

## Construction Profile in ITC Group Countries

N. 1 – March 24<sup>th</sup> 2011

### Highlights

### Country Focus

### Main Construction Indicators

### Countries:

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

## Foreword

Starting from this issue approximately 40 new graphs have been added in order to improve the data content of our quarterly bulletin. We hope that these efforts will be appreciated by our readers, and remain obviously keen to receive any comment or suggestion aimed at better enlightening the evolution of the construction cycle in the Group Countries.

### Key to Abbreviations

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

**Based on all information up to March, 24<sup>th</sup> 2011**

**Available in i.like**

## HIGHLIGHTS

- Hopes that in mature countries a turnaround in construction activity was approaching have proved largely misplaced. In the US the residential sector is still in the doldrums: housing permits and starts are not rebounding and housing prices are showing signs of renewed weakness as the market is still burdened with an unsustainable number of foreclosures. Also in the euro area outcomes have fallen largely below expectations in the fourth quarter 2010. This was partly attributable to adverse weather conditions which should in turn have left room for some recovery in the early months of this year. However, only later in the spring it will be possible to measure the actual underlying strength of the construction cycle and whether the disappointing performances registered in Q4 10 were a temporary setback.
- The overall environment is, however, shifting towards a more challenging condition as far as construction is concerned, at least under three respects: a) further to the turmoil in the MENA (Middle East-North Africa) region, uncertainty over short term prospects – particularly in Europe – has rapidly increased; b) this has coupled with the sharp commodity prices increases which are going to have an impact in terms of higher inflation/reduced economic activity also because c) monetary policy – again, starting from the euro zone – is set to be tightened sooner than previously envisaged. On balance, a combination of lower growth/higher inflation does not mean that a “double dip” for construction is at sight; nevertheless, the pace of the recovery could be even more uneven and lacklustre than expected.

## COUNTRY FOCUS

- In **Italy**, construction posted a steep decline in Q4 10 (-1.3% qoq) mainly due to particularly adverse weather conditions. A negative carry-over effect from 2010 and still weak demand prospects have triggered a downgrade in the consensus forecast for 2011. In the housing sector signals from the latest sectoral indicators remain mixed. Home sales have somewhat decreased in Q3 and Q4 10 (-2.3% and -3.4%, respectively), while tax deduction claims for renovation&maintenance continued to increase in the period January-November 2010 (+10.3% yoy). The non-residential component is expected to remain mired in recession also in the next few months as a consequence of overcapacity and anaemic economic prospects. As for public works, worries are mounting mainly given the substantial cut in transfers to local governments put forward in the last Budget Law.
- In **Spain**, GDP data for Q4 10 revealed welcome rises in consumer spending and equipment investment, coupled with a pick-up in export. This was partly offset by further declines in government spending and construction investment. Ongoing concerns about the health of the property market continued to affect construction activity, which contracted by 3.1% qoq (-10.6% yoy). This was the 12<sup>th</sup> consecutive quarterly decline. Residential investment kept sliding, due to a large stock of unsold houses and still-weak demand. In the non residential sector, investment intentions remain sluggish as companies are confronted with shrinking profits and still disrupted credit markets. Not surprisingly, business confidence remains low, with firms expecting Spain to endure a very moderate recovery after having emerged from the recession in early 2010. Also public investment appears to be losing some momentum due to the standstill in state and regional infrastructure projects.
- **Egypt** was one of the best-performing economies in the Middle East before the crisis erupted last January. The social and political turmoil is severely affecting industrial production, and well as driving down services exports through its impact on tourism. In addition, government's investment-friendly policies and incentives are also at risk. The investment climate has deteriorated with the country exposed to reduced flows of foreign direct investment until the situation is stabilized and a clearer picture emerges. This is set to take a toll on many construction projects over the next several months.

COUNTRY FOCUS

**MAIN CONSTRUCTION INDICATORS**

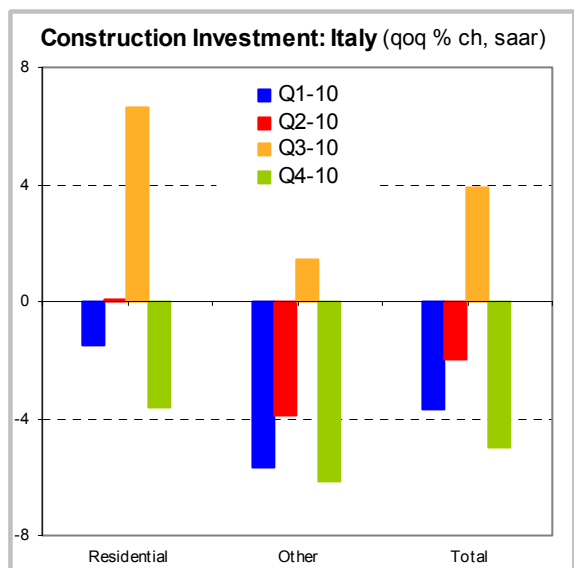
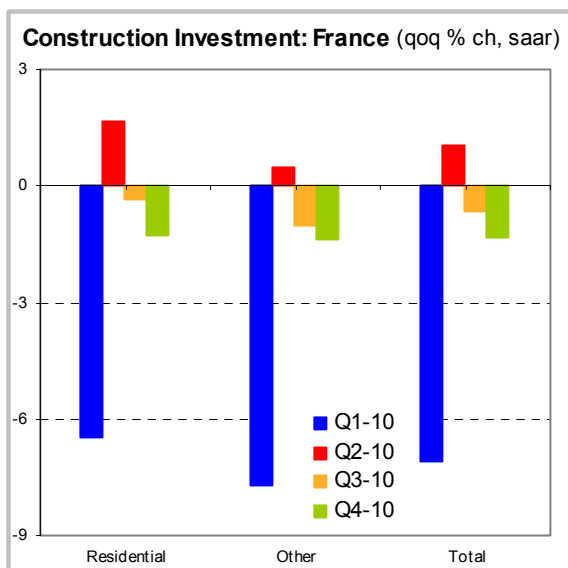
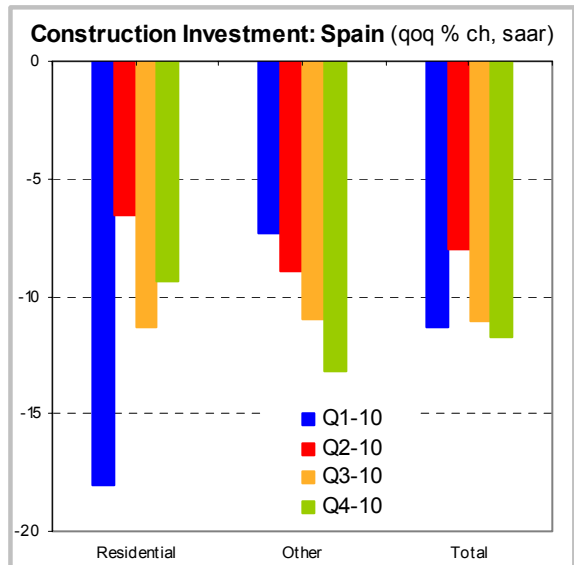
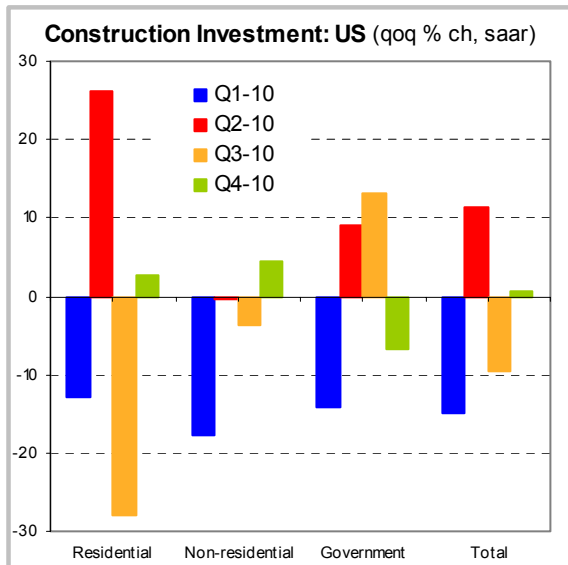
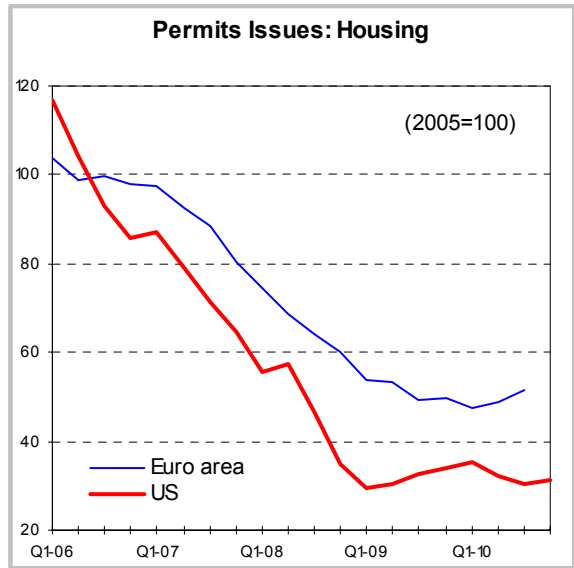
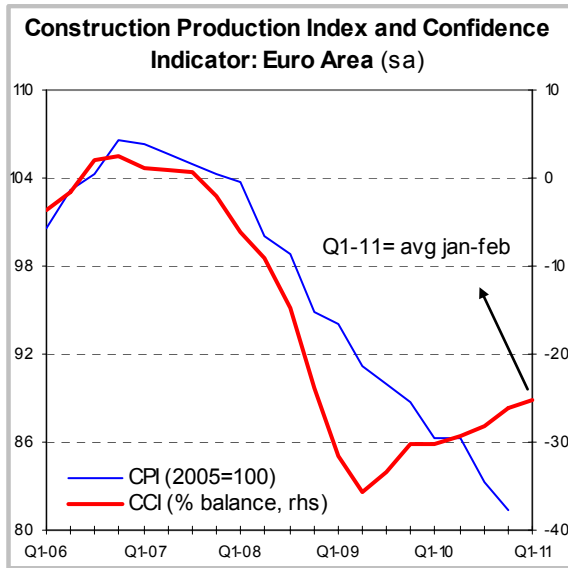
Indicators*	Construction Production				Construction Investment				House Prices			
	2008	2009	2010	Latest	2008	2009	2010	Latest	2008	2009	2010	Latest
<b>USA</b>	-30.4	-28.5	-3.1	-7.0 Jan <sup>(1)</sup>	-8.8	-17.0	-7.0	-3.6 Q4	-15.8	-13.0	1.3	-2.4 Dec
<b>Canada</b>	4.6	-8.2	6.4	6.1 Dec	2.2	-8.7	7.1	7.3 Q4	2.9	-3.0	3.4	2.2 Jan
<b>France</b>	-3.7	-5.9	-3.5	3.5 Jan	-1.4	-6.6	-4.3	-2.1 Q4	1.2	-7.1	6.3	9.5 Q4
<b>Italy</b>	-1.1	-11.7	-3.2	0.3 Dec	-3.0	-8.6	-3.7	-1.8 Q4	2.7	-3.8	-2.2	-1.6 H2 10
<b>Spain</b>	-15.7	-12.1	-18.2	-20.4 Dec	-5.5	-11.0	-10.9	-10.6 Q4	0.7	-7.4	-3.9	-3.5 Q4
<b>Belgium</b>	-1.2	-6.8	-1.6	-7.3 Dec	-0.1	-3.4	-0.1	2.3 Q4 <sup>(2)</sup>				-
<b>Greece</b>	7.6	-17.4	-31.7	-33.0 Q4	-18.9	-12.5		-13.7 Q3	1.7	-3.7		-4.2 Q3
<b>Bulgaria</b>	12.1	-13.8	-18.0	-12.3 Jan	21.9	-17.6	-16.5	4.7 Q4 <sup>(4)</sup>	24.9	-21.4	-10.1	-5.6 Q4
<b>Turkey</b>			-		-6.9	-14.8		23.7 Q3			4.0	2.6 Dec
<b>Morocco</b>			-		9.4	3.4		1.0 Q3 <sup>(2)</sup>	-	-	-	-0.9 Q4
<b>Egypt</b>			-		11.8	14.2		12.5 Q3 <sup>(2)</sup>				-
<b>China</b>			-		3.0	45.5	24.6	23.8 Dec <sup>(4)</sup>	27.4	2.9	6.5	1.6 Feb <sup>(5)</sup>
<b>Thailand</b>			-		-4.2	0.4	6.8	6.5 Q4	-13.9	-9.3	-2.6	6.0 Q4
<b>India</b>			-		6.2	5.7	9.1	8.0 Q4 <sup>(2)</sup>				-

**Notes:**

\* yoy % ch, sa, unless otherwise indicated; <sup>(1)</sup> Production of dwellings ; <sup>(2)</sup> Gross value added; <sup>(3)</sup> Gross fixed capital investment; <sup>(4)</sup> Investment in fixed assets: construction; <sup>(5)</sup> Shanghai second-hand index

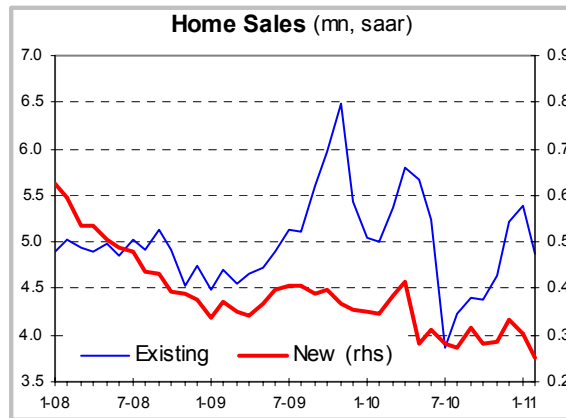
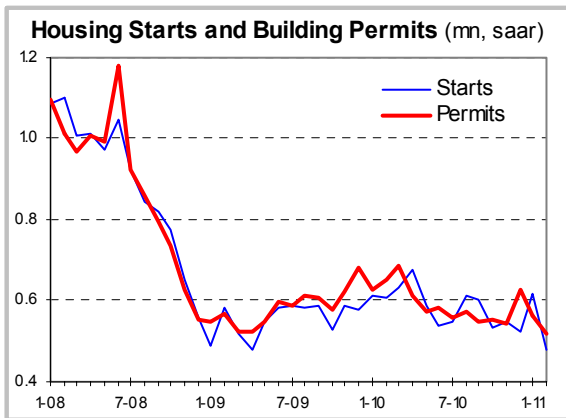
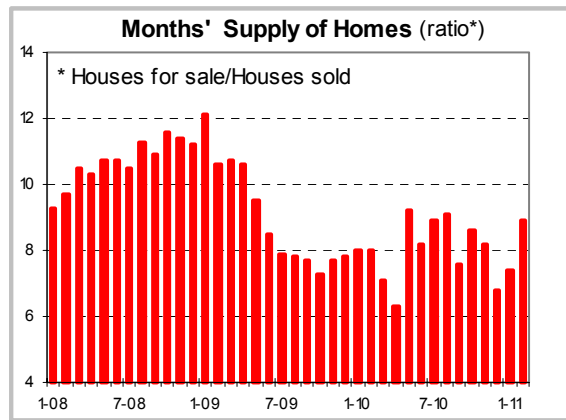
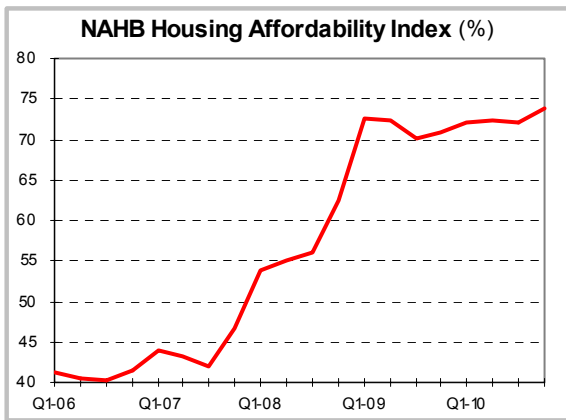
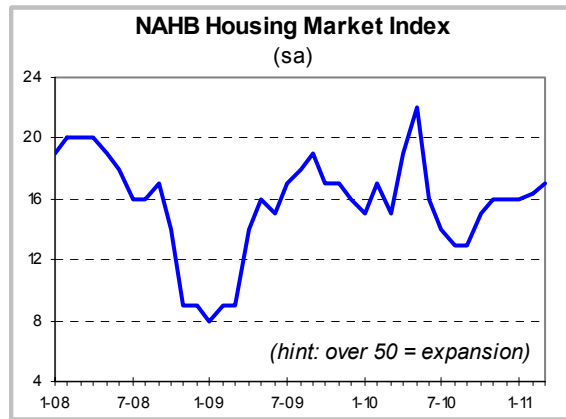
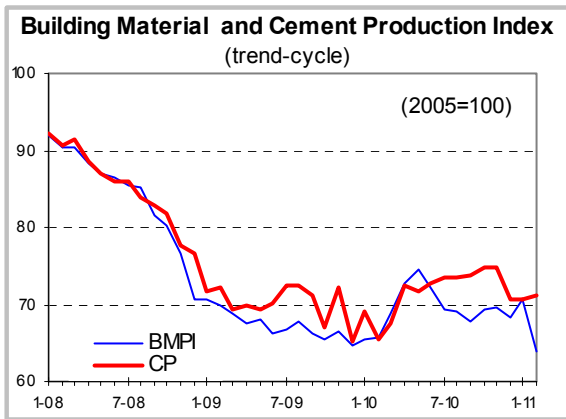
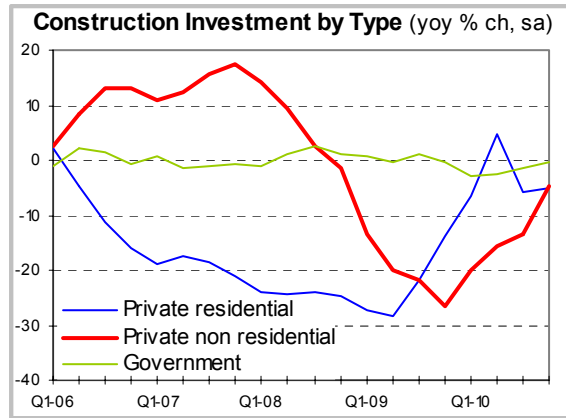
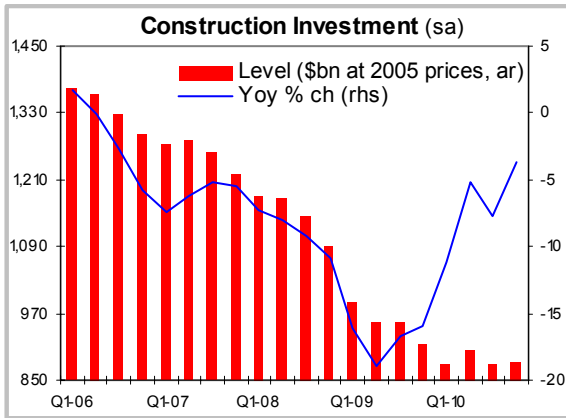
Sources: Eurostat, OECD, National Statistics

MAIN CONSTRUCTION INDICATORS

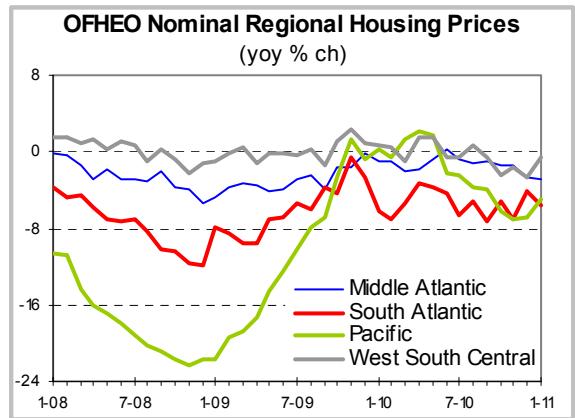
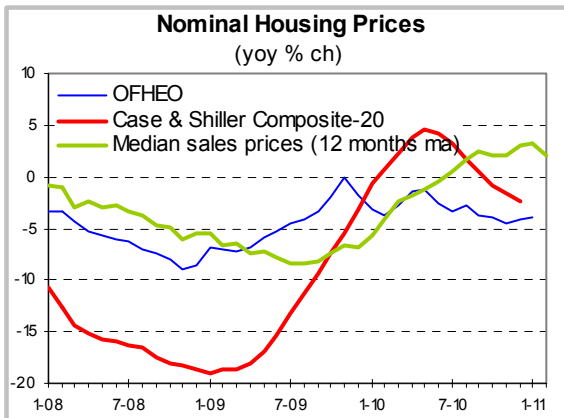
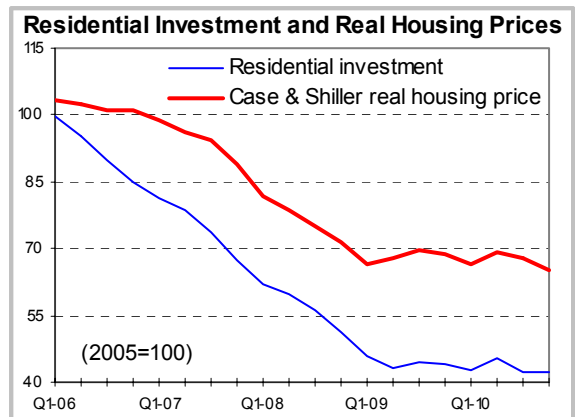
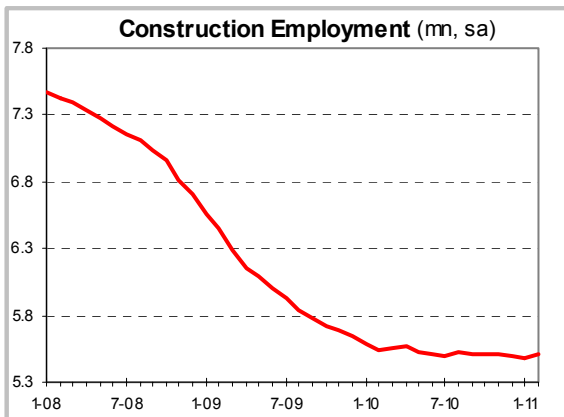
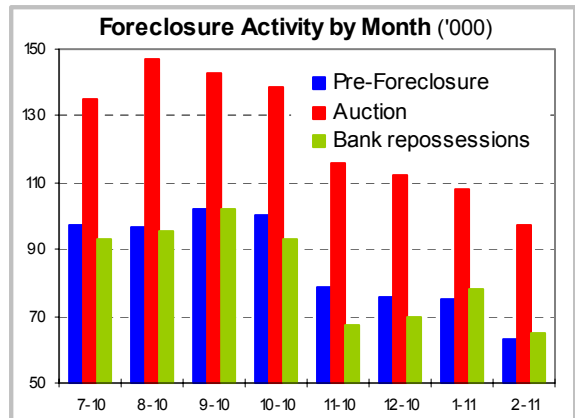
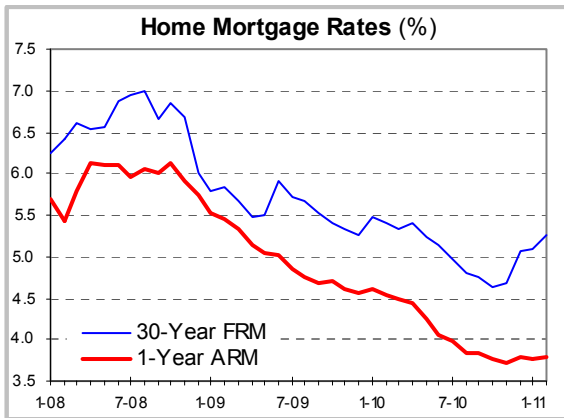
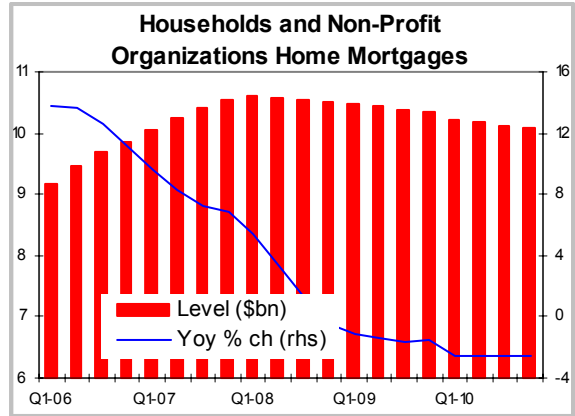
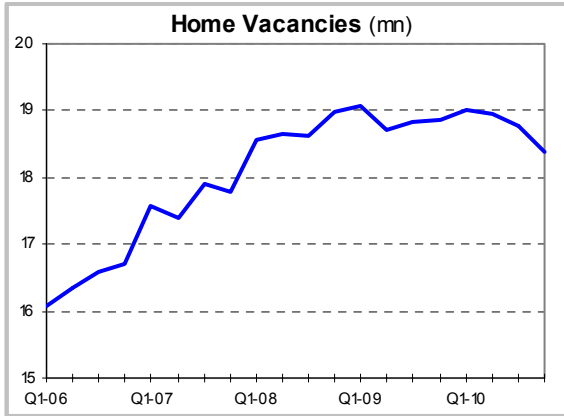


Sources: BEA, Eurostat, US Census, OECD

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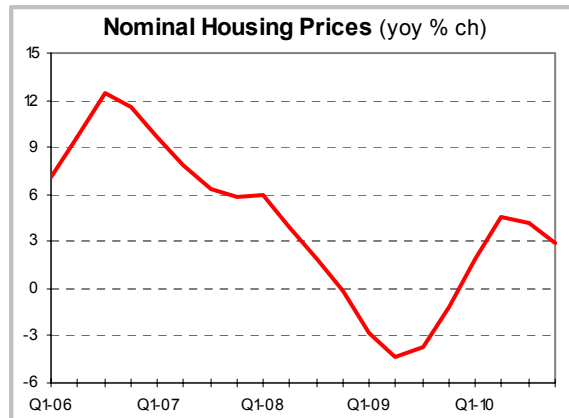
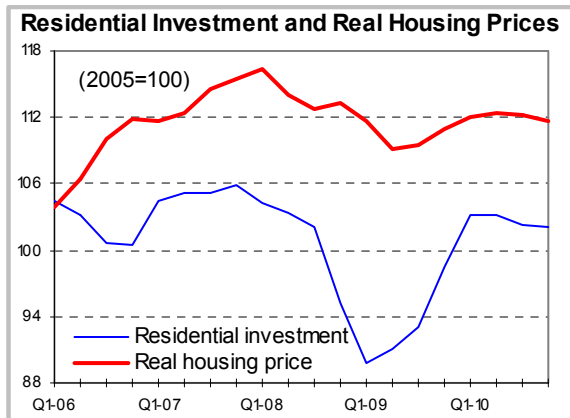
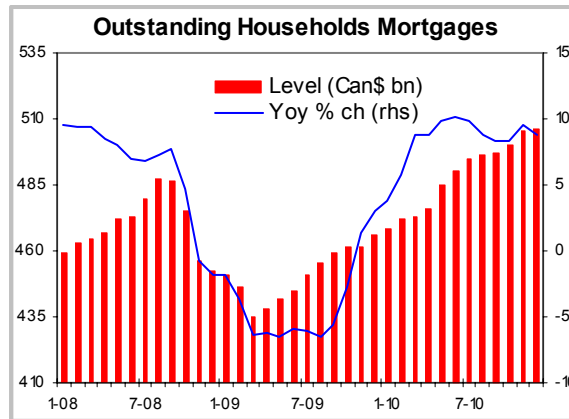
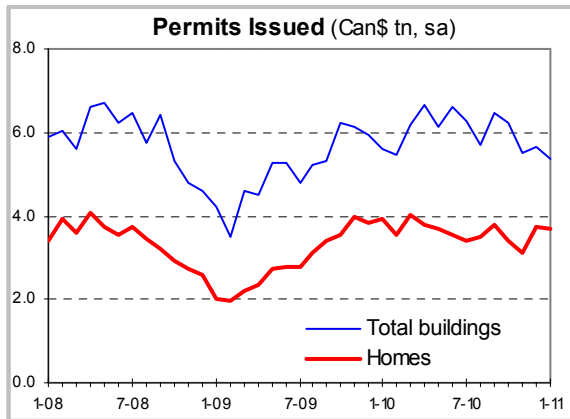
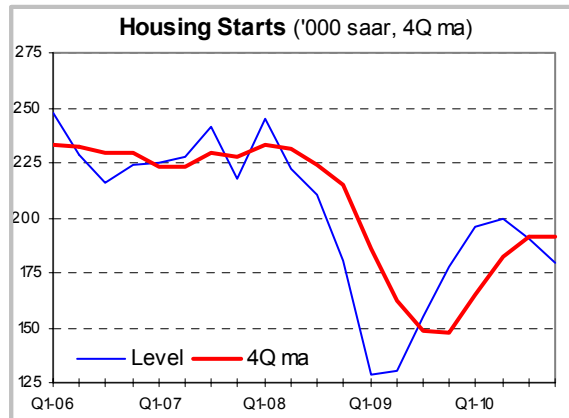
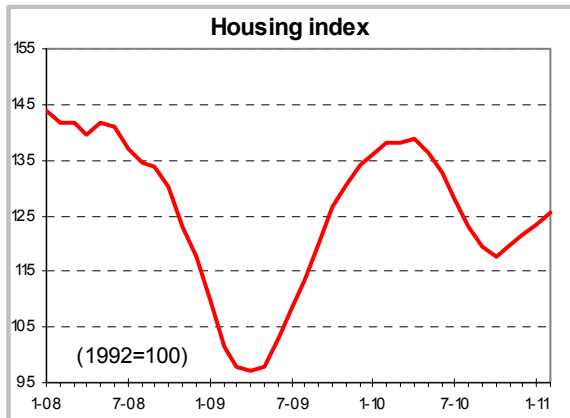
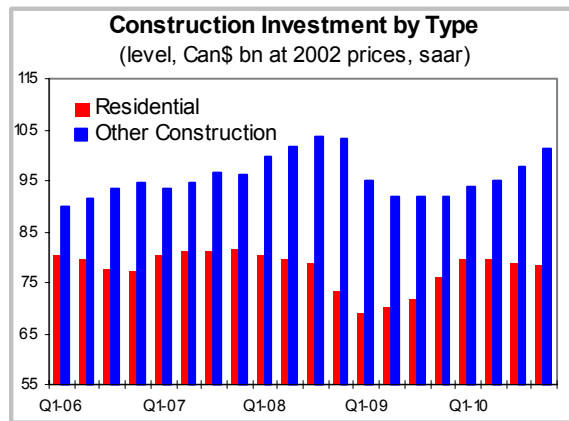
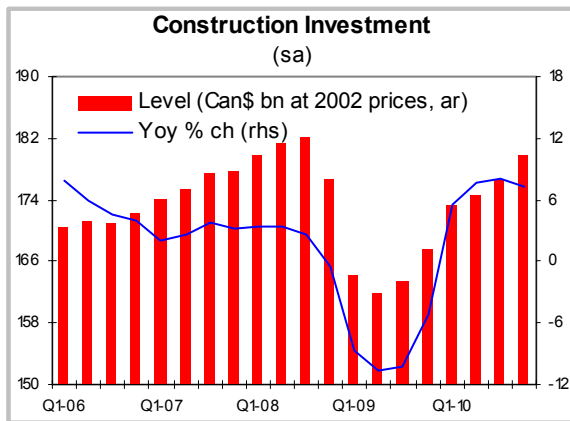


UNITED STATES

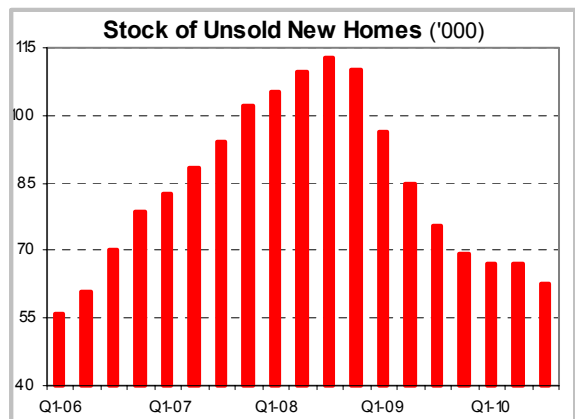
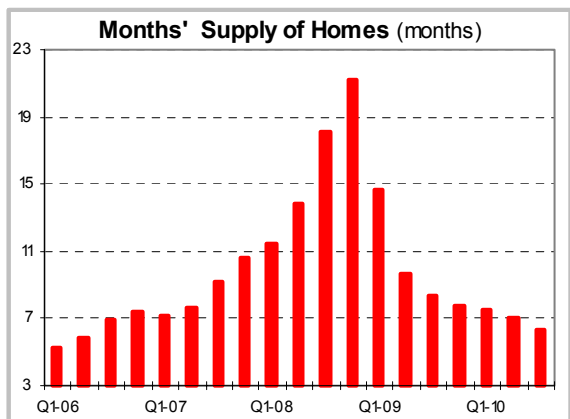
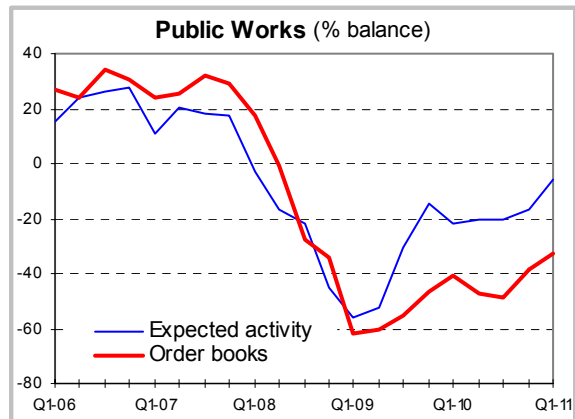
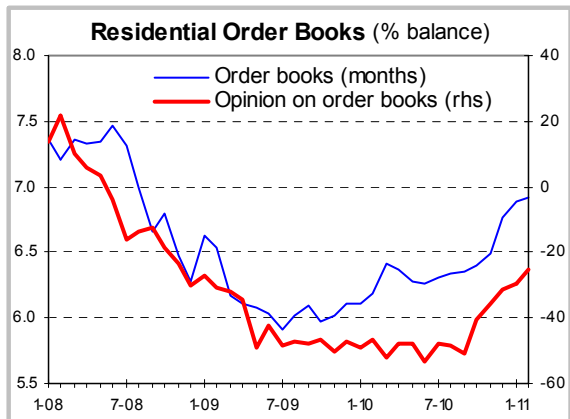
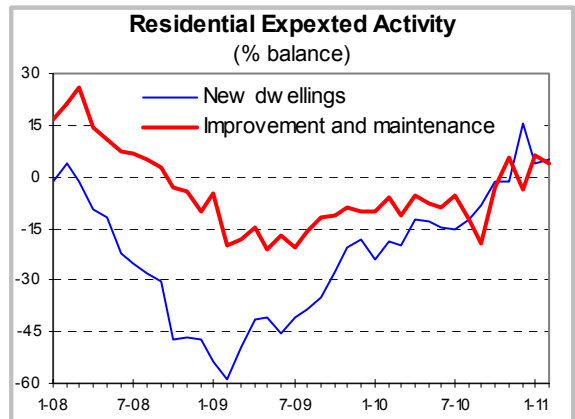
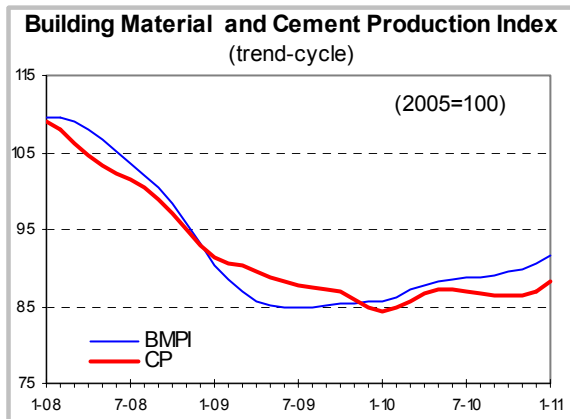
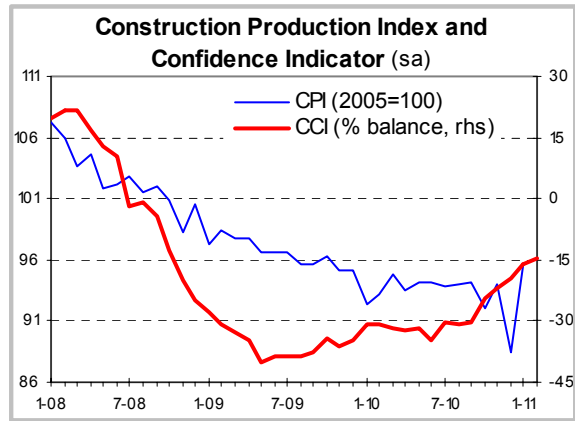
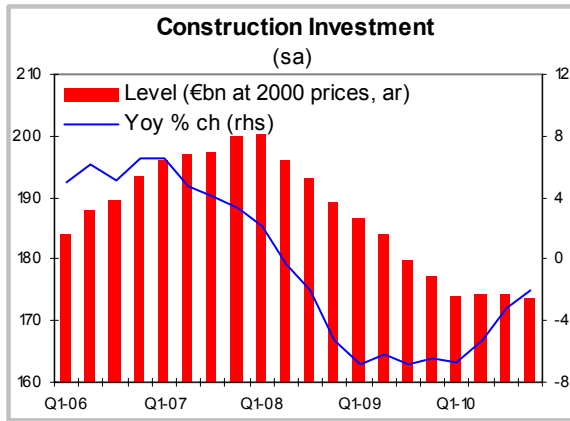


Sources: US Census, National Association of Home Builders, Dept. of Labour, HSH Associates, Bureau of Economic Analysis, Standard & Poor's, Bureau of Labour Statistics, OFHEO, RealtyTrac

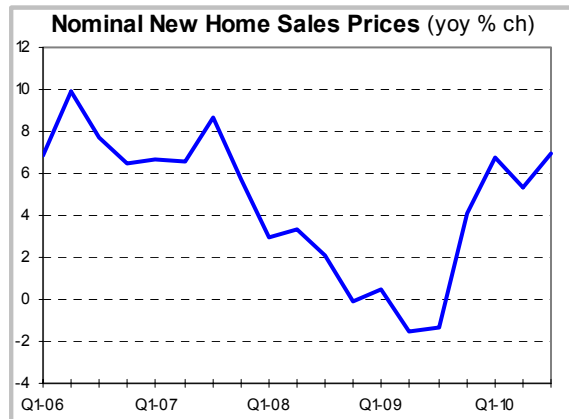
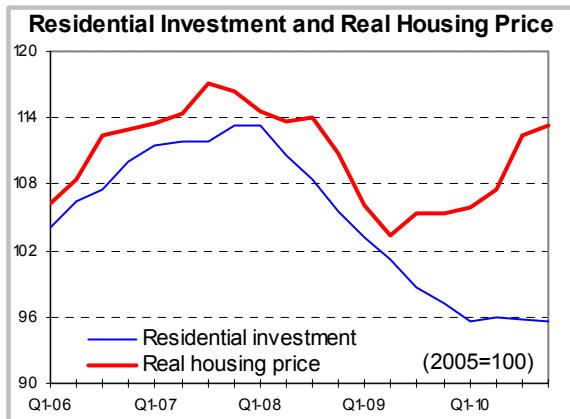
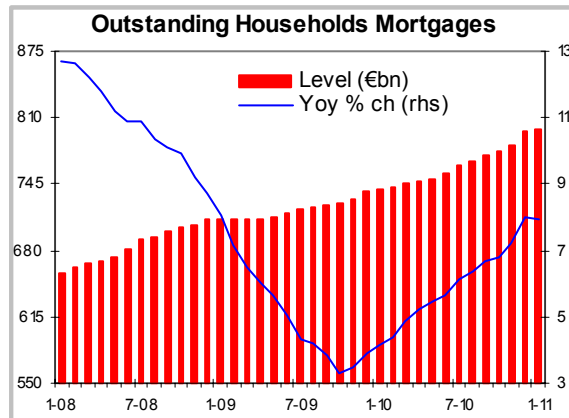
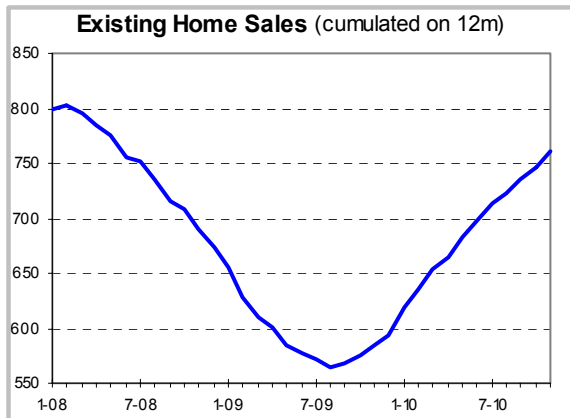
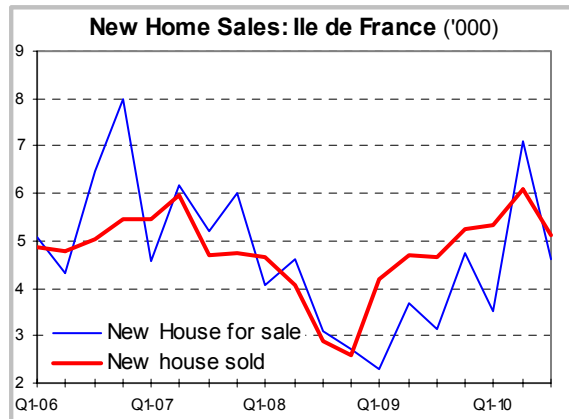
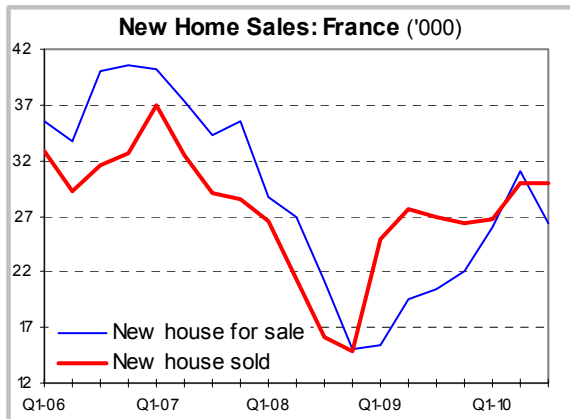
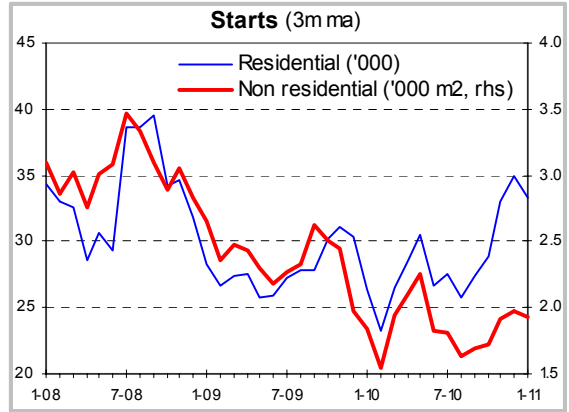
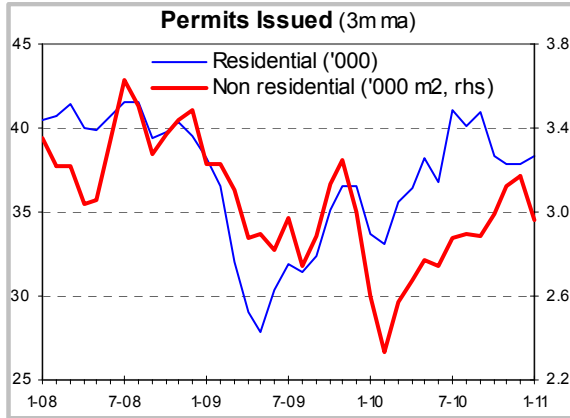
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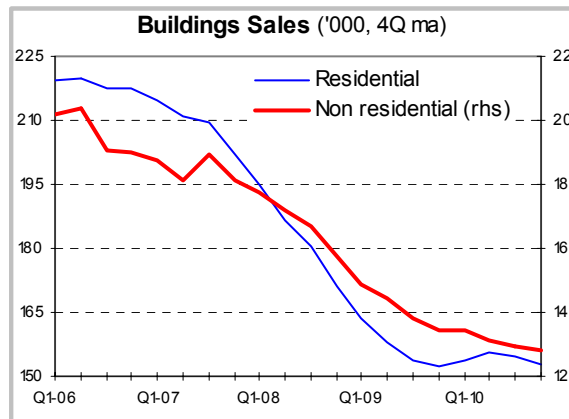
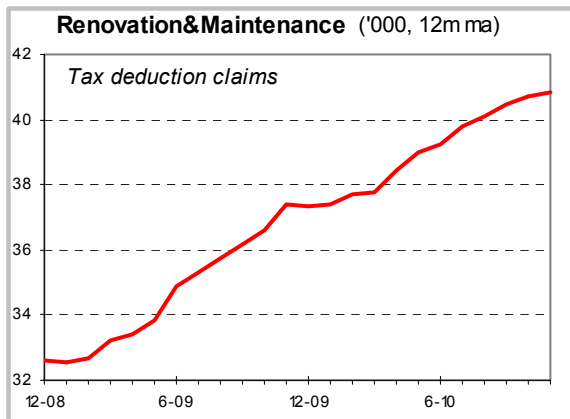
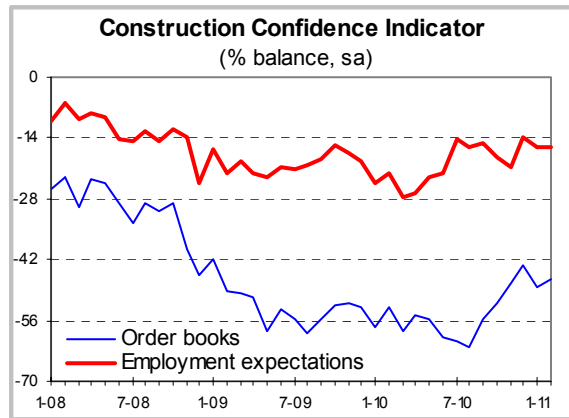
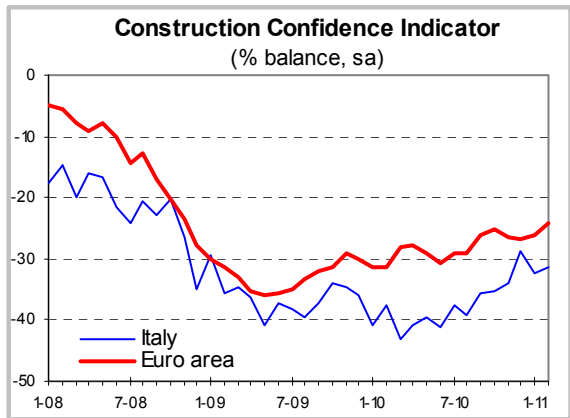
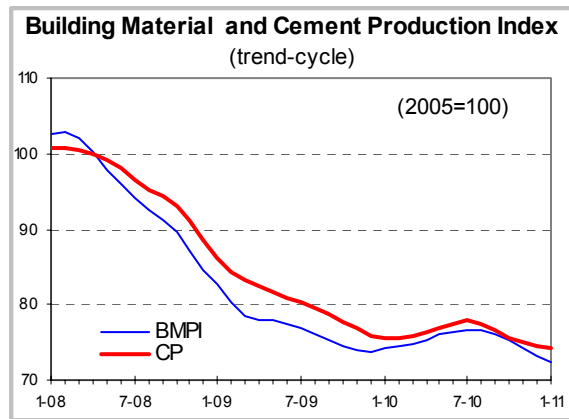
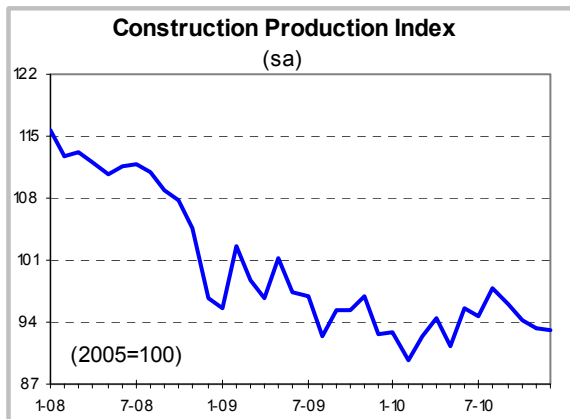
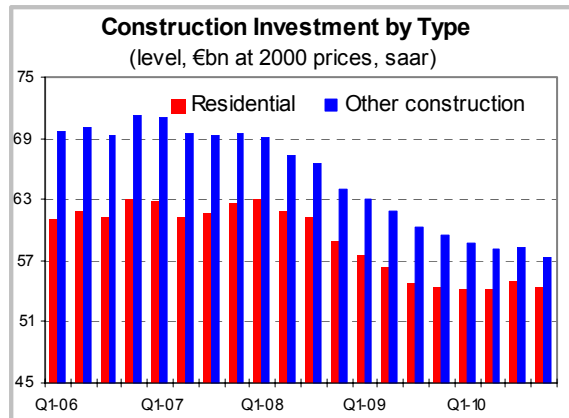
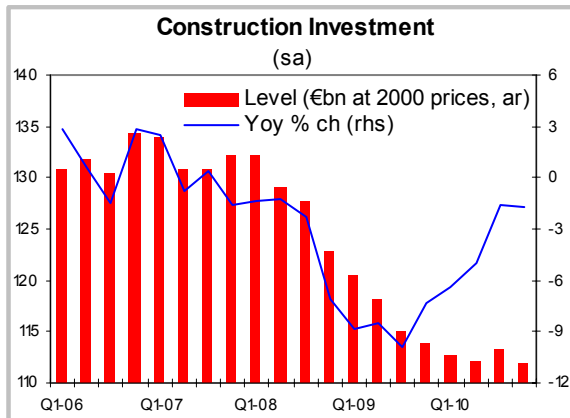
Sources: OECD, Canada's Statistics Agency, CMHC, Bank of Canada



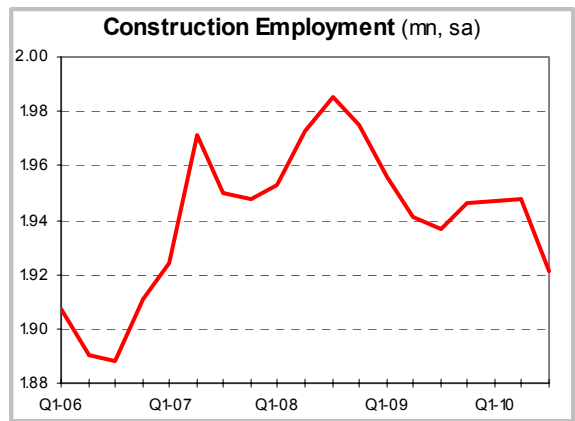
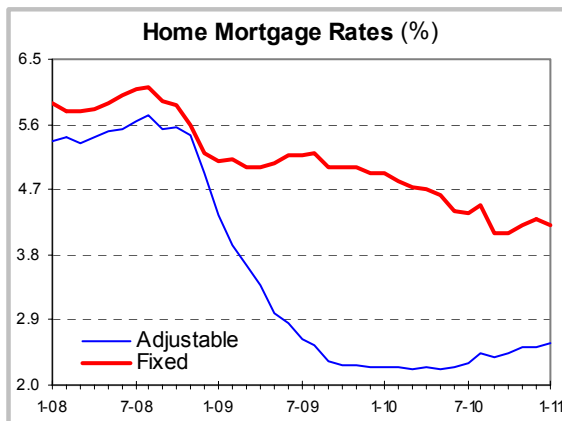
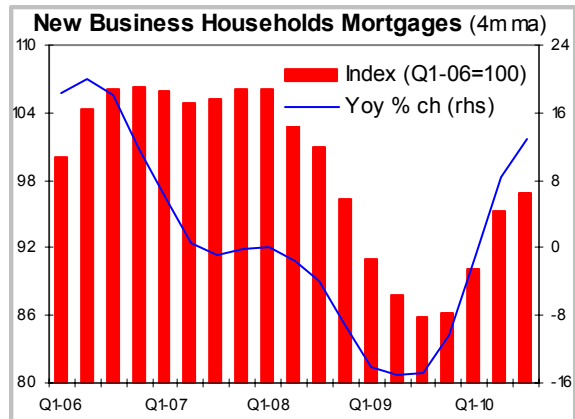
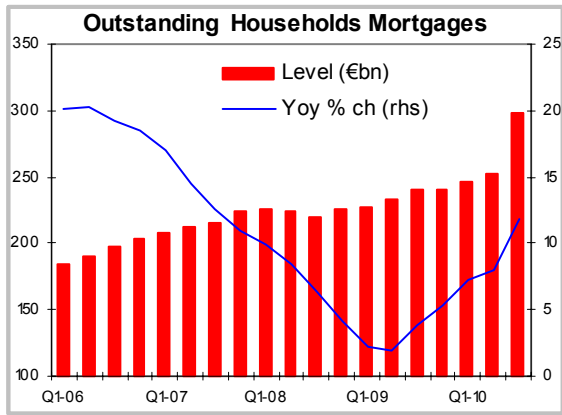
FRANCE



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

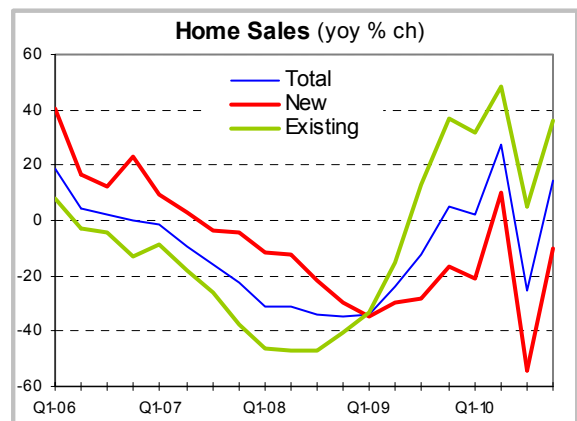
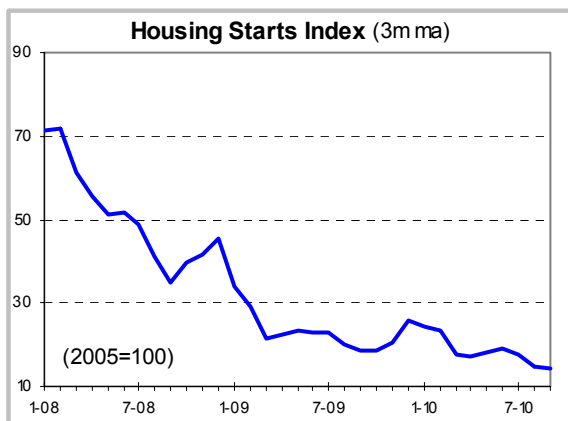
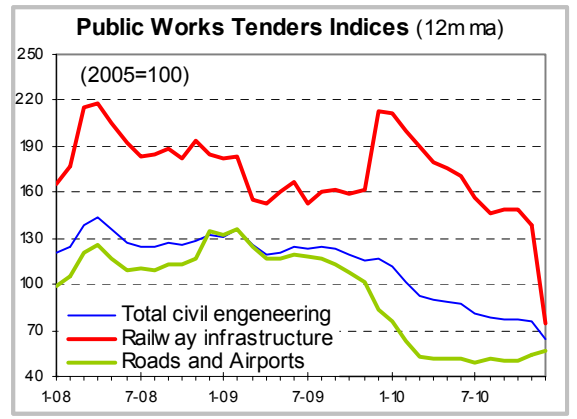
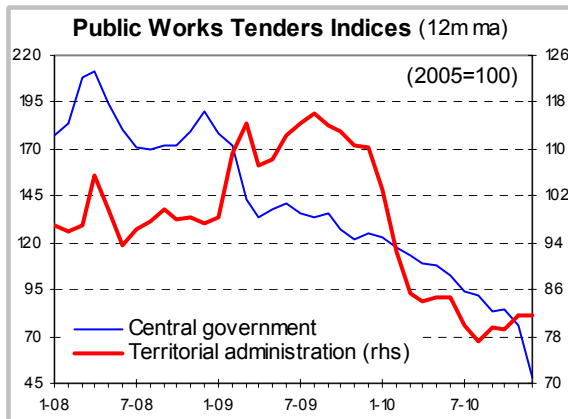
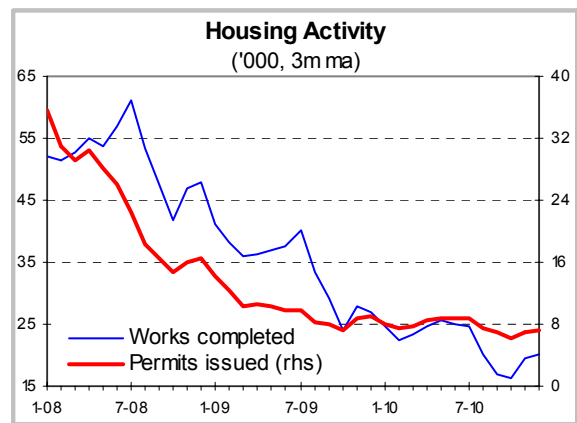
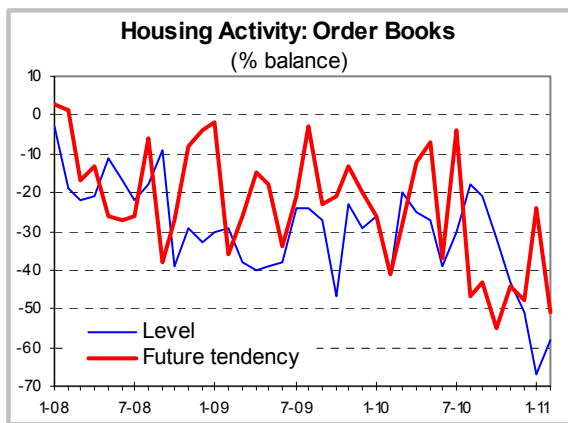
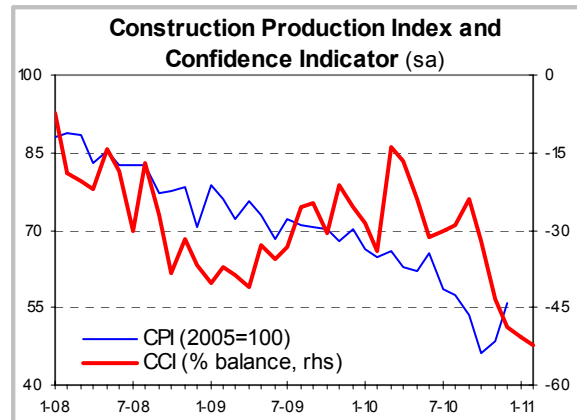
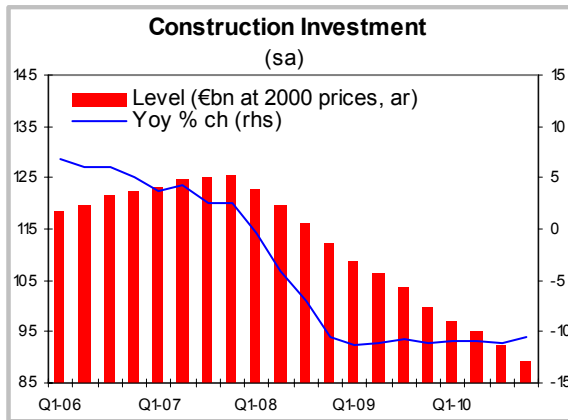


ITALY

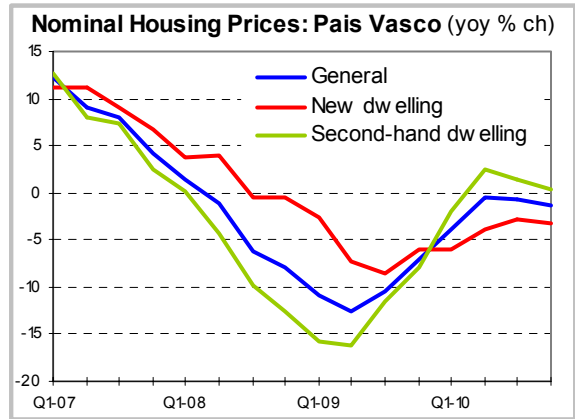
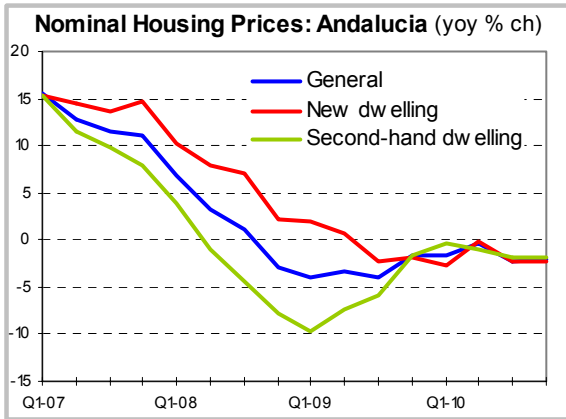
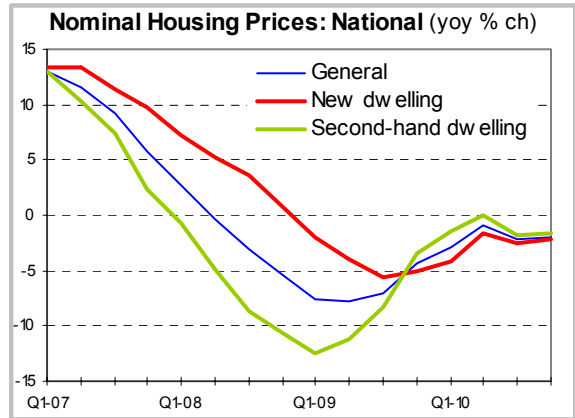
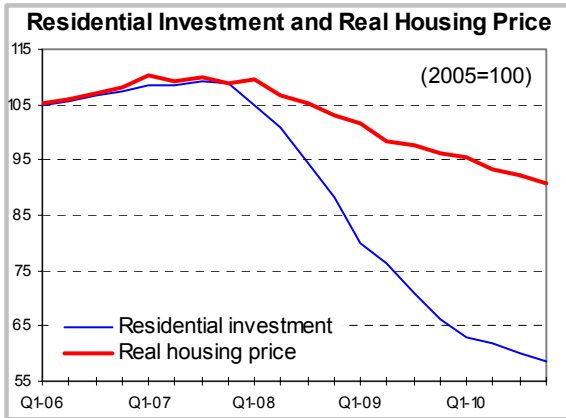
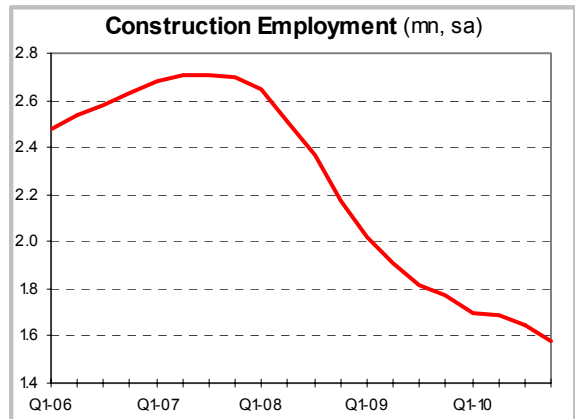
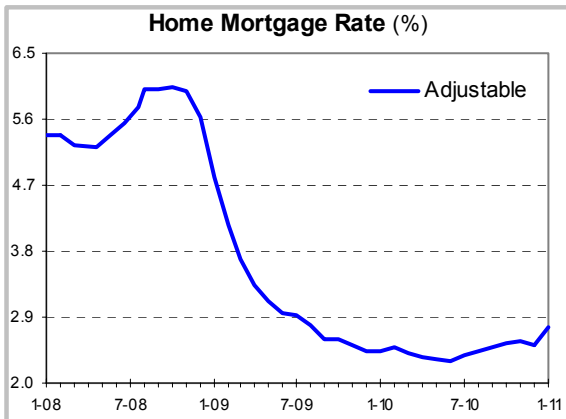
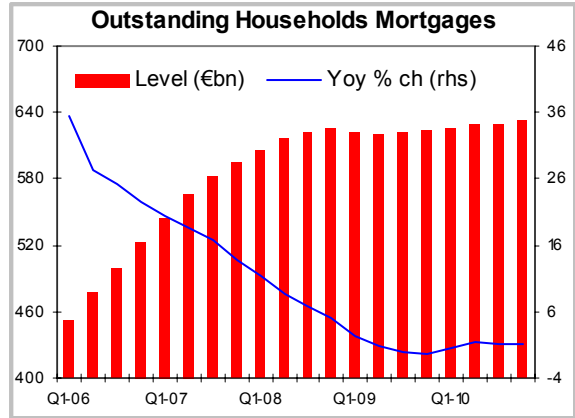
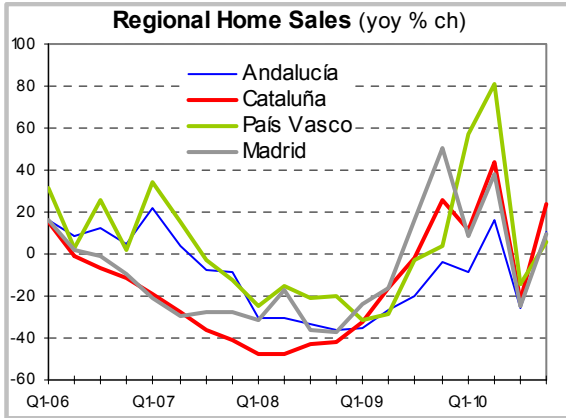


Sources: ISTAT, European Commission, Banca d'Italia, Eurostat, Agenzia del Territorio, Agenzia delle Entrate

# SPAIN

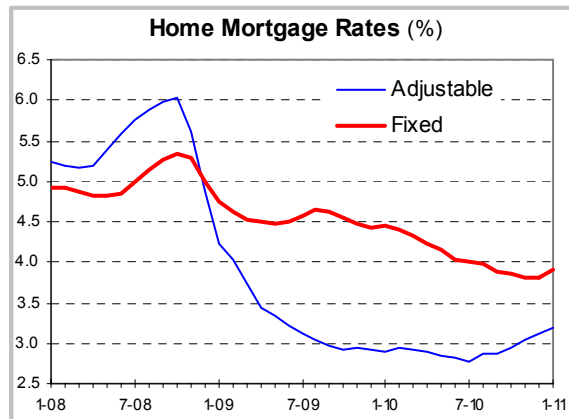
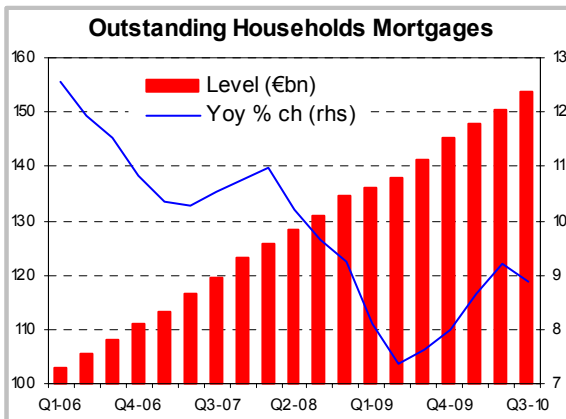
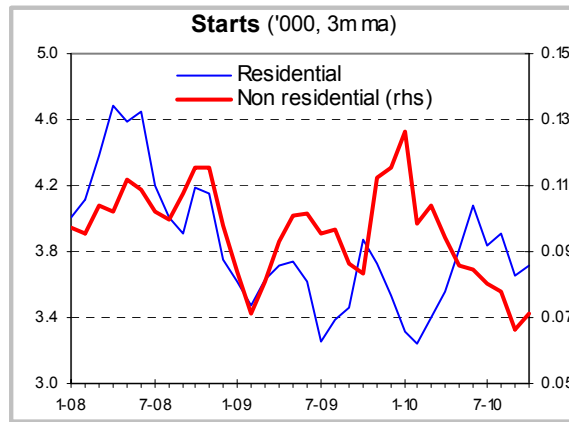
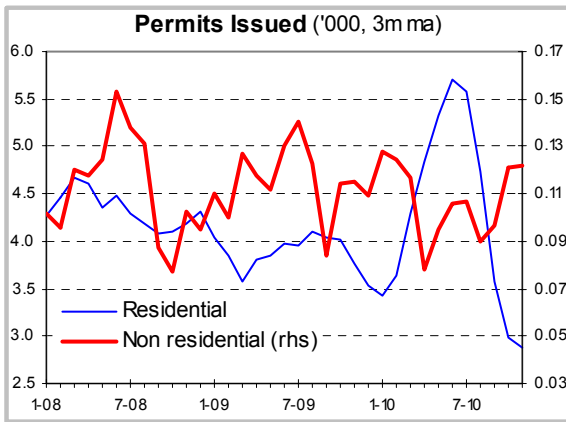
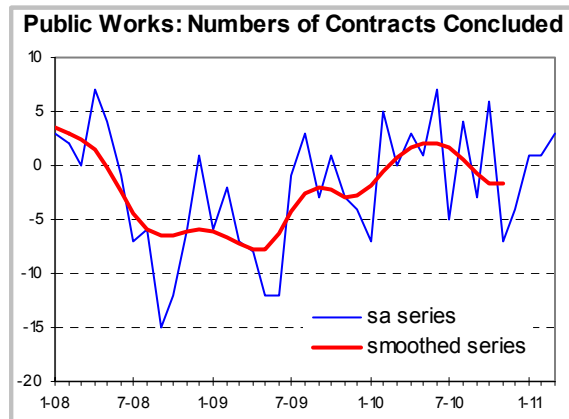
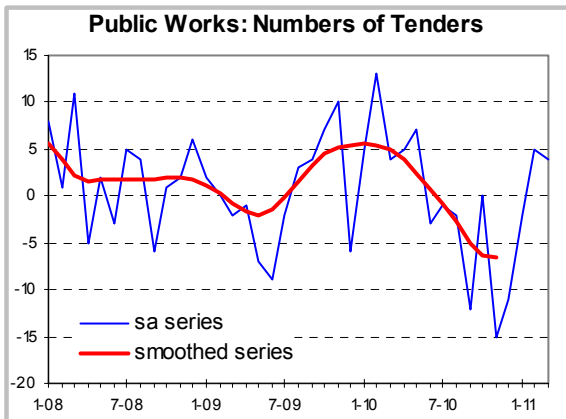
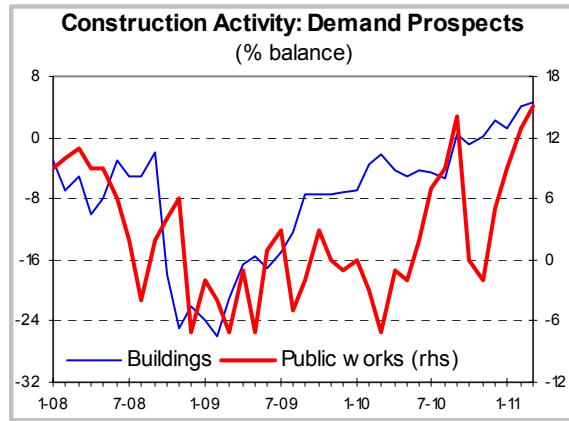
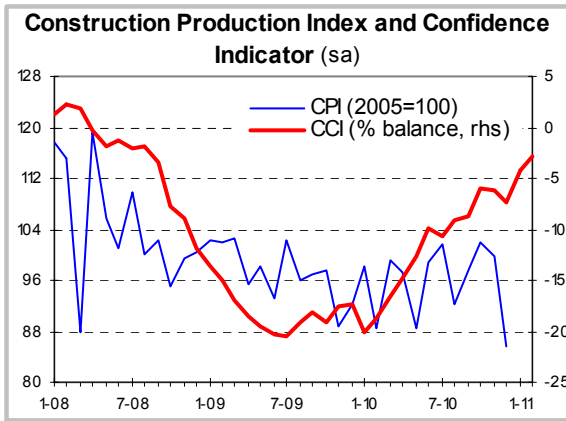


SPAIN



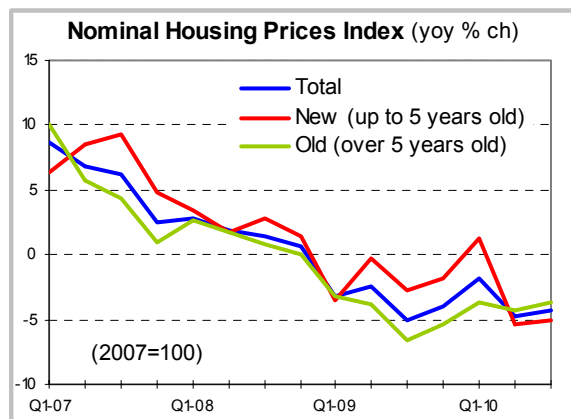
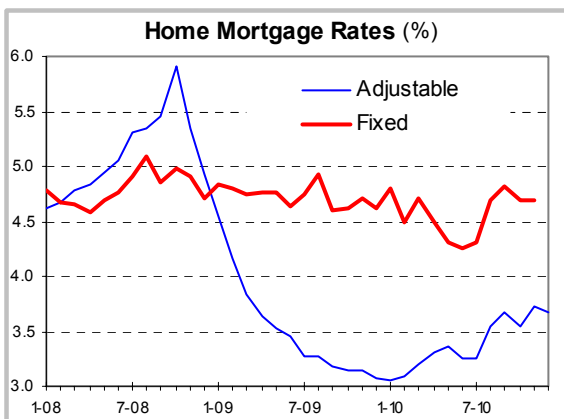
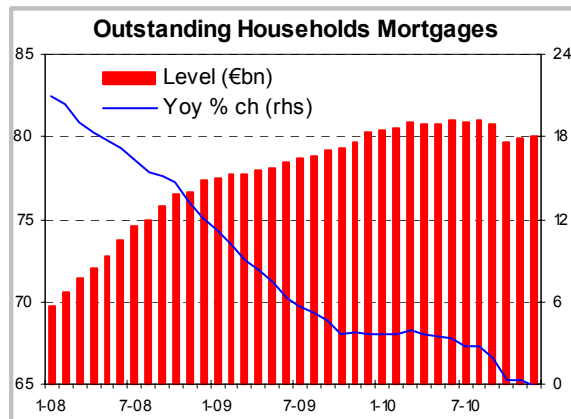
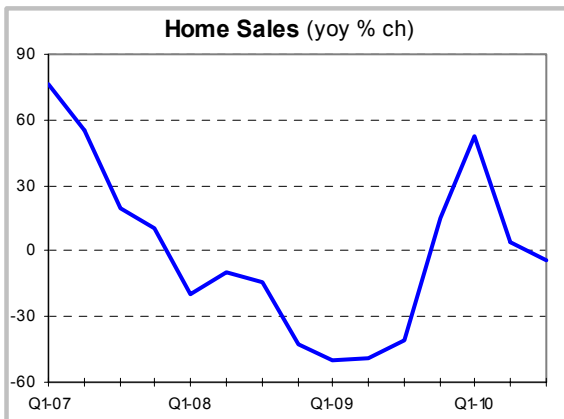
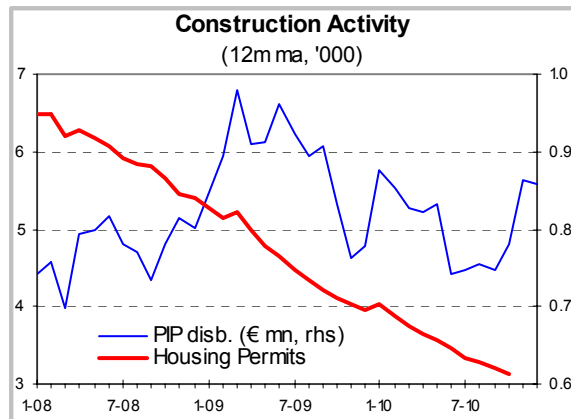
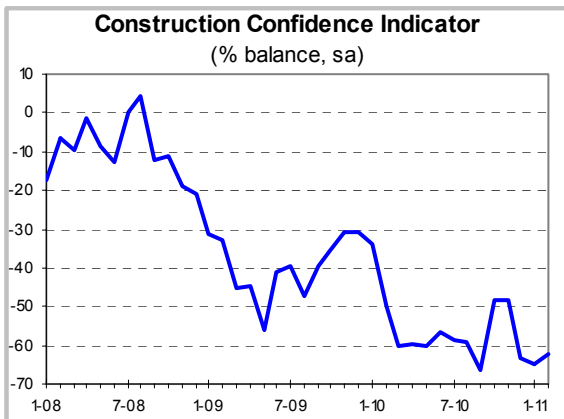
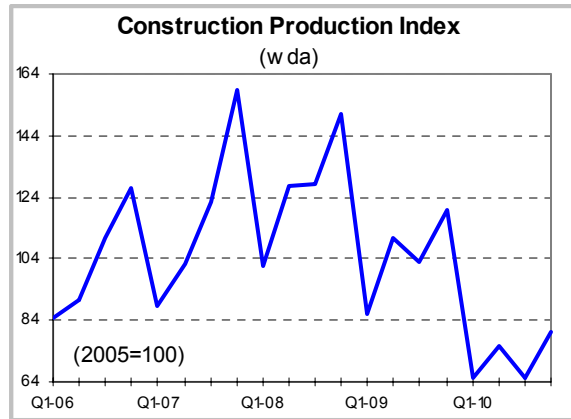
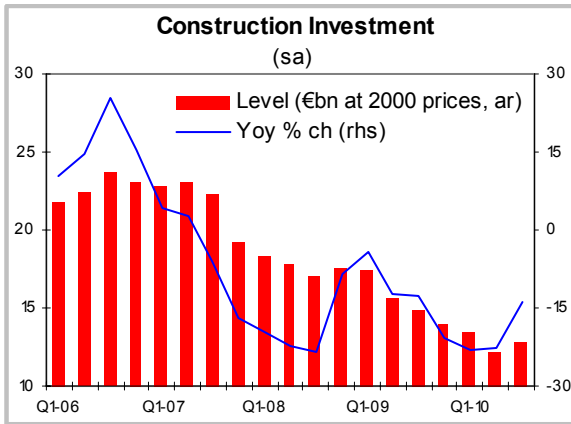
Sources: INE, European Commission, Banco de Espana, OECD, Ministerio de Fomento

# BELGIUM



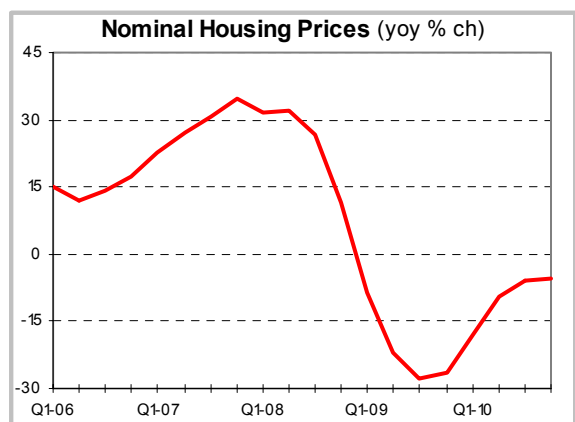
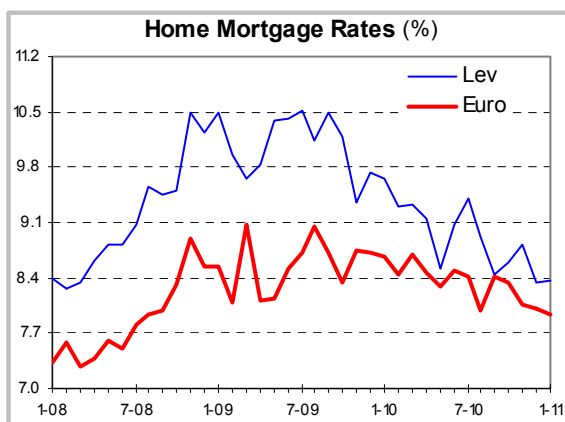
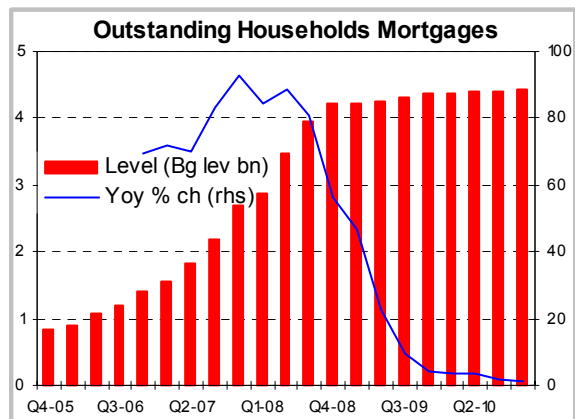
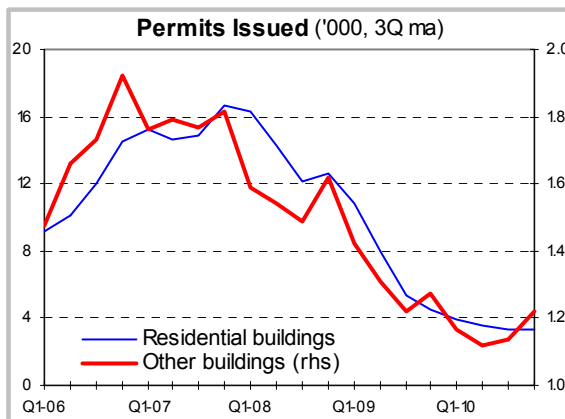
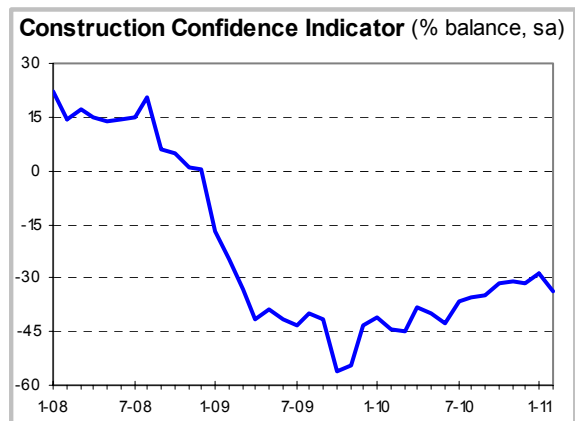
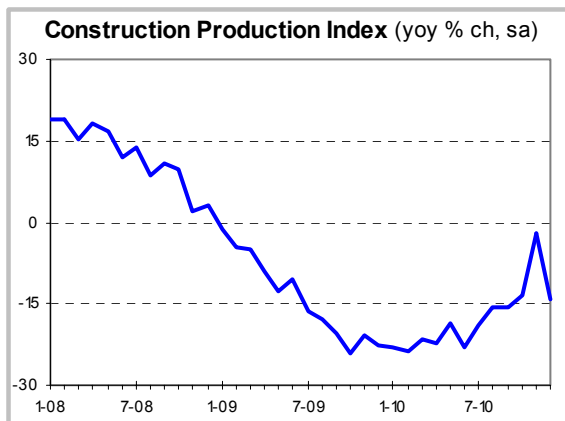
Sources: European Commission, Belgostat

# GREECE



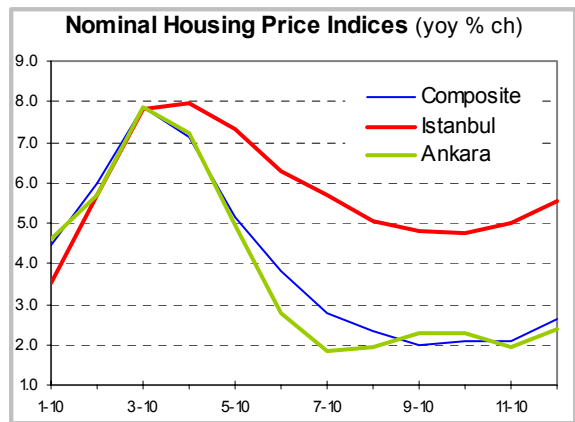
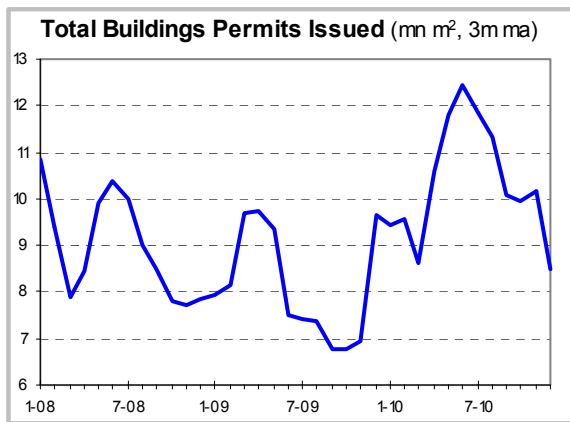
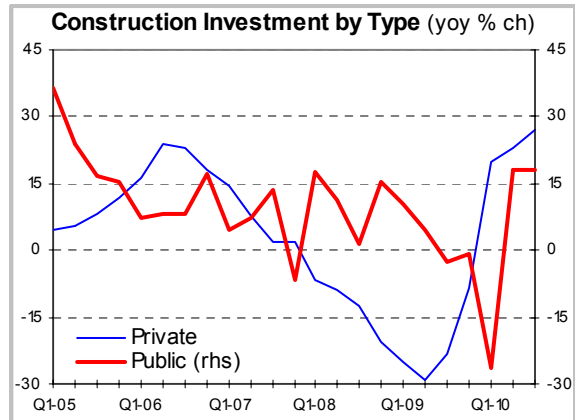
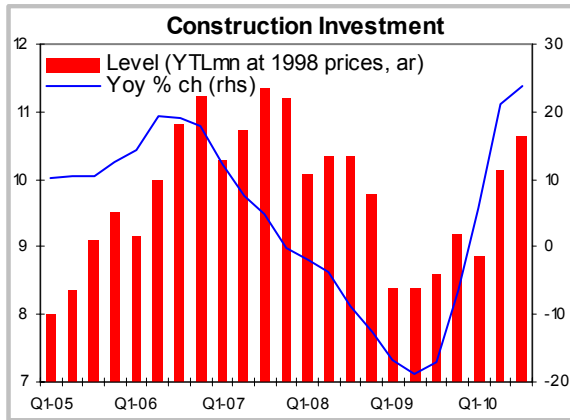
Sources: European Commission, Bank of Greece, National Statistical Service

# BULGARIA



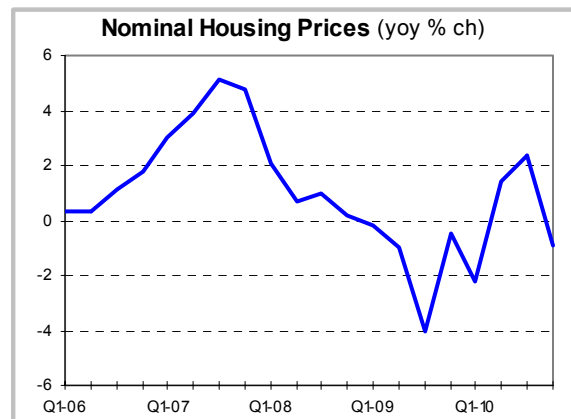
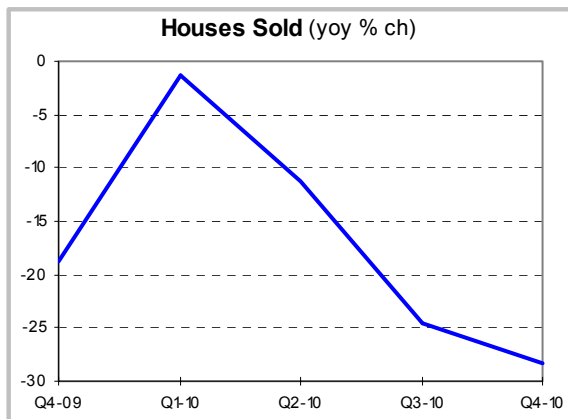
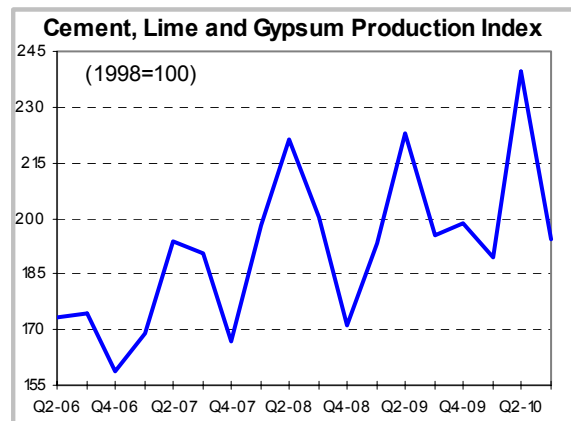
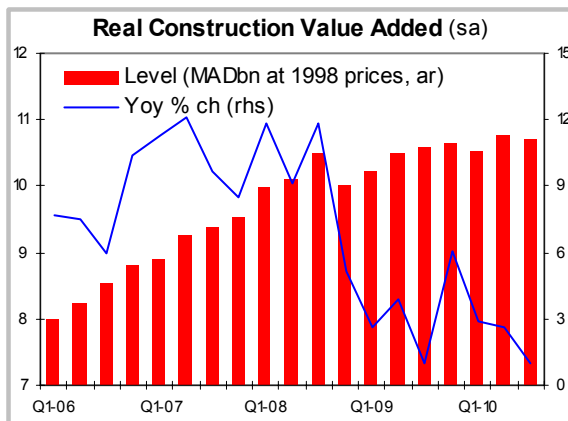
Sources: Eurostat, European Commission, National Institute of Statistics, Bulgarian National Bank

# TURKEY



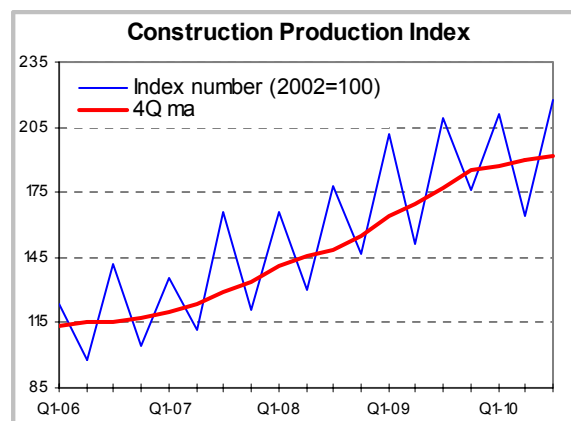
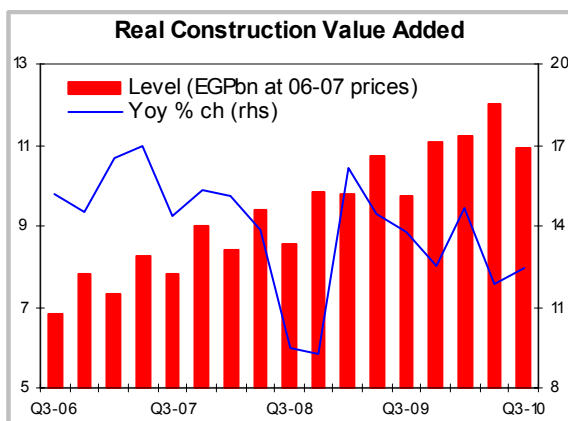
Sources: OECD, SIS (State Institute of Statistics), Reidin.com

# MOROCCO



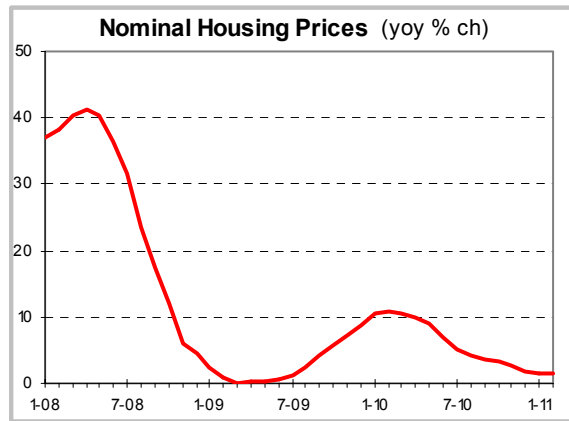
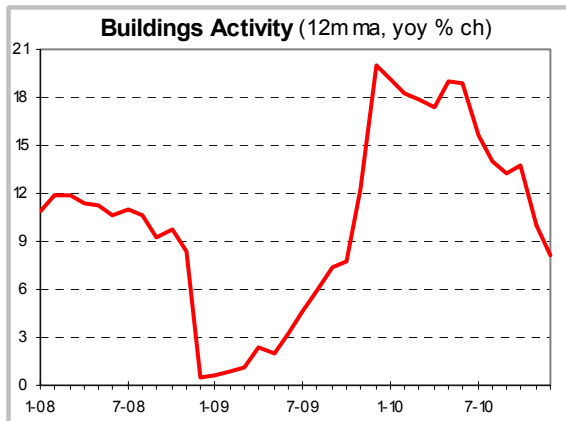
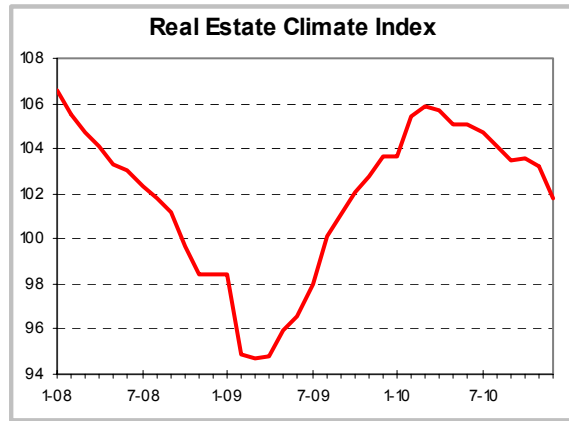
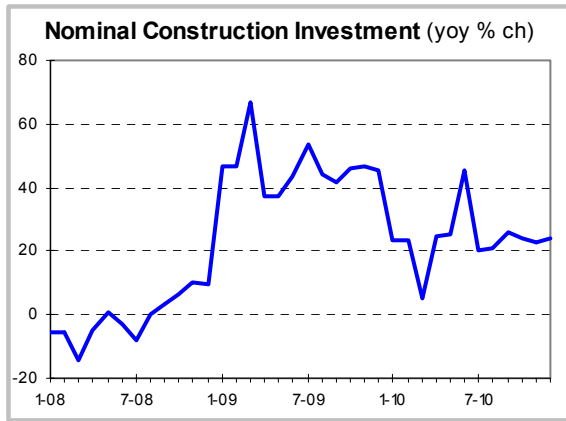
Source: Haut-Commissariat au Plan, ANCFCC

# EGYPT



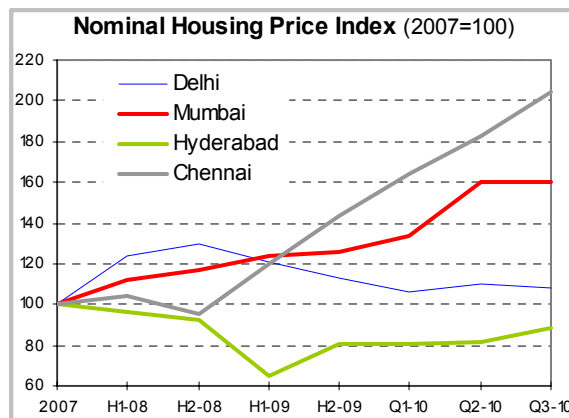
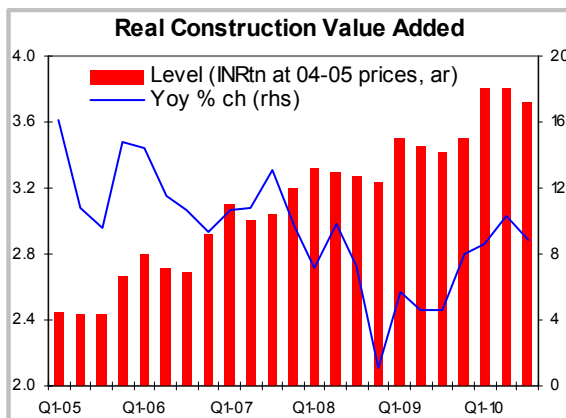
Source: Ministry of Finance

# CHINA



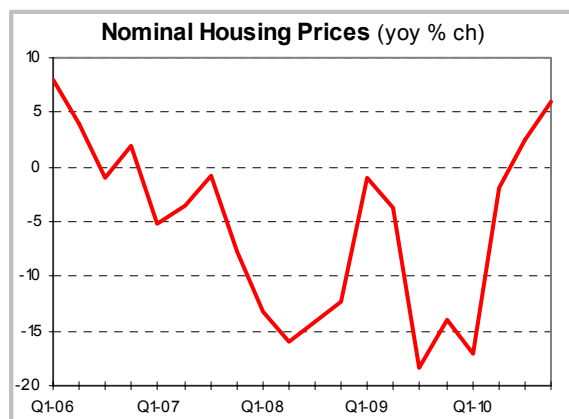
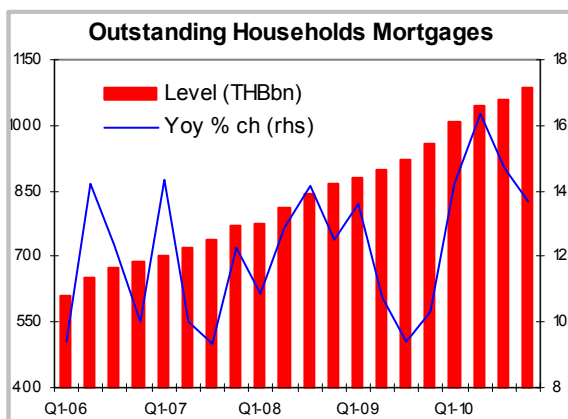
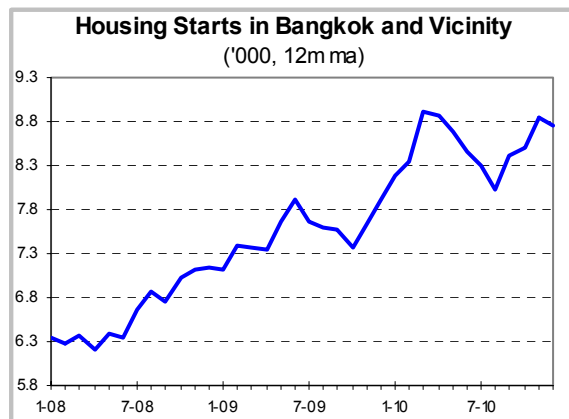
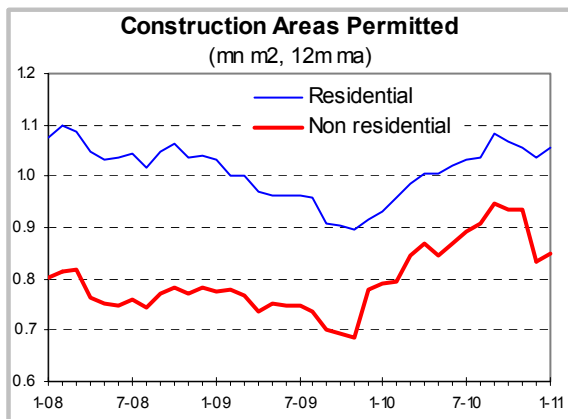
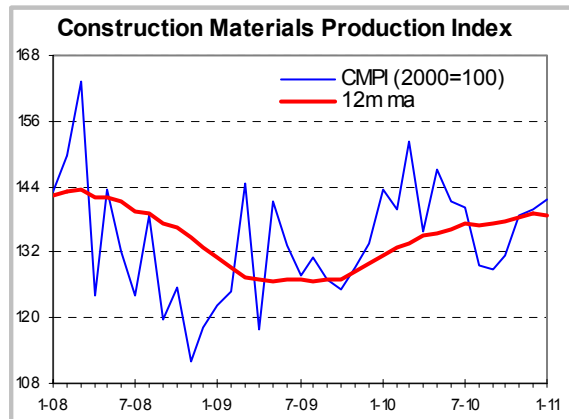
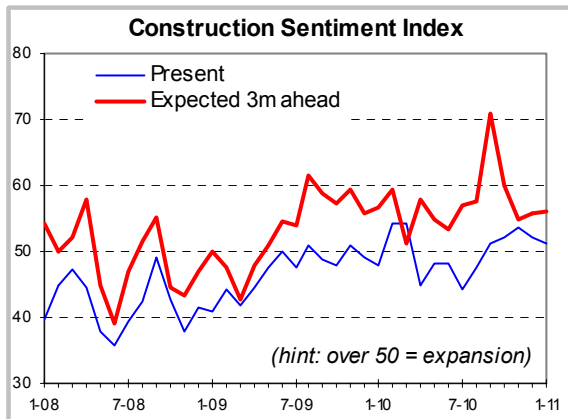
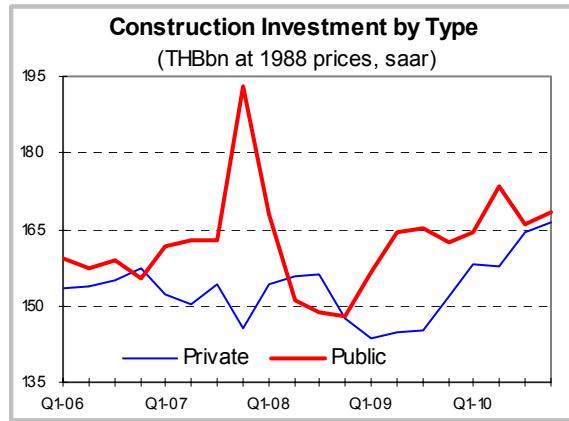
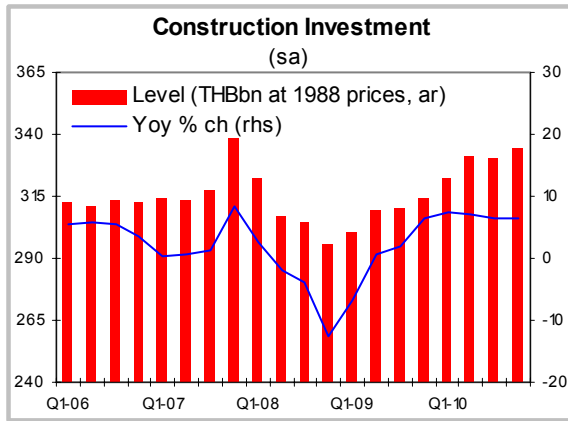
Sources: OECD, National Bureau of Statistics, Ehomeday

# INDIA



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

# THAILAND



Source: Bank of Thailand