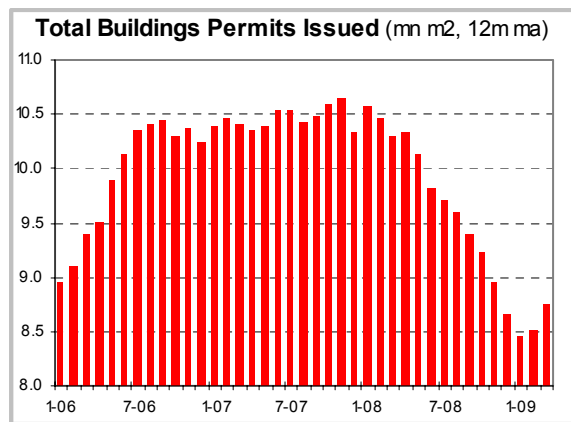
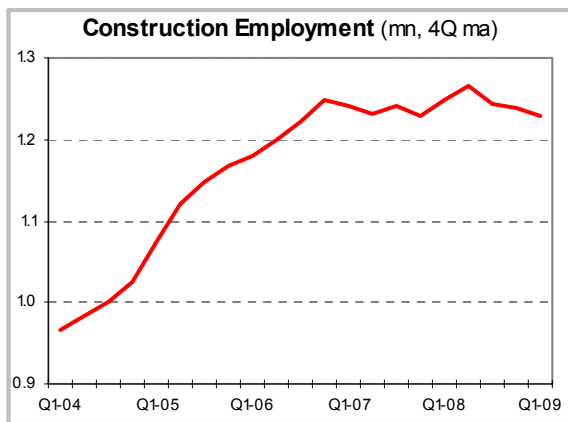
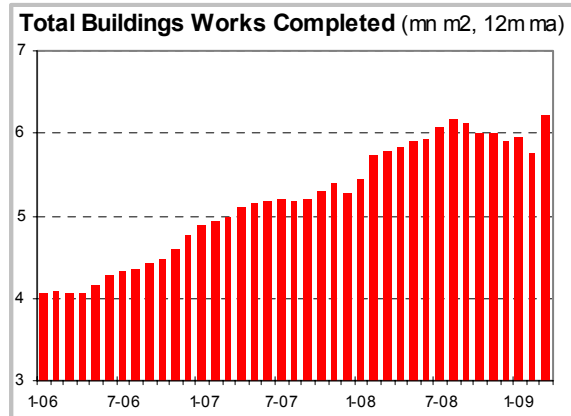
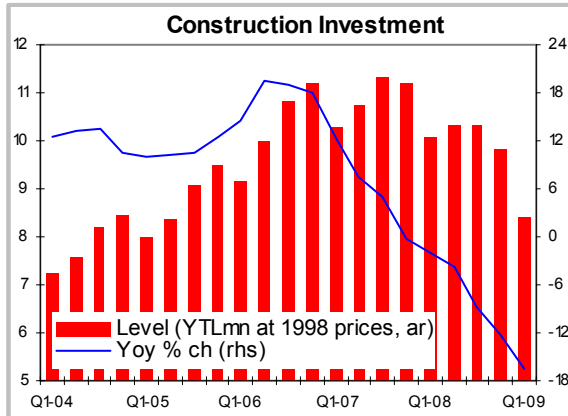
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Source: Haut-Commissariat au Plan

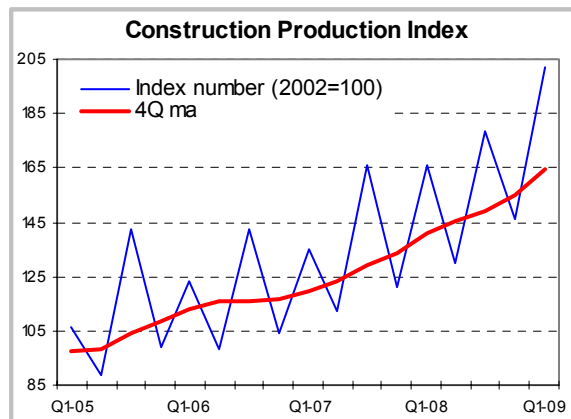
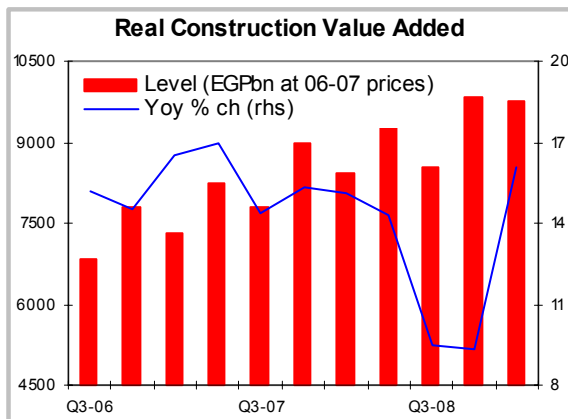


# TURKEY



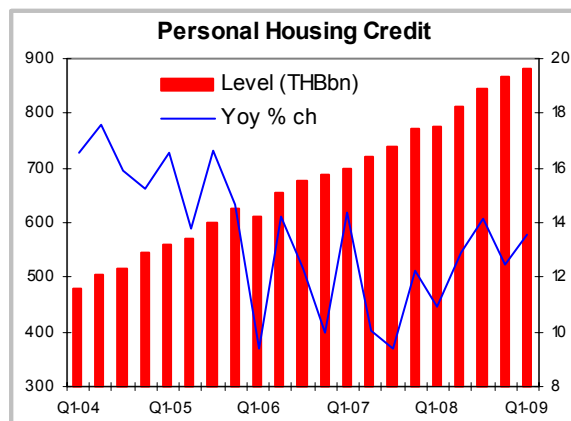
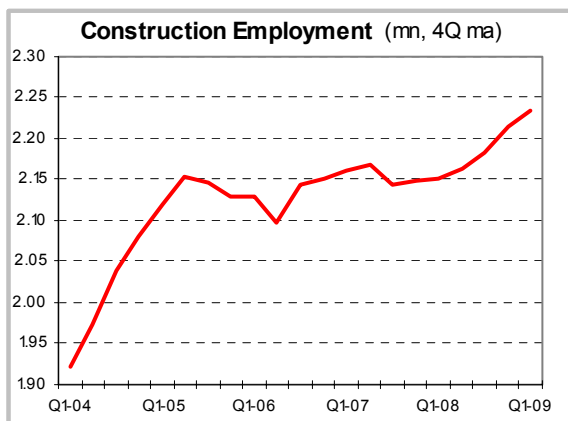
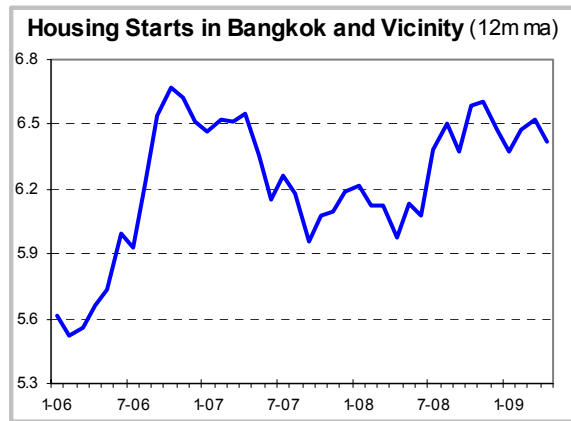
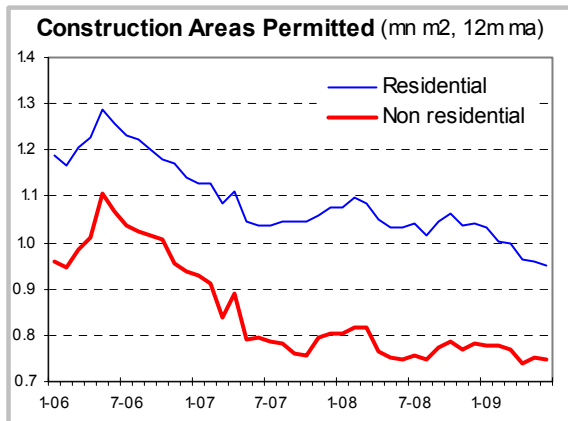
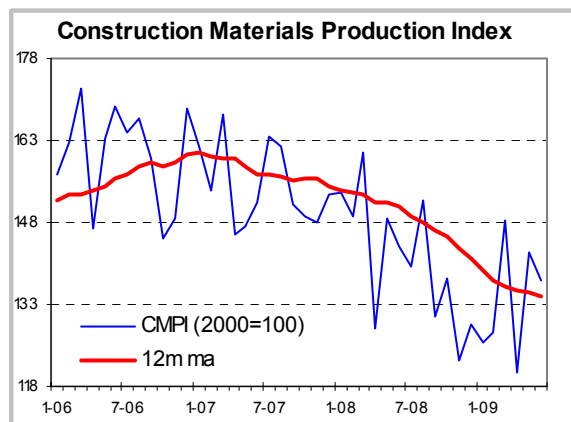
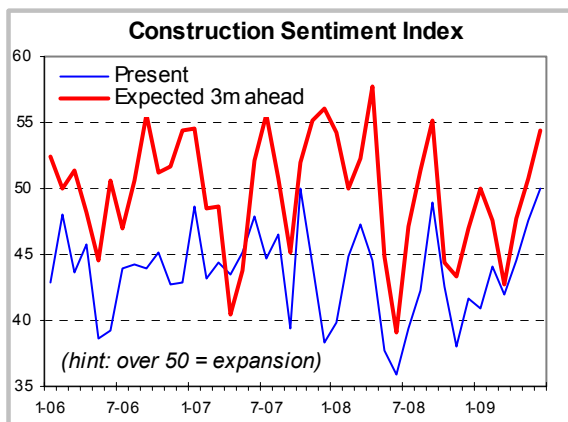
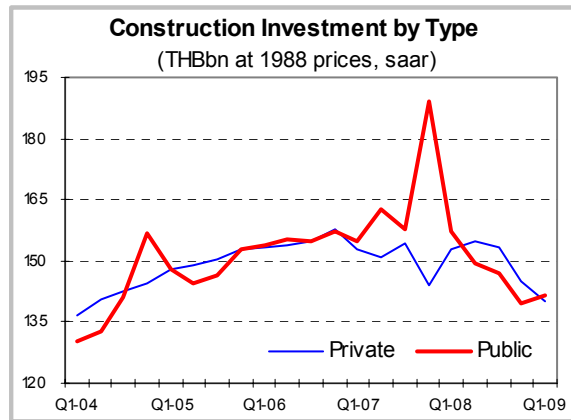
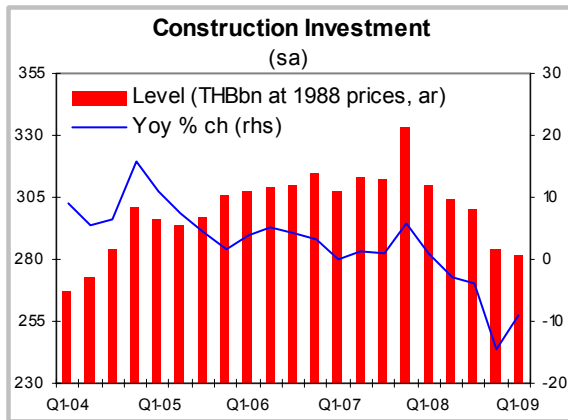
Sources: OECD, SIS (State Institute of Statistics)

# EGYPT



Source: Ministry of Finance

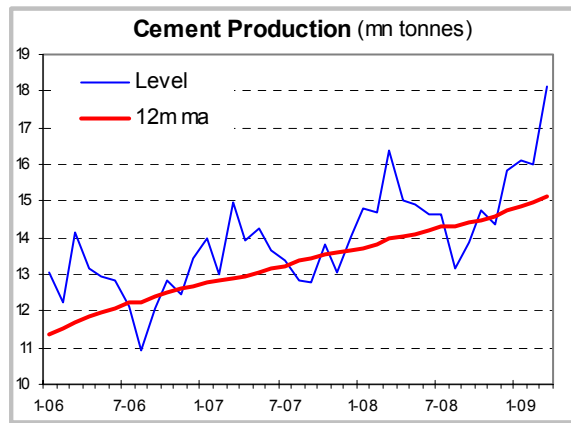
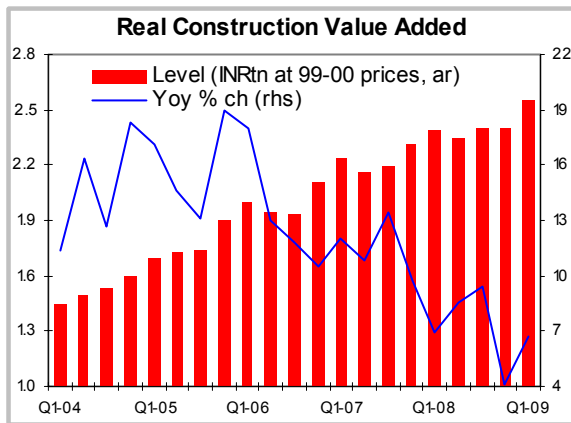
# THAILAND



Source: Bank of Thailand

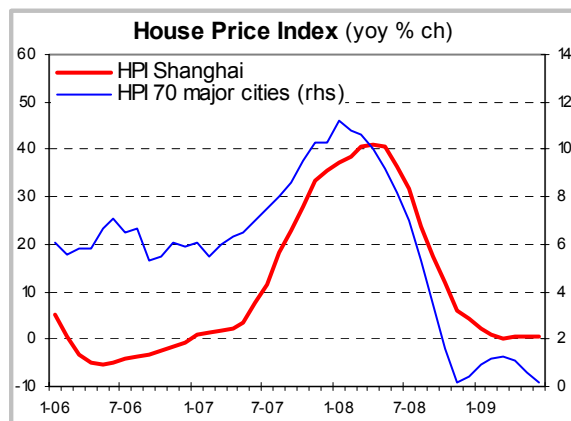
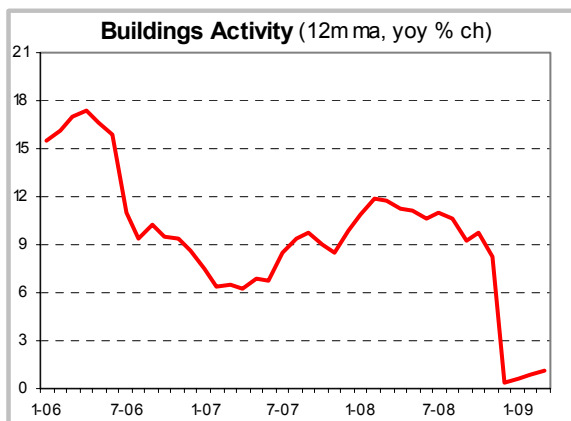
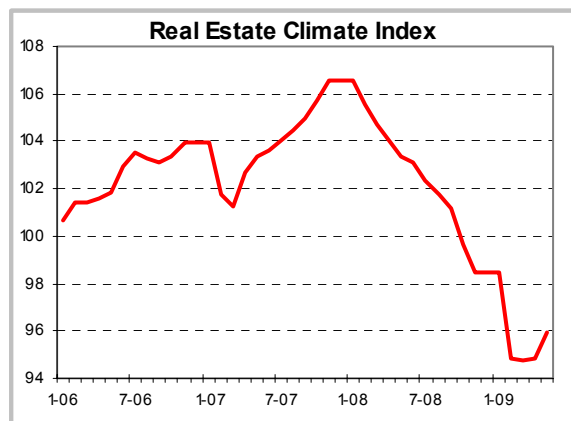
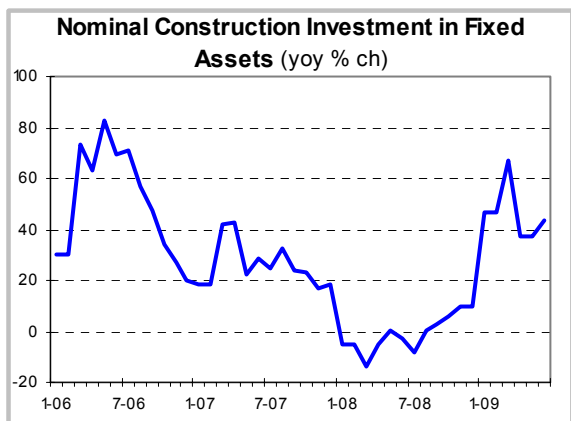
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# INDIA



Sources: OECD, Office of Economic Advisor

# CHINA



Sources: OECD, National Bureau of Statistics, Ehomeday