Construction Profile in ITC Group Countries

N. 1 – March 10th 2010

Highlights
Country Focus
Main Construction Indicators

Countries:
- United States
- Canada
- France
- Italy
- Spain
- Belgium
- Greece
- Bulgaria
- Turkey
- Morocco
- Egypt
- China
- Thailand
- India
### 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>
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Based on all information up to March, 10th 2010
Available in @Gold
The worst seems over for construction as Q4 09 data show that the pace of decline is softening in all the Group’s advanced economies.

However, earlier indications on the current year are far from reassuring on both Atlantic sides. In the US confidence and leading indicators have hinted to a turnaround at mid-year 2009 but since then have stopped improving (housing market index, housing starts, permits) or also shown renewed weakness (home sales, building materials production, home vacancies and months’ supply of homes), which does not bode well for short-term prospects of the construction industry particularly in the residential segment.

In Europe, the housing sector remains in the doldrums and the boost supplied from additional public works seems set to lose traction. Confidence indicators in France and Italy have stopped faltering but a clear-cut rebound is not materialising yet and construction production continues to decline (see also the Country Focus section below for a more troublesome country such as Greece).

In the emerging region most countries keep growing at a robust pace (Egypt, Morocco, China, India among them, see also the Country Focus below). In this regard Thailand is continuing to recover while also Turkey is showing early signs of improvement in its construction performance.

In Greece, private construction continues to experience a protracted slump and a stabilisation is not expected in the next few months as reflected by leading indicators. As a matter of fact, demand remains extremely weak, with the value of housing transactions reaching historical lows in the last months of 2009. Tighter lending conditions and increasing concerns about the economic outlook are weighting down on housing demand thus widening the still large supply overhang. As for public spending, the current fiscal tightening should have a significant negative impact, as the government has unveiled its third austerity programme since October 2009. The new set of measures is expected to cut the fiscal deficit by €4.8bn in 2010 also through a severe contraction in public investment.

In Morocco, construction value added declined marginally in Q3 09 (-0.1% yoy). According to sectoral indicators, construction is estimated to have remained subdued also in Q4 09. However, activity is set to improve in the next few months mainly driven by strong public spending. As a matter of fact, also thanks to a sound fiscal position, the government has planned a 20% yoy increase in public investment largely focused on lower income housing (totalling US$7.5bn over the coming ten years) and transport infrastructure (highway networks, ports and railways).

In India, construction activity surprised on the upside in Q4 09 accelerating to 8.7% yoy (up from 7.1% in Q3 09). The building industry is continuing to benefit from the boom in low-cost housing as well as from additional measures taken by policymakers. As for the latter, the government has launched a number of stimulus plans mainly focussed on infrastructure. In turn, the World Bank has recently approved US$4.3bn for India’s Economic Stimulus, with a vast portion of it going to infrastructure. The Bank has also approved US$1.2bn for the India Infrastructure Finance Company Ltd to support its role in catalysing private financing for PPPs including roads, ports, airports, railways and the power sector.
### 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>-17.9 -30.4 -28.3 -12.0 Dec(1)</td>
<td>-5.1 -7.0 -15.3 -14.1 Q4</td>
<td>-3.8 -15.8 -13.3 -3.1 Dec</td>
</tr>
<tr>
<td>Canada</td>
<td>3.9 3.0 -4.8 Nov 3.1 0.7 -6.3 Q3</td>
<td>7.4 2.9 -3.0 -0.4 Dec</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>1.7 0.7 -6.5 -6.3 Jan 4.8 -0.2 -5.9 -5.9 Q4</td>
<td>6.6 1.2 -7.1 -4.4 Q4</td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>6.3 -0.4 -11.4 -7.9 Q4 0.1 -3.4 -7.9 -6.3 Q4</td>
<td>5.3 2.7 -3.8 -4.1 H2 09</td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td>-3.7 -15.8 -12.0 -5.3 Dec 3.2 -5.1 -10.5 -10.2 Q4</td>
<td>5.8 0.7 -7.4 -6.3 Q4</td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>2.3 -1.9 -7.8 Nov 3.4 1.3 -3.8 Q3(2)</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td>14.3 7.8 -14.2 Q3 -5.3 -19.1 -19.4 Q3</td>
<td>3.8 2.6 -0.7 Q3(3)</td>
<td></td>
</tr>
<tr>
<td>Bulgaria</td>
<td>27.5 -3.2 -15.1 -31.5 Dec 21.7 20.4 -24.9 -28.9 Q4(4)</td>
<td>28.9 24.9 -21.4 -26.3 Q4</td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>–</td>
<td>5.8 -7.0 -18.0 Q3</td>
<td>–</td>
</tr>
<tr>
<td>Morocco</td>
<td>–</td>
<td>10.3 9.4 -0.1 Q3(2)</td>
<td>–</td>
</tr>
<tr>
<td>Egypt</td>
<td>–</td>
<td>16.2 11.9 13.8 Q3(2)</td>
<td>–</td>
</tr>
<tr>
<td>China</td>
<td>–</td>
<td>23.8 3.0 45.5 57.6 Dec(5)</td>
<td>7.6 6.5 2.4 9.5 Jan(6)</td>
</tr>
<tr>
<td>Thailand</td>
<td>–</td>
<td>2.6 -4.2 0.5 5.7 Q4</td>
<td>-4.3 -13.9 -9.2 -13.9 Q4</td>
</tr>
<tr>
<td>India</td>
<td>–</td>
<td>11.5 7.2 7.3 8.7 Q4(2)</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; (6) 70 major cities
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
Sources: OECD, Canada’s Statistics Agency, CMHC, Bank of Canada
Sources: OECD, Ministere de l’Equipement, INSEE, European Commission, Banque de France, Eurostat
Construction Investment

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

Construction Investment by Type

- Residential
- Other construction

Construction Production Index

Building Material and Cement Production Index

Construction Confidence Indicator

- % balance, sa

Home Mortgage Rates

- Adjustable
- Fixed

Sources: ISTAT, European Commission, Banca d’Italia, ISAE, Eurostat
SPAIN

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

Construction Production Index and Confidence Indicator (sa)

Construction Activity: Demand Prospects (% balance)

Permits Issued for Residential Buildings ('000, sa)

Permits Issued for Non Residential Buildings (mn m3, 3m ma)

Sources: European Commission, Belgostat

GREECE

Construction Production Index (w da)

Construction Confidence Indicator (% balance, sa)

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GREECE (cont.)

Image 1: Urban Areas Nominal Housing Prices (yoy % ch)

Image 2: Construction Activity (12m ma, '000)

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

BULGARIA

Image 3: Construction Production Index (yoy % ch, sa)

Image 4: Construction Confidence Indicator (% balance, sa)

Image 5: Building Permits ('000, 3Q ma)

Image 6: Nominal Housing Price (yoy % ch)

Sources: Eurostat, European Commission, National Institute of Statistics
TURKEY

![Construction Investment](chart1)

**Construction Investment**
- Level (TRY mn at 1998 prices, ar)
- Yoy % ch (rhs)

![Total Buildings Works Completed](chart2)

**Total Buildings Works Completed** (mn m², 3m ma)

Sources: OECD, SIS (State Institute of Statistics)

MOROCCO

![Construction Employment](chart3)

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

![Total Buildings Permits Issued](chart4)

**Total Buildings Permits Issued** (mn m², 3m ma)

![Real Construction Value Added](chart5)

**Real Construction Value Added** (sa)

Source: Haut-Commissariat au Plan

![Cement, Lime and Gypsum Production Index](chart6)

**Cement, Lime and Gypsum Production Index**

Source: Haut-Commissariat au Plan

(1998=100)
EGYPT

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

CHINA

Nominal Construction Investment in Fixed Assets (yoy % ch)

Real Estate Climate Index

Buildings Activity (12m ma, yoy % ch)

Nominal Housing Price (yoy % ch)

Sources: OECD, National Bureau of Statistics, Ehomeday
Construction Investment

(sa)

Construction Investment by Type

(THBbn at 1988 prices, saar)

Construction Sentiment Index

(hint: over 50 = expansion)

Construction Materials Production Index

CMFI (2000=100)

Construction Areas Permitted

(mn m2, 3m ma)

Housing Starts in Bangkok and Vicinity

(‘000, 3m ma)

Personal Housing Credit

Level (THBbn)

Nominal Housing Price (yoy % ch)

Source: Bank of Thailand

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