Construction Profile in ITC Group Countries

N. 1 - February, 2nd 2009

Countries:
- United States
- Canada
- France
- Italy
- Spain
- Belgium
- Bulgaria
- Greece
- Morocco
- Turkey
- Egypt
- Thailand
- India
- China
**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 January, 30th 2009
Available in @Gold
The construction cycle is rapidly worsening on a global scale. Housing in America shows no sign of bottoming out, while in the euro countries the sectoral downturn is deeper than previously expected.

In the emerging countries, cyclical positions are diverging widely, with Turkey, Thailand, and possibly Kazakhstan expected to contract during 2009. On the other hand, Egypt, Morocco, China, and India are in a better shape although construction investment is expected to decelerate significantly.

In most of the Group countries, large countercyclical plans have been set up by governments to sustain the economy. Among the most relevant ones:

- in the US, the incoming Obama administration has enacted a multi-year plan totaling as much as $825bn. Over $100bn ($92bn for infrastructure and $13bn for housing) should be addressed to boost construction investment.
- the EU has designed an ambitious package worth totally around €200bn, of which above 30% – or around €70bn – is earmarked for infrastructure & housing;
- China has launched an economic stimulus package worth nearly $585bn. About 80% of this amount should be in infrastructure investment.
- India has passed two stimulus packages of about €16bn over the next 18 months, that will facilitate funding of pending and future additional infrastructure projects.

It is widely accepted that the above programmes will impact positively. However, only in Spain and China the effects could be felt already in 2009, while in all the others countries the full impact should be perceived starting from 2010.

The residential sector continues its downturn unabated in the US. Conditions remain critical as shown by latest national accounts data and by all housing indicators. In particular, in Q4 08 residential investment was down by 45% since the peak of the housing boom, sales of new homes hit their lowest pace in 45 years, and the backlog of unsold homes surged to a new record. The supply/demand imbalance continues to push down prices and activity. The non residential sub-sector has remained surprisingly strong in 2008 but a sharp turnaround is in the cards as most indicators point to corporate retrenchment and the economy is going to contract significantly this year. Public works are also set to decelerate following the marked deterioration in fiscal balances.

France has approved a large stimulus package (valued at €26bn or 1.3% of GDP) that includes a sharp increase in public works (€10.5bn). It also contains measures to step up house building and activity in the construction sector (€1.6bn). In particular, some 70,000 additional housing units are to be built in 2009 and 2010. Although the stimulus package is set to provide some support to the construction sector, its actual implementation and timing remain a question mark.

Spain has unveiled three consecutive stimulus packages since the general elections in 2008, for a total amount of 2.5% of GDP. The third and largest plan was adopted last November and valued at €11bn (1% of GDP) of which €8bn is intended to accelerate spending of ongoing projects or finance works which can start very soon. To guarantee a rapid implementation of the stimulus package, works will have to begin by April 2009 at the latest, and the target is to enable the creation of 200,000 jobs.
## MAIN CONSTRUCTION INDICATORS

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Construction Production</th>
<th>House Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>-1.6</td>
<td>-17.8</td>
</tr>
<tr>
<td>Canada</td>
<td>6.3</td>
<td>3.0</td>
</tr>
<tr>
<td>France</td>
<td>3.6</td>
<td>3.7</td>
</tr>
<tr>
<td>Italy</td>
<td>4.2</td>
<td>5.6</td>
</tr>
<tr>
<td>Spain</td>
<td>1.1</td>
<td>-0.4</td>
</tr>
<tr>
<td>Belgium</td>
<td>3.2</td>
<td>2.3</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>13.9</td>
<td>20.1</td>
</tr>
<tr>
<td>Greece</td>
<td>7.4</td>
<td>23.7</td>
</tr>
<tr>
<td>Morocco</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Turkey</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Egypt</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Thailand</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>India</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>China</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Notes**

* yoy % ch, sa, unless otherwise indicated
(1) Production of dwellings
(2) Gross value added
(3) Urban areas excluding Athens
(4) Gross fixed capital investment
(5) Investment in fixed assets: construction
UNITED STATES

Construction Investment (sa)

- Level ($bn at 2000 prices, ar)
- Yoy % ch (rhs)

Construction Investment by Type (yoy % ch, sa)

Private residential
Private non residential
Government

NAHB Housing Market Index (sa)

(hint: over 50 = expansion)

NAHB Housing Affordability Index (%)

Housing Starts and Building Permits (mn, saar)

Months' Supply of Homes (ratio*)

* Houses for sale/Houses sold

Houses Under Construction and Completed (mn, saar)

Home Sales (mn, saar)
Source: OECD, Canada's Statistics Agency, CMHC, Bank of Canada
FRANCE

Construction Investment (sa)

Level (€bn at 2000 prices, ar)
Yoy % ch (rhs)

Construction Production Index and Confidence Indicator (sa)

CCI (% balance, rhs)

Residential Activity (12m ma)

Permits
Starts
(Jan 2006=100)

Non Residential Activity (12m ma)

Permits
Starts
(Jan 2006=100)

Construction Employment (mn, sa)

Households Mortgages

Level (€bn)
Yoy % ch (rhs)

Residential Investment and Real Housing Price

Residential investment
Real housing price

Nominal Housing Prices (yoy % ch)

Sources: OECD, Ministère de l’Equipement, INSEE, European Commission, Banque de France

N. 1 – February, 2nd 2009

ITALCEMENTI GROUP-SESO – Construction Profile
SPAIN

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

**Construction Production Index**

![Construction Production Index Chart](image)

**Construction Confidence Indicator**

![Construction Confidence Indicator Chart](image)

**Urban Areas Nominal Housing Price Index**

![Urban Areas Nominal Housing Price Index Chart](image)

**Construction Activity**

![Construction Activity Chart](image)

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

MOROCCO

**Real Construction Value Added**

![Real Construction Value Added Chart](image)

**Cement, Lime and Gypsum Production Index**

![Cement, Lime and Gypsum Production Index Chart](image)

Source: Haut-Commissariat au Plan
**KAZAKHSTAN**

**Construction Investment**

**Total Buildings Works Completed (mn m², 12m ma)**

**Construction Employment (mn, 4Q ma)**

**Total Buildings Permits Issued (mn m², 12m ma)**

Sources: OECD, SIS (State Institute of Statistics)

**TURKEY**

**Real Construction Value Added**

*Level and yoy % ch (EGPbn at 06-07 prices)*

**Construction Production Index**

Source: Ministry of Finance

**EGYPT**

**Construction Investment**

**Total Buildings Works Completed (mn m², 12m ma)**

**Construction Employment (mn, 4Q ma)**

**Total Buildings Permits Issued (mn m², 12m ma)**

**Real Construction Value Added**

*Level and yoy % ch (EGPbn at 06-07 prices)*

**Construction Production Index**

Source: Ministry of Finance
INDIA

Real Construction Value Added (level and yoY % ch, ar)

Sources: OECD, Office of Economic Advisor

CHINA

Nominal Construction Investment in Fixed Assets (yoY % ch)

Sources: OECD, National Bureau of Statistics, Ehomeday

Real Estate Climate Index

House Price Index (yoY % ch)

Sources: OECD, National Bureau of Statistics, Ehomeday

N. 1 – February, 2nd 2009

ITALCEMENTI GROUP-SESO – Construction Profile