

## Sector View

## Construction &amp; Materials

## Gradual improvement of French housing starts continues

	1 M	3 M	6 M	31/12/15
Cons & Mat	1.5%	7.0%	-2.2%	1.7%
DJ Stoxx 600	2.5%	4.9%	-9.2%	-4.3%

\*Stoxx Sector Indices

## Companies covered

CRH	BUY	EUR30
EIFFAGE	BUY	EUR73
HEIDELBERGCEMENT	BUY	EUR86
LAFARGEHOLCIM	BUY	CHF50
SAINT GOBAIN	BUY	EUR46
VICAT	NEUTRAL	EUR56
VINCI	BUY	EUR72

**The gradual recovery of the French new res. market continues in April. Housing permits are very strong, with a 9% y/y YTD. Housing starts are less buoyant with a 3% YTD performance, but 12-month trends are very steady anyhow: 7.4% (permits) and 3.8% (starts). Positive for SGO, FGR and DG.**

French authorities (Ministère de l'Environnement) have provided yesterday details of the French residential (and non-residential) market. At end April, residential permits increase by 7.4% (12M), 10% (3M) and 9%e YTD (our calculations) and residential starts by 3.8%, 1.7% and 2.8%e, respectively. Various figures are provided by the media, as the government report a lot of data. Our figures are exclusively based on y/y changes, based on data extracted by the government website.

## ANALYSIS

- Recovery of the French residential market is gradually confirmed. Housing permits & starts changes are in the positive territory since end 2015 on a rolling 12-month basis. Of course, comparison basis are easy, but it shows a real progress anyway. One year ago, the permits and starts were down 4.4% on a 12-month basis at end April 2015.
- Non-residential market recovery is more tepid, with a -1.9% (12-month basis) decline of the building site starts (based on sqm) but permits are strong though, with a 7.5% (12m) increase.
- All in all, lead indicators for the French new residential market, as provided by the French authorities (figures are estimations actually, based on collected data), are fine. This is positive for Saint-Gobain (6% of sales exposed to new res), Eiffage (10%e) and in a lesser extend Vinci (4%e).

## NEXT CATALYSTS

- On 28th June 2016, French authorities will provide data on the French market at end May.

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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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