Construction Profile in ITC Group Countries

N. 3 – October 24th 2012

Highlights
Country Focus
Main Construction Indicators

Countries:
United States
Canada
France
Italy
Spain
Belgium
Greece
Bulgaria
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>
</tr>
</tbody>
</table>

Based on all information up to October, 24th 2012
Available in i.like
World economic activity has weakened considerably in the last few months. All major areas have decelerated with Europe – particularly its Southern countries – at the roots of the new setback. These disappointing developments are also impacting negatively on construction thus further postponing any expected rebound. As a matter of fact, not only construction production has remained on a downtrend but also confidence and permits for housing construction have been heading down to new lows at the overall euro area level. In short, after having declined by roughly 20% in the last five years the construction recession in the euro zone is softening but does not appear close to bottoming out yet. Having suffered the worst (longest and deepest) recession in the past World War II era, construction is instead recovering in the US (for further details see below), although at a moderate and still fairly hesitant pace, which implies that given current trends it will take six/seven years to recover previous peaks.

Construction in the emerging areas keeps performing well on balance, particularly so in the Group Asian countries; also in North Africa construction activity continues to expand at a robust pace, although its main driver in the region – the residential sector – shows early signs of weakening in Morocco.

In the US, the lack of credit for home buyers and builders, weak job growth and policy uncertainty continue to be the main threats for housing. Also signals coming from sectoral indicators are mixed. On the one hand, new-home sales disappointed somewhat in September, while existing-home sales gave back some of the gains made in August. Following a house price rally in Q2 12, the foreclosure processing is set to accelerate again, thus adding renewed downward price pressure in the next few months. On the other hand, months’ supply of new homes fell to 4.5 months, the lowest reading since 2005, housing starts moved to a four-year high in September, while home builders’ confidence continued to improve in October. In the early part of 2012, private non residential construction was still getting a boost from spending on manufacturing and power and utility structures; however, that impetus seems to have subsided, given slowing growth in emerging markets and the recession in Europe, which is weighing manufacturing exports. Public works remain subdued. Although tax revenues have stabilized and are even increasing in most state governments, large coming obligations such as pension liabilities will keep public construction spending weak for some time ahead.

In Greece, private construction continues its protracted slump and the outlook for the next few months is still extremely worrying. Unemployment keeps hitting record highs, while lack of credit, plummeting demand and significant concerns regarding the overall economic outlook are also taking their toll on construction activity. In addition, fiscal policy will be tighter over the coming quarters (the government unveiled its draft budget bill for 2013, which includes a mixture of spending cuts and savings worth €7.8bn, mainly focusing on the reduction of public spending), so that public works are set to contract strongly over the rest of the year.

In Thailand, the recovery from the severe 2011 flooding and the subsequent policy stimulus sparked a rebound in GDP growth in H1 12. Construction expanded by 3.9% yoy in January–June, reflecting a restart of projects suspended during the floods and repair works on damaged houses and structures. Private non residential activity also increased in H1 as firms replaced plants and invested in flood-control infrastructures. As for public works, the government unveiled plans to spend almost US$11.6bn by June 2013 on water-management schemes to prevent a repeat of last year disaster.
### 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 -3.2 -2.7 17.4 Aug(1)</td>
<td>-17.1 -8.1 -2.5 5.9 Q2</td>
<td>-13.3 1.2 -3.9 1.2 Jul</td>
</tr>
<tr>
<td>Canada</td>
<td>-9.0  7.8  4.1 3.5 Jul</td>
<td>-10.9 9.2 4.7 4.9 Q2</td>
<td>-3.0 3.4 2.4 2.6 Aug</td>
</tr>
<tr>
<td>France</td>
<td>-5.1 -5.1 2.2 -1.2 Aug</td>
<td>-7.7 -3.5 2.0 1.5 Q2</td>
<td>-7.1 5.1 5.9 -0.1 Q2</td>
</tr>
<tr>
<td>Italy</td>
<td>-11.9 -3.5 -2.4 -10.2 Aug</td>
<td>-8.8 -4.9 -2.1 -6.3 Q2</td>
<td>-0.4 0.1 0.7 0.5 H2 11</td>
</tr>
<tr>
<td>Spain</td>
<td>-11.9 -20.0 -20.6 -9.5 Aug</td>
<td>-16.6 -9.8 -8.9 -11.5 Q2</td>
<td>-6.7 -2.0 -7.4 -14.4 Q2</td>
</tr>
<tr>
<td>Belgium</td>
<td>-3.8 -1.8 5.7 1.9 Jul</td>
<td>-1.9 0.5 4.8 1.2 Q2(2)</td>
<td>-0.3 5.4 3.1 2.7 Q2</td>
</tr>
<tr>
<td>Greece</td>
<td>-17.5 -29.2 -28.7 -28.6 Q2</td>
<td>-10.0 -12.2 -21.4 -17.7 Q2(6)</td>
<td>-3.7 -4.7 -5.4 -10.2 Q2</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>-13.9 -14.3 -13.1 0.4 Aug</td>
<td>-17.6 -18.3 -9.7 -2.1 Q2(3)</td>
<td>-21.4 -10.1 -6.1 -2.2 Q3</td>
</tr>
<tr>
<td>Morocco</td>
<td>-</td>
<td>3.4 2.6 4.9 3.5 Q2(2)</td>
<td>- - - 1.6 Q2</td>
</tr>
<tr>
<td>Egypt</td>
<td>-</td>
<td>14.2 12.9 -2.9 7.0 Q2(2)</td>
<td>-</td>
</tr>
<tr>
<td>China</td>
<td>-</td>
<td>38.7 27.4 29.3 23.6 Aug(4)</td>
<td>2.9 6.5 1.3 -0.5 Sep(5)</td>
</tr>
<tr>
<td>Thailand</td>
<td>-</td>
<td>0.6 6.6 -5.3 6.8 Q2(6)</td>
<td>4.4 1.0 3.1 2.3 Aug</td>
</tr>
<tr>
<td>India</td>
<td>-</td>
<td>5.7 7.9 6.3 10.9 Q2(2)</td>
<td>-</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
Sources: BEA, Eurostat, US Census, OECD
UNITED STATES


N. 3 – October, 24th 2012
ITALCEMENTI GROUP-E&S Studies – Construction Profile  page 5
Sources: OECD, Canada’s Statistics Agency, CMHC, Bank of Canada
Sources: OECD, Ministere de l’Equipement, CGEDD, INSEE, European Commission, Banque de France, Eurostat
Sources: ISTAT, European Commission, Banca d'Italia, Eurostat, Agenzia del Territorio
Regional Home Sales (‘000, 4Q ma)

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: Andalucía (yoy % ch)

Nominal Housing Prices: País Vasco (yoy % ch)

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

Sources: European Commission, Belgostat
BULGARIA

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)

Sources: Haut-Commissariat au Plan, ANCFCC

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

Houses Sold (yoy % ch)

Nominal Housing Prices (yoy % ch)

EGYPT

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

Source: Ministry of Finance

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

N. 3 – October, 24th 2012
CHINA

Sources: OECD, National Bureau of Statistics, Ehomesday

Nominal Construction Investment (yoy % ch)

Real Estate Climate Index

Business tendency surveys (% balance, 4Q ma)

Buildings Production (mln m², 12m ma, yoy % ch)

Nominal Housing Prices (yoy % ch)

Housing Sales Price: New Buildings (yoy % ch)
Source: Bank of Thailand
Sources: OECD, Office of Economic Advisor, National Housing Bank