Construction Profile in ITC Group Countries

N. 4 – December 21st 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

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ar</td>
<td>annual rate</td>
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<tr>
<td>bn</td>
<td>billion</td>
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<tr>
<td>ch</td>
<td>change</td>
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<tr>
<td>d</td>
<td>day</td>
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<tr>
<td>lhs</td>
<td>left hand side</td>
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<tr>
<td>m</td>
<td>month</td>
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<td>ma</td>
<td>moving average</td>
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<td>mn</td>
<td>million</td>
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<tr>
<td>mom</td>
<td>month-on-month</td>
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<tr>
<td>nsa</td>
<td>not seasonally adjusted</td>
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<td>Q</td>
<td>quarter</td>
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<tr>
<td>rhs</td>
<td>right hand side</td>
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<tr>
<td>sa</td>
<td>seasonally adjusted</td>
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<td>saar</td>
<td>seasonally adjusted at annual rate</td>
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<td>tn</td>
<td>trillion</td>
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<td>wda</td>
<td>working days adjusted</td>
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<tr>
<td>y</td>
<td>year</td>
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<td>yoy</td>
<td>year-on-year</td>
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Based on all information up to December, 21st 2011
Available in i.like
HIGHLIGHTS

Two major factors stand out at the overall construction level:

- there is no clear-cut trend within the Group mature markets as well as within the emerging countries. In other words, construction activity is again mainly determined by country specific demand conditions. At the euro area level, following a peak-through decline of over 23%, construction production has slightly rebounded in Q3 11 for the third quarter in a row, which masks a new worsening of sectoral conditions in Italy and Spain;

- the euro sovereign crisis is set to affect also the euro countries’ construction sector in the next few months, due to the deteriorated macroeconomic climate and, more specifically, due to the tightening credit stance, also given the high dependence of construction on credit availability.

COUNTRY FOCUS

- Together with the improving overall economy in the US, also housing indicators have performed somewhat better during the past months, though activity levels remain depressed by historical standards. Residential spending rose in October, driven by home renovations. Homebuilding activity also improved in November, with both housing starts and permits posting huge increases. In turn, the NAHB homebuilders’ confidence index rose in December to the highest level since its recent peak during the homebuyer tax credit period. Despite this near-term improvement, the housing market recovery will likely remain subdued in the next few months. As a matter of fact, foreclosures jumped again in October and November after declining for three months in a row as almost a third of first mortgage borrowers remains under water. Recovery of private non residential construction looks more robust, mainly due to healthy corporate balance sheets. As for public construction, spending is set to remain subdued due to still difficult fiscal conditions of state and local governments as well as the intense political battle in the run-up to the November 2012 elections.

- China’s GDP growth continued to slow down in Q3 2011, increasing by 9.1% yoy from 9.5% in Q2 and 9.7% in Q1. As for construction, the monetary and credit policy tightening, along with sector-specific measures introduced since 2010 to address the boom in the property market, has finally cooled down this sector. Since September, overall investment in real estate has slowed slightly (though still recording a 32% yoy increase in the first 10 months of 2011), which probably hides a greater slowdown in commercial property, as developers have faced a shortage of credit, offset by ambitious social housing construction programs. Real estate sales fell by 10% yoy in October and house price inflation continued to slow (+3% in October from +8% at end-2010). In any case, the government will not let the property market collapse, since it is still a pillar of economic activity. As for public works, investment in transport infrastructure has fallen significantly after the end of the 2009-2010 stimulus plan and due to the Ministry of Railways’ financial difficulties (investment was down 23% yoy in Jan.-Oct. 2011).

- Thailand growth was somewhat disappointing in Q3 11 as the rebound following extensive supply chain disruptions due to March Japan’s earthquake was milder than anticipated. In addition, the devastating impact of the worst floods in 50 years started to be felt. Construction activity recovered on a quarterly basis thanks to accelerating residential investment while public spending remained weak reflecting a still uncertain political scene. Construction has likely contracted in the current quarter but a rebound is expected in the next few months thanks to reconstruction efforts and some fiscal stimulus.
### MAIN CONSTRUCTION INDICATORS

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**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

Construction Production Index and Confidence Indicator: Euro Area (sa)

Permits Issues: Housing

Construction Investment: US (qoq % ch, saar)

Construction Investment: Spain (qoq % ch, saar)

Construction Investment: France (qoq % ch, saar)

Construction Investment: Italy (qoq % ch, saar)

Sources: BEA, Eurostat, US Census, OECD

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ITALCEMENTI GROUP-E&S Studies – Construction Profile
UNITED STATES

Home Vacancies (mn)

Households and Non-Profit Organisations Home Mortgages

Home Mortgage Rates (%)

Foreclosure Activity by Month (’000)

Construction Employment (mn, sa)

Residential Investment and Real Housing Prices

Nominal Housing Prices (yoy % ch)

OFHEO Nominal Regional Housing Prices (yoy % ch)

Sources: OECD, Ministere de l’Equipement, CGEDD, INSEE, European Commission, Banque de France, Eurostat
ITALY

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

Home Sales (yoy % ch)

Outstanding Households Mortgages

Home Mortgage Rate (%)

Construction Employment (mn, sa)

Residential Investment and Real Housing Price

Nominal Housing Prices: National (yoy % ch)

Nominal Housing Prices: Andalucia (yoy % ch)

Nominal Housing Prices: Pais Vasco (yoy % ch)

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

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

Real Construction Value Added

- Level (EGPbn at 06-07 prices)
- Yoy % ch (rhs)

Construction Production Index

Index number (2002=100)

Source: Ministry of Finance

Source: Ministry of Finance
CHINA

Nominal Construction Investment (yoy % ch)

Real Estate Climate Index

Buildings Activity (12m ma, yoy % ch)

Nominal Housing Prices (yoy % ch)

Sources: OECD, National Bureau of Statistics, Ehomeday

INDIA

Real Construction Value Added

Nominal Housing Price Index (2007=100)

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

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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