Construction Profile in ITC Group Countries

Highlights
Country Focus
Main Construction Indicators

Countries:
- United States
- Canada
- France
- Italy
- Spain
- Belgium
- Greece
- Bulgaria
- Morocco
- Egypt
- China
- India
- Thailand
### Key to Abbreviations

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

**Based on all information up to April, 3rd 2012**

**Available in i.like**
Differentiation is the key word to explain how construction activity is evolving across the Group, both within its advanced economies and across its emerging countries. As a matter of fact, the US construction sector is now slightly recovering – also thanks to a favourable policy mix – while most of the Group euro countries are still in the doldrums. Italy is a case in point, as fiscal austerity measures implemented by the new government together with particularly adverse weather conditions in the first two months of 2012 have combined to further downgrade construction activity prospects for the full year.

The environment remains by far more promising in the Group emerging area; however early signs of slowing down have started to emerge in China (and not only, see also below); on the other hand construction activity has so far held up fairly well in Egypt, particularly when the strains induced by the complex political transition that the country is experiencing are taken into account.

In France, the construction sector returned positive in yoy terms in Q4 11 (+1%) after 14 consecutive quarters of contraction, mainly due to a better than expected performance of the non residential sector (+1.9% yoy). However, a full-speed recovery is unlikely in the next few months. As a matter of fact, leading indicators show that the residential investment rebound should unfold moderately as a consequence of the declining impact of tax and mortgage incentives and the very slow decline in unemployment. In addition, building starts in industrial, office-space and shops sub-segments are slowing down. As for public investment, confidence indicators point to a weakening as a consequence of fiscal budget constraints.

The slump in the Spanish housing market deepened in Q4 11, reflecting increasing pressure on households’ financial position and tight credit conditions. Latest sector indicators are all heading south. House prices fell for the 15th successive quarter at end-2011 (-11.2% yoy), the steepest annual drop since the series began in 2007. House sales declined by 26.3% yoy in January 2012. In addition, depressed mortgage lending and falling household income is making it increasingly difficult to reabsorb the housing glut, with the Bank of Spain estimating that roughly 1.1mn new homes remain unsold. In the non residential sector, investment intentions are also sluggish as companies are confronted with shrinking profits and still disrupted credit markets. Also public investment is set to remain subdued in the next few months due to the expected painful public spending cuts.

Economic momentum in India has somewhat decelerated in H2 11. As a matter of fact, GDP slowed down to its weakest pace in nearly three years in Q4 11 (+6.9% yoy), as sustained monetary tightening, policy-making gridlock, and weak business sentiment dragged down investment and manufacturing. On the other hand, construction value added surprised on the upside, accelerating to 7.3% yoy (up from +4.3% yoy in Q3 11). However, according to Fitch, construction activity should slow down in the next few months – despite a likely looser monetary stance – following a decrease in new orders and lack of equity funding for build-operate-transfer (BOT) projects, in turn caused by structural and policy related bottlenecks (such as delays in environmental approvals for some large projects and other procedural delays), and by land acquisition issues.
## MAIN CONSTRUCTION INDICATORS

<table>
<thead>
<tr>
<th>Indicators*</th>
<th>Construction Production</th>
<th>Construction Investment</th>
<th>House Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>-28.5</td>
<td>-3.2</td>
<td>-2.6</td>
</tr>
<tr>
<td>Canada</td>
<td>-9.0</td>
<td>7.8</td>
<td>4.1</td>
</tr>
<tr>
<td>France</td>
<td>-5.1</td>
<td>-5.1</td>
<td>2.1</td>
</tr>
<tr>
<td>Italy</td>
<td>-11.5</td>
<td>-3.3</td>
<td>-2.5</td>
</tr>
<tr>
<td>Spain</td>
<td>-11.9</td>
<td>-19.9</td>
<td>-20.6</td>
</tr>
<tr>
<td>Belgium</td>
<td>-4.2</td>
<td>-1.5</td>
<td>6.0</td>
</tr>
<tr>
<td>Greece</td>
<td>-17.5</td>
<td>-31.6</td>
<td>-28.0</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>-13.9</td>
<td>-14.3</td>
<td>-13.1</td>
</tr>
<tr>
<td>Morocco</td>
<td>-</td>
<td>-</td>
<td>3.4</td>
</tr>
<tr>
<td>Egypt</td>
<td>-</td>
<td>-</td>
<td>14.2</td>
</tr>
<tr>
<td>China</td>
<td>-</td>
<td>-</td>
<td>38.7</td>
</tr>
<tr>
<td>Thailand</td>
<td>-</td>
<td>-</td>
<td>0.6</td>
</tr>
<tr>
<td>India</td>
<td>-</td>
<td>-</td>
<td>5.7</td>
</tr>
</tbody>
</table>

**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

Construction Production Index and Confidence Indicator: Euro Area

Permits Issues: Housing

Construction Investment: US

Construction Investment: Spain

Construction Investment: France

Construction Investment: Italy

Sources: BEA, Eurostat, US Census, OECD

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Sources: OECD, Canada’s Statistics Agency, CMHC, Bank of Canada
Sources: ISTAT, European Commission, Banca d'Italia, Eurostat, Agenzia del Territorio, Agenzia delle Entrate
**Regional Home Sales ('000, 4Q ma)**

- Andalucía
- Cataluña
- País Vasco
- Madrid

**Outstanding Households Mortgages**

- Level (€bn)
- Yoy % ch (rhs)

**Home Mortgage Rate (%)**

- Adjustable

**Construction Employment (mn, sa)**

**Residential Investment and Real Housing Price**

- Residential investment
- Real housing price

**Nominal Housing Prices: National (yoy % ch)**

- General
- New dwelling
- Second-hand dwelling

**Nominal Housing Prices: Andalucia (yoy % ch)**

**Nominal Housing Prices: País Vasco (yoy % ch)**

Sources: INE, European Commission, Banco de Espana, OECD, Ministerio de Fomento
Sources: European Commission, Belgostat
Sources: European Commission, Bank of Greece, National Statistical Service
Sources: Eurostat, European Commission, National Institute of Statistics, Bulgarian National Bank
**MOROCCO**

![Graphs](image)

Real Construction Value Added (sa)
- Level (MADbn at 1998 prices, ar)
- Yoy % ch (rhs)

Cement, Lime and Gypsum Production Index
- (1998=100)

Houses Sold (yoy % ch)

Nominal Housing Prices (yoy % ch)

Source: Haut-Commissariat au Plan, ANCFCC

**EGYPT**

![Graphs](image)

Real Construction Value Added
- Level (EGPbn at 06-07 prices)
- Yoy % ch (rhs)

Construction Production Index
- Index number (2002=100)
- 4Q ma

Source: Ministry of Finance
Sources: OECD, National Bureau of Statistics, Ehomeday
Construction Investment (sa)
Level (THBbn at 1988 prices, ar)
Yoy % ch (rhs)

Construction Investment by Type
(THBbn at 1988 prices, saar)
Private
Public

Construction Sentiment Index
Present
Expected 3m ahead
(hint: over 50 = expansion)

Construction Materials Production Index
CMPI (2000=100)
12m ma

Construction Areas Permitted
(mn m2, 12m ma)
Residential
Non residential

Housing Starts in Bangkok and Vicinity
(‘000, 12m ma)

Outstanding Households Mortgages
Level (THBbn)
Yoy % ch (rhs)

Nominal Housing Prices (yoy % ch)

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