



- + Forecast GDP Growth
- + Forecast Inflation Rate
- + Forecast Unemployment Rate

USA 1.6% 2.8% 9.0%

CAN 2.3% 2.8% 7.2%

BRA 3.3% 6.4% 6.1%

GBR 0.6% 3.9% 8.2%

GER 2.2% 2.4% 6.8%

FRA 1.2% 2.1% 9.7%

RUS 4.5% 8.1% 6.5%

JPN 0.3% 0.2% 4.2%

CHN 8.8% 5.5% 6.3%

IND 7.5% 8.2% 10.7%

Global Construction is expected to see better times as we move into the 1st half of 2012.

The # 1 challenge is the "Euro problem" and how it will be resolved. The USA seems well placed to reduce its dependence on imported oil in the next five years - the good news regarding gas and oil discoveries in the Marcellus, Barnett and Utica shale gas regions. This should improve construction opportunities in 2012.

Things we will see in the first half of 2012:

USA

The GDP growth in the USA will be in the 1.4% range, not a good sign for the overall construction sector. Construction permits and starts jumped 10% in the 4th Quarter of 2011. A significant improvement over the previous twelve months. The US construction market is showing some signs of life as we move into 2012. Power, Oil and Gas projects are leading the way. Look for Commercial, Heavy / Civil and Residential construction to stay in the slow lane in the 1st and 2nd Q of 2012. The USA unemployment rate for construction workers is still very high, getting marginally better however than a year ago; it is forecast to be 13.2% as we move into the 1st Q 2012.

Europe

The Euro area will see at best only 1.2% GDP growth in 2012. The European Union said on 12/09/2011 that 26 of its 27 member countries are open to modifying a new treaty binding their finances together to solve the current Euro crisis. Only Britain was opposed, creating a deep rift in the union. The failure to get agreement among all the members of the European Union at a summit meeting in Brussels is a major setback - one that will seriously impact future construction activity in Europe. 2012 looks to be a year of slow to no growth in Euro land. Some big projects in the pipe line are the \$4 billion decommissioning of the nuclear power plant in Dounreay, Scotland which will take 20 years to complete.

Asia

China will continue to see significant growth 2012, the current forecast is 9% GDP (this assumes that the Euro crisis is resolved and the Chinese housing bust is minimal). Chinese and Indian Engineering and Construction worker wage rates are forecast to climb between 5.5% and 8.8% in 2012. Look for these increases to also continue in 2013. Tokyo Electric Power Co (TEPCO) has chosen to terminate construction of the # 1 nuclear reactor located in the town of Higashidōri in eastern Aomori Prefecture, on the Shimokita Peninsula, this is a direct result of the accident experienced in 2011. India will continue to see significant growth 2012; the current forecast is 7.5% GDP.

Africa

Nigeria drives to become the world's leading producer and exporter of LNG in the next five years, aiming to overtake the leading spot that Qatar currently enjoys. Nigeria has suffered major outages on its pipeline system in the last couple of years, it plans to spend more than \$5 billion in the next five years to mitigate and repair damaged facilities. South Africa has a number of significant power and oil related projects in the drawing boards as we transition into 2012.

Russia

Social unrest once unheard of in Russia is taking place after recent elections. Experts think this is a temporary situation. Look for more oil and gas projects to be announced in 2012. Russian gas giant OJSC / Gazprom will commence EPC work on the huge LNG plant in Nikolayev in 2012.

South America

Gas and LNG prospects proliferate in Latin America Venezuela, Columbia, Peru, and Argentina and of course Brazil - all have some huge projects that will commence in 2012. Brazil's construction market is booming and will continue to be an extremely busy country. The World Cup and the Olympics will continue to fuel this activity.

Middle East

Oil crude prices are bouncing around the \$100 a barrel mark, this is great news for Middle East countries such as Saudi Arabia, Kuwait, Iran and Qatar. We will continue to see a high level of construction activity in 2012.

Australia

The Australian Mining, Oil and Gas sector continues to be a hot market as we move into 2012, the rest of the construction industry is performing reasonably well compared to two year back..

Forecast Cost per barrel of crude oil	\$90 - \$97
Forecast Euro / US \$ Exchange Rate	\$1.25 - \$1.32
Forecast Copper - cost per pound	\$3.30 - \$3.85
US Construction Material Inflation (Basket of 10 construction materials)	2.2% - 2.9%

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