

QUARTERLY ECONOMIC BULLETIN

MACRO ECONOMY

In the first quarter of 2024, the activity levels in major advanced economies started to show converging paths, after several quarters of divergence between the U.S. and European economies. The U.S. economy slowed down to show only 0.4% growth in GDP in the first quarter of 2024, after growing by 0.8% in the last quarter of 2023.

This was partly explained by reduced levels of activity in the extractive sector (mining, oil and gas) due to unfavorable weather conditions. In contrast, the United Kingdom (0.7%) and the eurozone (0.3%) returned to growth in the first quarter of the year, after several quarters of declining or stagnant activity. Some convergence also appeared within the eurozone. Spain continued its strong recovery in the first quarter with 0.8% growth, while the German economy grew by 0.2% in Q1, after a sharp fall in activity at the end of 2023 (-0.5%). Economic activity continued to show modest growth in France and Italy (0.2% and 0.3% in Q1), following 0.3% and 0.1% growth in the last quarter of 2023. Finally, Global trade showed modest growth of 0.4% during the first quarter of the year.

However, this convergence in activity levels between the U.S. and European economies masked significant differences in domestic demand and export trade activity. In the U.S., private consumption remained strong in the first quarter, growing by 0.4%, driven by substantial wage growth, whereas household consumption in the eurozone only showed slight growth of 0.2%. Investment within the construction sector rebounded on both sides of the Atlantic,

but overall domestic demand was strong within the U.S., but stagnant in the eurozone. Export trade in the U.S. held back economic growth but helped to boost European activity levels. Inflation levels within the eurozone have been steadily decreasing, while U.S. inflation has stabilized after ending its declining trend over a year ago.

Looking ahead, a gradual improvement in purchasing power is expected to support growth in Europe, with business climate surveys indicating a gradual recovery in the eurozone. The U.S. economy is expected to grow slightly faster than Europe due to higher growth potential and favorable fiscal stimulus. The UK economy is expected to show growth, driven by household consumption, while the eurozone should maintain its pace as European households benefit from lower inflation increasing their consumption levels. Global trade is expected to show increased levels of growth in the second quarter, supported by increased levels in advanced economies, particularly in Europe.

For 2024 as a whole, disparities in growth levels are expected to persist within the major economies. The U.S. is expected to grow by 2.5%, while the UK is expected to achieve 1.0% growth, following 0.1% last year. Alongside this, the eurozone will be at 0.7% growth this year, following 0.6% last year. The eurozone's accelerating growth will be a significant feature throughout the year, reaching 1.1% year-on-year by the end of 2024, compared with 2.0% in the U.S. In China, growth in 2024 is projected to match 2023 levels at 5.2% but will still be below pre-pandemic levels.

	Gross Domestic Product growth in %				Gross Investment in equipment in %			
	2022	2023	2024	2025	2022	2023	2024	2025
Germany	+1.8%	-0.3%	+0.1%	+1.0%	+4.0%	+3.0%	-1.7%	+1.6%
France	+2.5%	+0.7%	+0.7%	+1.3%	+3.2%	+4.2%	+1.2%	+1.2%
UK	+4.3%	+0.1%	+0.5%	+1.4%	+15.5%	+10.7%	-4.0%	+0.6%
Spain	+5.8%	+2.5%	+2.1%	+1.9%	+1.9%	-1.6%	+2.0%	+4.0%
Italy	+4.0%	+0.9%	+0.9%	+1.1%	+6.9%	+6.4%	+5.3%	+8.1%
EU	+3.5%	+0.4%	+1.0%	+1.6%	+4.6%	+4.2%	+0.8%	+3.3%

Source: European Commission (investment in equipment) - May 2024

Executive Summary

CONSTRUCTION INDUSTRY

At the beginning of the year, output in the infrastructure sector continued on an upward trend, while housing and specialized activities seem to have rebounded, despite sentiment remaining subdued.

EQUIPMENT MARKET

The downturn in the European construction equipment market continued in the second quarter of 2024 with sales falling by 21%. As a result, six months into the year, the market is down by 23%.

OUTLOOK

After a very difficult first six months in 2024, it is not clear how sales of European construction equipment will develop in the second half. Rates of decline are expected to become smaller (or at least not become more severe), as the industry compares itself with the second half of 2023, that had already seen lower rates of decline.

GLOBAL MINING INDUSTRY

After reaching peak levels in 2022, drilling activity in the global mining market was on a downward trend last year. However, in the first quarter of 2024, drilling activity picked up, while not matching the levels reached in the early months of 2023.

SNAPSHOT - INSIGHT INTO THE FUTURE OF THE EUROPEAN RESIDENTIAL SECTOR

Delve into the future of the construction sector with Josep Fontana from the Institute of Construction Technology of Catalonia (ITeC). Discover ITeC's impact on sustainability, technology, energy-efficient homes, new regulation and more.



CONSTRUCTION INDUSTRY

THE CONSTRUCTION SECTOR IS ON A DOWNWARD TREND

At the beginning of the year, output in the infrastructure sector continued on an upward trend, while housing and specialized activities seem to have rebounded, despite sentiment remaining subdued. Across the EU, housing transactions and new building permits reached the lowest levels seen during the last decade but building permits have started to recover recently. Tight credit control and low demand are expected to continue holding back housing transactions and building activity for a few more quarters. However, after this, some recovery in demand is expected amid positive prospects for growth in income and lower interest rates.

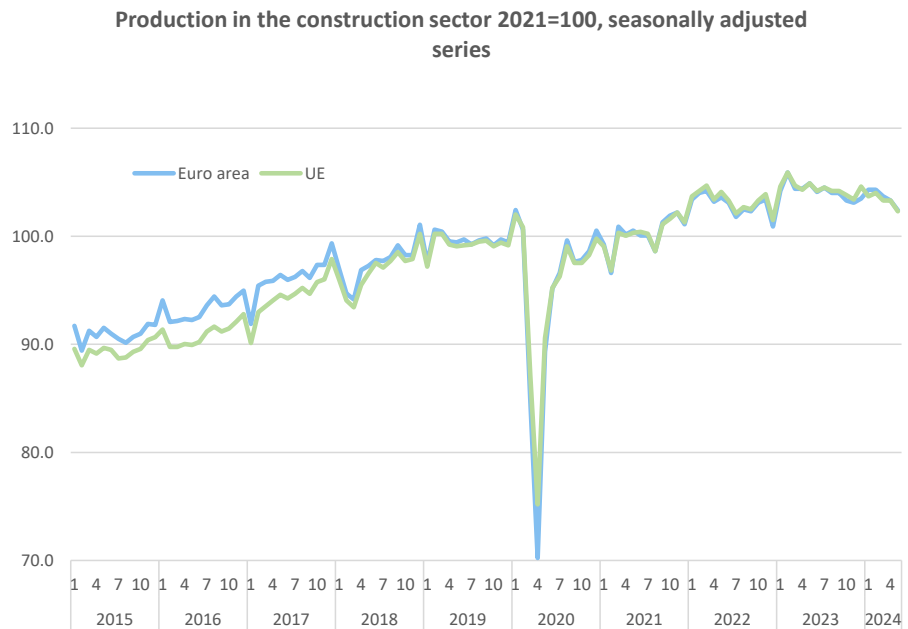
Throughout most of 2023, construction activity was fairly stagnant. There was an overall decline in investment in the construction sector, particularly in housing. Building activity was limited by weak demand for residential housing but was supported by infrastructure work, backed by the Recovery and Resilience Facility (RRF).

In 2024, investment in non-residential construction is expected to remain resilient in EU countries, largely reflecting government infrastructure spending with support from the RRF scheme.

Continued implementation of reforms and investments under the RRF is set to support public infrastructure and developments that facilitate green and digital transitions.

High financing costs have held back investment levels overall and will probably continue to limit corporate investment and residential construction. However, as monetary policy eases, the conditions for a gradual expansion of investment activity remain intact and are further supported by significant reductions in household and corporate debt in earlier quarters.

Households are continuing to focus on savings due to a range of economic uncertainties that are persisting. However, a reduction in saving activity and an increase in house prices could stimulate growth in spending and may also support a rebound in investment in residential



construction. Investment in housing is expected to continue declining this year and in 2025, due to falling house prices and a large inventory of new housing. Alongside this, tight credit conditions also continue to dampen demand.

However, there are significant regional variations within the sector. Residential investment is holding up in southern and central eastern Europe, but is falling in Italy, France, Germany and especially the Nordic countries. In 2025, investment is expected to grow at varying rates in all Member States, except in Italy, where further reductions are expected.

At present, the construction sector in Europe remains on a downward trend.

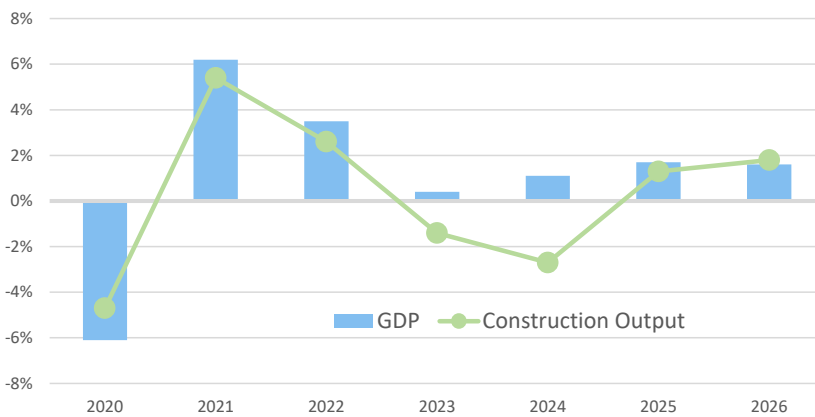
The latest statistics published by Eurostat show that in May 2024 compared with May 2023, construction output decreased by 2.4% in the euro area and by 2.5% in the EU.

In the EU, construction output declined by 4.8% for building construction activity, by 0.8% in the civil engineering sector, and also fell by 1.9% for specialised construction activities.

Amongst Member States where data is available, the largest annual decreases in construction output were recorded in Sweden (-7.5%), Slovenia (-7.4%) and Germany (-7.0%). In contrast, growth in output was seen in Hungary (+7.3%), Bulgaria (+4.4%) and Denmark (+1.1%).



GDP and Construction Output in Europe
Year to year change, % in real terms



A MODERATE DECLINE IS EXPECTED IN THE EUROPEAN CONSTRUCTION SECTOR IN 2024

Construction output is expected to be on a downward trend in Europe in 2024 and show an overall decline of 2.7%. This is largely due to the difficult conditions in the residential sector in a number of countries. However, a turning point is expected in 2025, with a positive trend continuing in 2026. As highlighted above, a number of factors will continue to hold back activity in the building construction sector, including high interest rates, high inflation levels and high building costs.

In contrast, civil engineering is expected to see strong growth in 2024. This will be driven by a range of investment activities, but in particular, supported by government investment. The situation within the construction sector across European countries shows significant variations..

During 2024, house building activity in Belgium is continuing to be held back by high financing costs. In contrast, adjustment to the energy transition and the implementation of the Recovery and Resilience Plan are set to support investment activity. Public investment is also expected to increase in the run-up to the elections in 2024.

After declining for many months, the German construction sector is showing no signs of recovery, despite pledges of support and investment from the government. The underlying causes of declining activity, such as high interest rates, are unlikely to abate in the near future. As a result, government support may not be enough to reverse this trend.

In Austria, the continuation of high interest rates is impacting on the construction sector, particularly on the building of single-family homes. The weakness of Austria’s main trading partners, the continuation of high energy costs and increasing labour costs are all limiting industrial output. This is reflected in low levels of exports.

However, towards the end of 2024 and into 2025, the issues limiting investment and exports are expected to reduce. This includes lower interest rates and energy prices and some improvement in external demand. The recently adopted construction package is expected to support stabilisation of the construction sector within the country.

In Sweden, house building activity is expected to stabilise towards the end of the forecast period. Alongside this, non-residential construction is set to remain resilient, partly due to defence spending.

In Spain, investment activity has been subdued, particularly in the second half of 2023 in the house building sector. This reflects the impact of high interest rates and general uncertainty limiting investment activity. However, the Spanish construction sector is expected to show 1% growth in 2024, supported by public

and private sector investment in transport, renewable energy, housing, and the industrial sectors, along with financial support from the European Union (EU) under the Recovery and Resilience Facility (RRF).

In France, public works activity increased by 1.7% in May 2024 month-on-month and by 7.5% year-on-year. Despite adverse weather conditions in some regions, demand has remained strong and growth in activity has increased to 1.9% (in euros) cumulatively since January 2024 compared with 2023. In contrast, the situation in the building sector remains poor. In the first quarter of 2024, building activity fell by 4.6% year-on-year. In particular, new building activity dropped by 13.2%, dragged down by the residential sector (-20.0%), while the non-residential sector helped to limit the decline (-2.8%).

In contrast, repair and maintenance activity showed a 1.7% increase. Overall, construction output in France is expected to decline by 5.5% this year.

The Italian construction sector is expected to show a decline of 8.3% in 2024, reflecting the downturn in the residential sector. This is due to a decline in the number of house building permits being approved, coupled with the government’s decision to cut tax restrictions on the Superbonus initiative.

The UK construction sector is proving to be resilient in the face of significant economic and geopolitical headwinds. The latest forecasts anticipate a small decline in output in 2024 (-2.9%), followed by a return to growth in 2025 (+2.0%). This encouraging forecast is largely attributed to an anticipated upturn in the UK economy, which should support increased consumer and business confidence.

The latest update on new building project starts is also showing some growth. With an overall improvement in the economy, higher household spending and improved market stability should stimulate activity across a range of sectors within the industry.

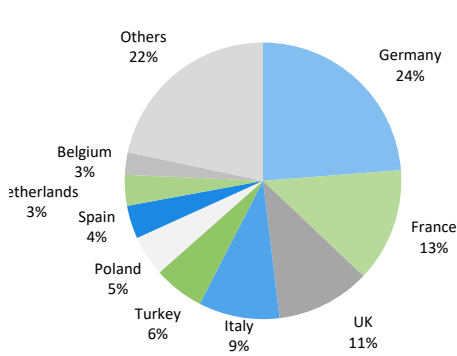
Total Construction Output
% change in real terms

	2020	2021	2022	2023	2024	2025	2026
France	-12.2%	+6.5%	+2.8%	-3.1%	-3.5%	-1.2%	+0.7%
Germany	+2.3%	-0.5%	-1.8%	-2.4%	-3.0%	-0.9%	-0.2%
Italy	-4.6%	+18.0%	+12.0%	+2.1%	-8.3%	+0.5%	+1.2%
Spain	-9.3%	+6.7%	+3.3%	+2.4%	+1.0%	+1.5%	+1.8%
UK	-14.2%	+11.7%	+6.5%	+1.5%	-0.6%	+4.1%	+2.5%



EQUIPMENT MARKET

The downturn in the European construction equipment market continued in the second quarter of 2024 with sales falling by 21%. As a result, six months into the year, the market is down by 23%. As the year progresses, it is becoming more and more apparent that the overall outcome for sales this year will be worse than the “soft landing” that was originally anticipated for the European market.



Shares of construction equipment sales in European countries, 1st half of in Q1 2024

Declines in sales above 20% for the earthmoving and road equipment sectors are bigger than the falls expected at the beginning of the year. As the building construction industry continues to be the worst affected of all the end-using segments for construction equipment, it is not surprising to see significant declines in sales of tower cranes in a very difficult market environment.

In contrast, concrete machinery has seen a relatively stable market.

All European market regions have seen sales decline in the second quarter. These declines have been more moderate in Southern Europe, CEE markets, and in Turkey, while Northern and Western European markets have all seen substantial falls in sales of around 20% or more.

EARTHMOVING EQUIPMENT

Sales of earthmoving equipment in the European market went down by 21% in the second quarter of 2024. This rate of decline was very similar to Q1, and as a result, sales in the first six months of the year are down by 22% compared with the first half of 2023. Heavy equipment (-18%) performed a little

better than mini and compact equipment (-23%) in Q2.

In the compact segment, skid-steer loaders were the only product that did not see a decline, with sales reaching the same level as last year in Q2. Sales of backhoe loaders saw a moderate fall of 12% in the second quarter. Unusually strong sales on the Polish market were the surprising reason that backhoe loaders outperformed sales in the overall earthmoving segment. All of the other compact equipment products recorded significant declines in Q2. Sales of compact wheel loaders went down by 23%, mini excavators saw a 26% decline, and tele wheeled loaders faced a 29% downturn.

Heavy equipment products showed a mixed range of sales performances. The low-volume products, motor graders (+7%) and dozers (+2%) saw modest growth.

Rigid dumpers (-11%) and wheeled loaders (-12%) saw moderate declines. Crawler excavators are the highest volume product in the heavy segment and a 24% decline in sales had a significant impact on overall sales for this segment. ADT sales also had a negative impact, with sales falling by 28% in Q2.

From a regional perspective, the top three markets saw a similar pattern for sales as Q1. Germany saw a 25% decline, the UK market went down by 26%, and the French market declined by 27%. As a result, the Italian earthmoving market almost caught up with France, because sales only declined by 14% in Italy. Turkey, which is ranked fifth in Europe, also saw a downturn in sales, with a 14% decline in Q2.

The Nordic markets saw the biggest decline in earthmoving equipment sales in Q2, where sales turned down by 30%. Benelux markets also saw a significant decline at 29%.

More moderate declines were seen in Austria and Switzerland, where sales fell by 15%. CEE

(-12%) and the Balkan markets (-5%) saw more modest declines in the second quarter.

Overall, the market is coming to terms with the fact that the market decline in 2024 is much more significant than the soft landing that was anticipated, both in the compact and heavy segments.

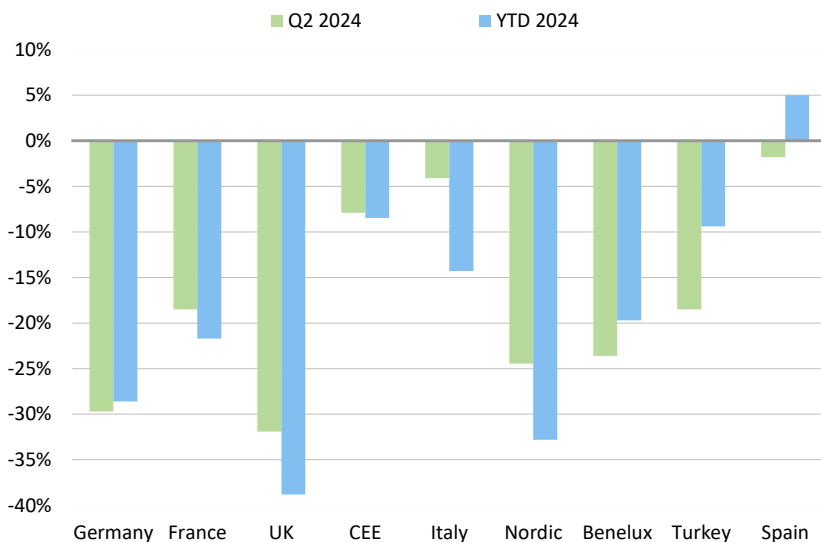
Even if lower rates of decline follow in the second half of the year, this does not mean that the downturn in sales is over. In fact, earthmoving equipment manufacturers are currently the least optimistic across the equipment sectors. In the CECE Business Barometer survey in July, only 6% of the manufacturers surveyed expected business to improve in the coming six months. Furthermore, 51% anticipated further deterioration, with 32% assuming a continuation of double-digit declines.

ROAD EQUIPMENT

Similar to the earthmoving equipment sector, the European road machinery market has been experiencing a substantial downturn. In the second quarter, sales fell by 21% compared with the same period in 2023. As a result, sales in the European market are 23% below last years' levels in the first half of the year.

Heavy road machinery had seen lower declines than light compaction equipment in Q1, but this trend was reversed in Q2. Light equipment sales went down by 21% (year-to-date -24%) while heavy equipment sales fell by 23% (year-to-date -17%). In the light segment, sales of vibratory tampers saw a 24% sales decline and vibratory plates sales fell by 19%.

In contrast, Pedestrian rollers, saw a surprising increase in sales of 12%. Pedestrian rollers are a low volume product and are often affected by the investment activities of rental compa-



Construction equipment sales in major European markets compared to previous year in %

nies, and as a result, they often see different market trends.

In the heavy compaction equipment segment, the largest-volume product tandem rollers only saw a moderate fall in sales of 9% in Q2. The declines for single-drum rollers (-29%) and trench rollers (-53%) were a lot more significant. The other products saw less significant declines, with combi rollers down by 15%, PTRs recording a 9% fall, and refuse compactors only saw a minimal 4% decline in sales.

Across the geographical markets, the pattern of sales was mixed in the second quarter. The largest market Germany saw a substantial decline of 34%.

However, as highlighted previously, the market is coming down from record high levels that were not expected to be sustained for much longer. Sales in France only saw a minimal decline of 4% in Q2 (year-to-date -18%). The UK market dropped by 40% in the second quarter, the same rate as in Q1. In contrast, Poland was relatively stable with sales falling by only 2%, and almost reached the same absolute levels as the UK market.

Declines on the Nordic markets were not as severe as Q1, but sales still showed a fall of 21% in Q2. Benelux markets (-17%) and Austria/Switzerland (-10%) saw more moderate declines, all coming from high levels of sales. Against the overall trend, Southern Europe saw a 10% increase in sales, and Portugal, Spain, Italy, Greece, and Cyprus all saw increases in Q2 as well. The Turkish market could not sustain recent high levels of

sales and went down by 42%. Balkan markets recorded a modest increase in sales of 7% in Q2, while CEE markets saw a moderate decline of 7%.

It is not easy to forecast how road machinery sales will turn out in the second half of the year. The high share of light compaction equipment is on a clear downward path currently and suggests that sales will continue to decline in Q3 and Q4. Current industry sentiment largely confirms this assumption.

In the CECE Barometer survey in July, 37% of respondents anticipated further declines in sales in the second half of 2024 (with 22% indicating that these could be at double-digit

levels). Only 11% of companies anticipated a return to growth in the next six months.

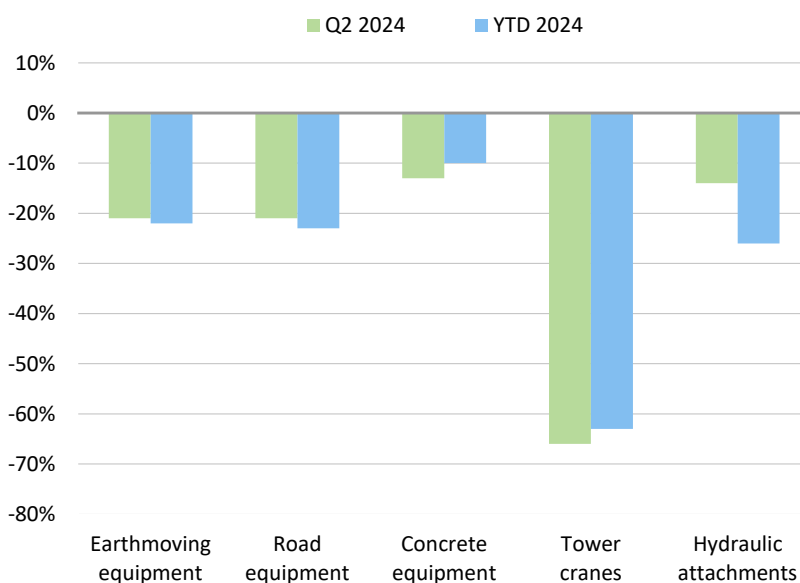
CONCRETE EQUIPMENT

For building construction machinery, there have been mixed performances in the first half of the year. The ongoing weakness in the house building sector suggest that building construction machinery sales will probably see a strong downturn.

While this is true for tower cranes (see comments in the section below), concrete equipment is still the best-performing equipment sector in Europe. Sales in the second quarter were 13% below last year's levels, and the year-to-date decline stands at 10% after six months.

The main reason for these relatively positive sales has been the unexpected growth in the Southern and Eastern European market regions. The Turkish market saw another 25% growth in sales in Q2, coming from already high levels (year-to-date +48%).

However, as highlighted in previous reports, it remains unclear as to whether equipment supplied to Turkey will be used there or will be shipped out to other markets. In Southern Europe, sales went up by 41% (year-to-date: +47%), due to strong sales in Italy and Spain. CEE markets showed a strong recovery in Q2 (+31%), after substantial declines in the



Product groups: construction Equipment sales in Europe compared to previous year in %



declined by 29% in Q2 (year-to-date -34%), while declines on the Benelux markets (-16%, year-to-date -20%) were more moderate.

Sales trends across the products were also mixed in Q2. Growth in sales was seen for stationary pumps by 31% (year-to-date +28%).

Alongside this, truck-mounted pumps saw sales in Europe grow by 7% (year-to-date +18%), and batching plants grew by 11% (year-to-date +32%). The products that saw declines were truck mixers (-21%, year-to-date -17%), mixer systems (-19%, year-to-date -24%), truck mixer pumps (-18%, year-to-date -25%), and light concrete vibration equipment (-10%, year-to-date -18%).

The better performance of sales of concrete machinery compared with other equipment sectors, which have seen bigger declines in sales, is mirrored by the latest industry sentiment. In the CECE Barometer survey in July, concrete equipment manufacturers were the least pessimistic group.

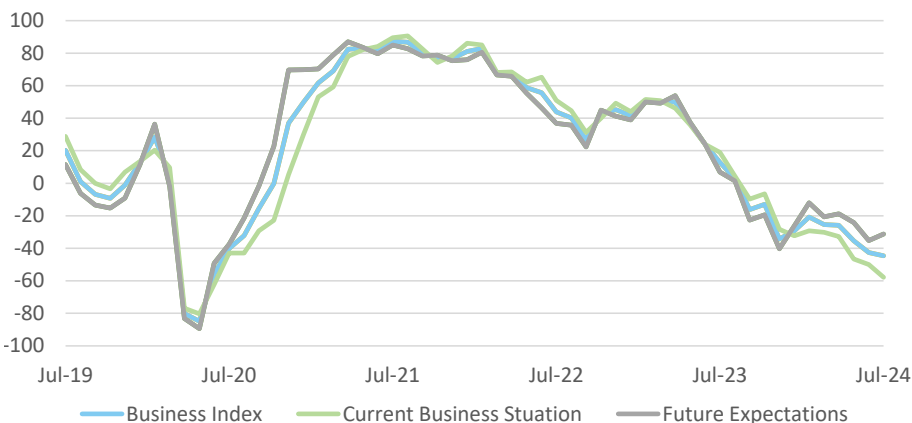
While 15% of the companies surveyed expected business to improve in the coming months, only 24% anticipated declines (half of them at double-digit levels). These results suggest that there won't be a dramatic collapse in market sales in the second half of the year.

TOWER CRANES

The significant decline in the European tower crane market that began in the second half of 2023 has continued into this year. In Q2, sales in Europe collapsed by 66%, which further dragged down the year-to-date comparison with 2023 to -63%. This is partly due to the impact of the Turkish market.

Last year's extraordinary sales in the Turkish market due to the reconstruction activity following the earthquake had inflated the total European market. As a result, this year's sales are significantly lower without the one-off benefit from the reconstruction activity.

However, after excluding Turkey from the sales figures, the downturn is still



European business climate index, CECE Business Barometer July 2024

significant. Q2 sales in Europe excluding Turkey were 44% below last year's volume. This is a minimal improvement on Q1 levels and year-to-date declines in sales are at 48%.

The largest market France saw a 41% decline in sales in Q2 (year-to-date -51%). Sales on the German market fell by 54% (year-to-date -68%), which resulted in Germany falling behind Italy in the country ranking, which ranks now in second place in Europe, despite a Q2 decline of 24% (year-to-date -21%).

Sales in the UK also went down significantly by 45% in Q2. The worst performing market regions remained as Northern Europe and Austria/Switzerland. In Q2 sales in Nordic countries were 63% below last year's levels, resulting in year-to-date sales at -68%. In Austria and Switzerland, sales in the second quarter declined by 65% (year-to-date -51%).

Benelux markets saw a similar performance, with Q2 sales declining by 50% (year-to-date -63%). Alongside this, CEE markets, which are low volume, also saw similar comparisons, with sales falling by 50% in Q2 (year-to-date -47%). Southern Europe was the only market experiencing more moderate declines in the second quarter, at -23% (year-to-date -20%).

While the significant downturn in sales seems to be slowing slightly, prospects for the second half of the year remain poor.

A sales decline similar to what was seen during the world economic crisis in 2009 is a realistic scenario for tower crane sales in Europe this year.

SUMMARY AND OUTLOOK

After a very difficult first six months in 2024, it is not clear how sales of European construction equipment will develop in the second half of the year. Rates of decline are expected to become smaller (or at least not become more severe), as the industry compares itself with the second half of 2023, that had already seen lower rates of decline.

However, there are limited reasons for optimism overall. Order intake levels within the industry remain weak, which makes further declines in sales inevitable. Because sales responses to changing demand are much more short-term than they have been in earlier years, it may be that the order situation could still improve this year.

However, as long as dealers' inventories remain high, a pick-up in demand will not result in a quick increase in production of machines.

Apart from a short upturn in January and February 2024, the CECE Business Barometer climate index has declined continuously in recent months and reached a new low point in July 2024.

Apart from the impact of the pandemic, the climate index has never been at lower levels since the world financial and economic crisis in 2009.

CECE members are currently assessing all European market regions' short-term prospects as negative. Interestingly, Spain and Portugal, the UK and Ireland as well



as Italy are the regions that are regarded least negatively. For Southern Europe, this corresponds with the moderate sales development that the market is seeing. For the UK, improved business expectations still need to materialize in the second half of the year.

Overall, further double-digit sales declines in Europe are the only realistic scenario for the third quarter of the year.

Outside of Europe, there are hardly any regions showing growth in equipment

sales. India is the only major market where there is an upturn, which will continue after the temporary slowdown that was expected due to the election.

North America, Latin America, and the Middle East are expected to remain stable at strong levels, but even these markets are seeing some slightly negative assessments from CECE members.

In addition, China isn't expected to see a significant bounce back in the short term.



At a glance: Expected development of regions in Q3 2024	
Northern Countries	↘
Western Europe	↘
Central and Eastern Europe	→
Southern Europe	→
Turkey	↘

At a glance: Expected development of product groups in Q3 2024	
Earthmoving Equipment	↘
Road Equipment	↘
Lifting Equipment	↘
Concrete Equipment	↘
Crushing & Screening Equipment	→
Hydraulic Attachments	→



GLOBAL MINING INDUSTRY

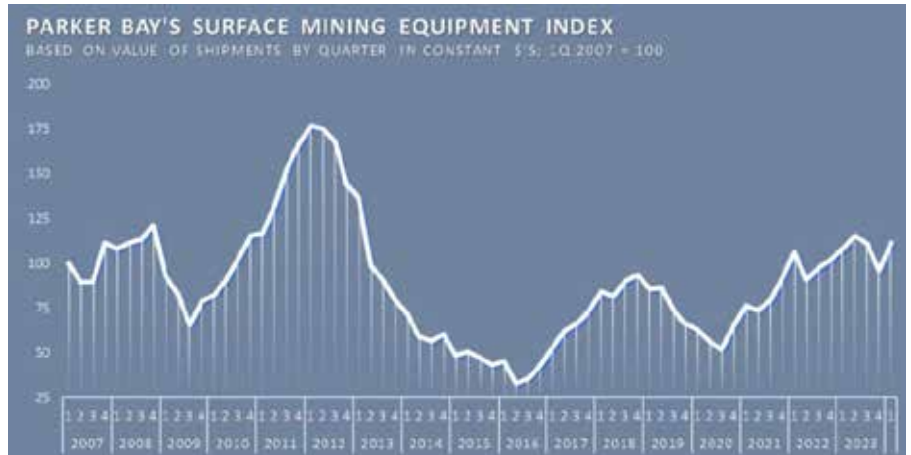
SHIPMENTS OF SURFACE MINING EQUIPMENT PICKED-UP IN THE FIRST QUARTER OF 2024

After reaching peak levels in 2022, drilling activity in the global mining market was on a downward trend last year. However, in the first quarter of 2024, drilling activity picked up, while not matching the levels reached in the early months of 2023.

Further growth is expected during the year, with growing consumption of electricity being a factor supporting increased levels of activity. Exploration activity in the global mining market also declined in 2023, with lower metals and commodity prices being a factor. The first quarter saw a pick-up in activity, but at this stage there is uncertainty as to how exploration activity will end up for the full year.

The Parker Bay Company monitors shipments of surface mining equipment to the global mining market on a quarterly basis. Their latest update for Q1 2024 is shown in the graph below and shows that shipments picked-up again in the first quarter.

After being on a downward trend in the second half of 2023, shipments in Q1 this year were 10% up in unit terms and were close to the peak level reached in Q2 last year. In value terms, the Q1 increase was even more significant at 16% above Q4 2023 levels, reflecting the delivery of more higher value equipment. However, despite a strong start to the year, Parker Bay are unsure about overall prospects for 2024 and anticipate that there could be further market weakness this year. The geographical pattern of shipments in the first quarter was different across the regions. North America saw a 26% increase in the value of shipments following a resurgence in the last quarter of 2023.



This saw the value of shipments reach the highest quarterly level for this region since 2012. Alongside this, the value of shipments in Latin America saw a 53% increase in Q1 and reached a ten year high for the region. In contrast, Australasia and Africa both saw modest downturns in shipments in Q1 after showing relatively strong growth last year.

The pattern of shipments across the product lines also showed a mixed pattern in Q1. Manufacturers' shipments of large hydraulic shovels and excavators showed a 50% increase in unit shipments in the first quarter, following a very weak Q4.

For mining trucks, the increase in deliveries was a more modest 7% in Q1, but this showed a shift towards more larger trucks which resulted in a 14% increase in the value of shipments. Wheeled loaders saw a 25% increase in unit shipments in Q1, but in value terms it was at similar levels to the previous quarter due to a shift to smaller units. Finally, crawler

and wheeled dozers saw a 14% decline in shipments in Q1 and continued the decline seen in Q4 last year.

Parker Bay operate a mining equipment database which includes eight different types of surface mining equipment.

Their latest assessment of the machine population suggests that it grew during 2023 and in Q1 this year around 95,000 pieces of equipment are active in the global mining market. This compares with a population of 89,000 machines at the end of 2022.

Mining trucks are estimated to account for over 60% of the machine population with just under 59,000 in use in the first quarter of the year.

Three equipment types account for over 85% of the total machine population and include dozers (over 16,000 machines), and hydraulic shovels/excavators (over 6,000 machines).





SNAPSHOT

EXCLUSIVE INTERVIEW: INSIGHT INTO THE FUTURE OF THE EUROPEAN RESIDENTIAL SECTOR WITH JOSEP FONTANA OF ITEC



CECE: What is the role of the Institute of Construction Technology of Catalonia (ITeC) within the construction sector?

Josep Fontana: ITeC is a research institute that is helping the sector to become greener, more digital and more efficient. We work for many types of clients, such as designers, developers, contractors and manufacturers of materials... so we can see the challenges within the sector within a wide context. Also, we can come up with solutions that fit better, hopefully.

CECE: What is your role within ITeC?

JF: I do market analysis. In the old days the construction business was one that you could understand. However, more recently it has become as complex and chaotic as the economy as a whole. I'm not going to say that my job is to decipher the mess that construction has become, but at least I try to make sense of it.

CECE: How would you describe the current situation within the residential sector in Europe?

JF: Residential construction has taken a defensive approach to weather the current storm of rising building costs and

disruptions within the real estate market. This wave of turbulence has arrived during a production spike. In 2022, more than 1.8 million new homes have been built, a level of activity that has not been seen since 2009. According to Euroconstruct, new house building activity will have to shrink by 20% to fit in with the current manufacturing capacity. And the sooner, the better.

CECE: But will this reduction be enough to solve the problem?

JF: It will be enough for most countries to find a new comfort zone and to return to growth in 2025. However, there are other countries that expect longer and deeper contraction, and the worrying fact is that this list includes big markets like France, Italy and Germany.

CECE: What do you think the most significant challenges will be in the residential sector in the coming year?

JF: Most of the countries that expect an improvement next year are relying on a quick recovery in demand as financial conditions improve. This rebound in sales should, in turn, convince housing developers to quickly resurrect those projects that have been put on hold, awaiting better times. This seems plausible, and I eagerly wait for it to happen, but it has to be considered a best-case scenario.

CECE: How is the energy efficiency debate evolving? What are the challenges and opportunities in developing "green houses"?

JF: The most powerful market driver behind energy efficient housing is the fact that it is the product that everyone wants. The construction sector would be in deep trouble if it was forced to build green houses only because the building codes make it compulsory.

Unfortunately, while green is desirable, it is not always affordable. Homes built to meet strict environmental criteria are often the most expensive, in a market where even entry-level housing has gone beyond the reach of the average European family, in financial terms. The efficiency standards keep rising, and we have still not found a way to meet them at competitive prices. There are two options: we make faster progress on how to build green, or we decide that green can wait. It is our "Matrix" moment, when we have to choose between the red pill or the blue pill.

CECE: What will be the impact of the new Construction Products Regulation within the sector?

JF: In my opinion, the new Regulation should not be a major issue for product manufacturers, but it may move the goalposts for project designers.

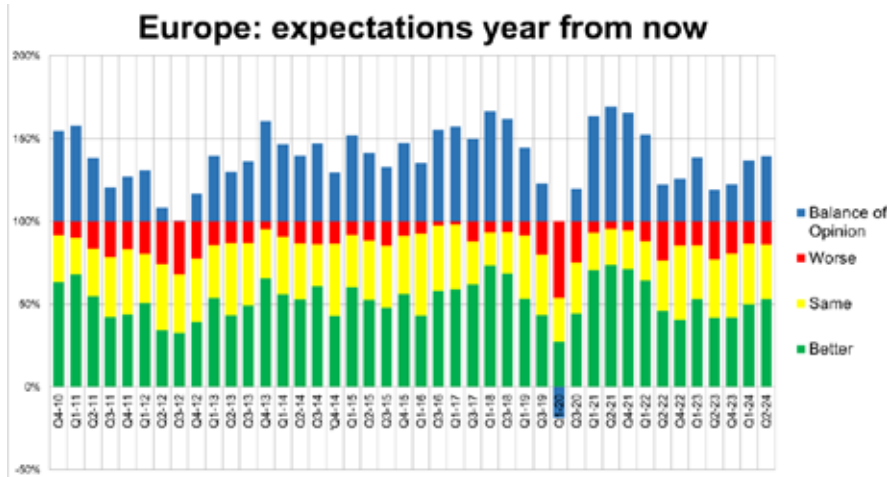
Within the current Regulation, the manufacturer assumes responsibility for the safety and performance of its product, and in return, the EU provides permission to sell it throughout its economic space. The new Regulation requires that the manufacturer also takes responsibility for the environmental impact of the products they are offering. Many manufacturers have already done their homework, so if they have already calculated the product footprint, they are ready to comply with the new Regulation.

However, from the designers' perspective, it is likely that the workload for drafting a construction project will increase. So far, designers have taken decisions based on the standard list of structural, insulating and safety features. However, in future, they will have to extend the list to include additional parameters such as emissions, waste and embedded energy. To cope with this development, architectural firms will have to go fully digital.

RENTAL MARKET

RENTALTRACKER SURVEY: SECTOR STABILISES, BUT EYES TURN TO 2025

How is sentiment among rental companies in Europe holding up? International Rental News reports on the ERA/IRN RentalTracker survey for the second quarter of 2024.



If responses to the ERA/IRN RentalTracker for the first quarter of 2024 exposed some apprehension for the present, the survey for the second quarter will do little to ease those concerns.

The general view of the industry largely remains stable, but with continuing caution on capital investment and mild hopes for a better 2025.

As such, the Q2 2024 ERA/IRN RentalTracker, carried out between mid-June and early July, reveals a continuing shift in sentiment for companies looking ahead just as much as they are focusing on the present.

Looking at responses for forecasts for a year from now, there is a +39 positive balance of opinion (the difference between the proportions with positive and negative views), with just 14% of responses predicting worse conditions next year and 53% predicting an improvement.

That's similar to the end of Q1 this year and certainly better (mostly) than in 2022 and 2023.

Companies in the Benelux region come out on top in this metric, with 71% of responses expecting to be better off in 12 months' time.

The Nordics (64%) and multinational companies (58%) also come off well, although sentiment among the latter has dropped off in recent months.

At the other end of the spectrum, companies in France (21%) and Spain (18%) continue to see a deterioration, although in the case of Spain, that is in a context of consistently positive sentiment for some time, so a falling off of expectations for 2025 might be expected.

Focusing on the here and now, more speci-

cally current conditions, there is a very slight drop in the balance of opinion from the first quarter of companies reporting better business conditions, although opinion has become more polarised: 40% reported improving conditions while 29% are seeing a worsening environment.

The proportion seeing 'no change' was 31%, which compares to 42% at the end of the first quarter this year.

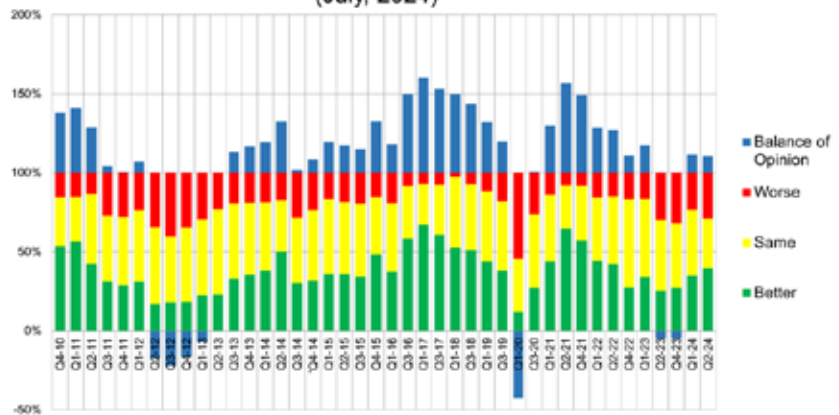
It's worth pointing out that the number of positive responses is the highest for two years.

The survey does hold some positives for current market conditions. Spain has the highest number of 'improving' responses at 67%, while data for the Nordics (55%), Multinationals (47%), Benelux (43%) and France (32%) all show improvements on the first quarter.

Companies in Italy (30%) and the UK & Ireland (20%) are least positive on current business conditions

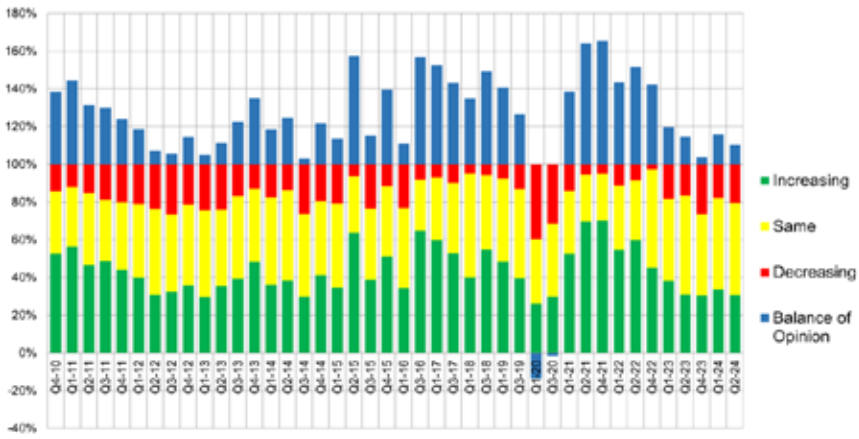
By contrast, Germany is the country that posts the largest decrease in positive sentiment from Q1, shifting from 36% to just 24%.

Europe: business conditions now (July, 2024)





Europe: Q2 2024 time utilisation trend



national players were less positive about utilisation trends than in the first quarter.

EMPLOYMENT PLANS

How about employment intentions? It has been well documented that companies in Europe are struggling to fill skilled roles and retain staff, and that is seemingly backed up in the survey for intentions in the third quarter of 2024.

The balance of opinion here – the difference between the proportions who will increase or decrease recruitment - is +26%, down slightly from 29% in Q1.

Given the relatively modest business environment overall, there are still a lot of companies looking to recruit.

Companies in Spain, the Benelux and multinationals are the most likely to recruit more staff; those in France, the Nordics, Italy, Germany and the UK the least likely (but all still with a positive balance of opinion).

So, in the context of previous survey findings, the message from responses seems to be one of ‘wait it out’ and can be perhaps seen as a continuation of our previous survey, with some mixed messages (no great expectations for 2024, but cautious optimism for 2025).

It will be interesting to see if the positive sentiment on the future holds out into the final quarter of 2024 and first of 2025.

YEAR ON YEAR GROWTH

The Benelux features among the top in positivity in growth for the second quarter, as it does with current sentiment.

When compared with the same period last year, 50% of responses from companies in the region said conditions have improved, although it should be noted that in our last survey this figure was 76%.

There’s also room for positivity among companies in France and multinational companies.

However, the picture is less positive for companies in the Nordics, Germany, Italy and the UK & Ireland.

Our data for Germany shows only 13% companies there reported higher activity in Q2 this year compared to the same period last year.

Looking at expectations for the full year 2024 compared with 2023, although there is a positive balance of opinion of 20%, this is down from 32% at the end of Q1 – clearly sentiment surrounding the current year has dropped.

You have to go back to the second quarter of 2023 to see it as low. In fact, since the first quarter of 2021 – when post-Covid recovery was dominating - that metric has largely stayed above 50%.

Elsewhere, the balance of opinion on fleet investment for this year is still negative (-2%) – in other words, those expecting to spend more are balanced out by those spending less. Even so, just 30% will spend less in 2024 and 70% will maintain or increase their spending from

2023 levels, which is not a bad result.

Looking at expectations on fleet spending for next year, while sentiment has softened a bit from the Q1, there is still a healthy +24% balance of opinion.

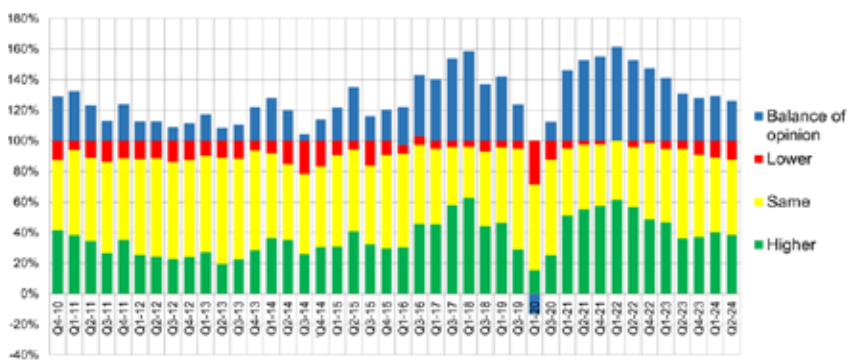
Some 84% of respondents will maintain or increase spending next year and just 16% expect investment to fall.

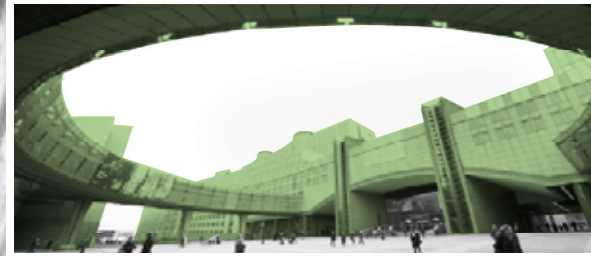
The survey also reveals a very slight deterioration of utilisation levels on Q1, with a +10% balance of opinion among respondents, down from +16% on Q1 but still an improvement on the 4% seen at the end of 2023.

In the utilisation metric, Italy leads the way with 60% reporting an improvement, although that should be viewed as anecdotal, given the relatively modest number of responses we had from Italy.

There will be little overall change in what companies were reporting on utilisation rates in Q2, although it is notable that companies in Germany and also multi-

Europe: employment intentions for Q2 2024





What is the Committee for European Construction equipment?

CECE represents the European construction equipment industry towards the European Institutions, coordinating the views of its national member associations, and working with other organizations worldwide to achieve a fair competitive environment via harmonized standards and regulations.

Our figures

- 1,200 COMPANIES EMPLOYING DIRECTLY AROUND 150,000 PEOPLE
- INDUSTRY REVENUES: 40 BN €
- 20% OF THE WORLDWIDE PRODUCTION

WHAT WE DO

CECE is the acknowledged partner of the institutions of the European Union for all questions related to the construction equipment industry. Based in Brussels, CECE's work involves political representation and the monitoring of legislation and standardization on behalf of its member associations and their corporate members.

CECE also cooperates with CEN and ISO, the European and International Committees for Standardization. CECE furthermore delivers economic and statistical services to its members and partners.

Representing the interests of the industry

New buildings and infrastructures connect people, boost economies and serve people all over the globe. Construction equipment manufacturers are highly innovative and have invested heavily in increasing the productivity of their machines, while reducing their environmental impact.

The European construction equipment industry forms an important, integral part of the European machinery sector. Manufacturers are predominantly small and medium-sized companies but also large European and multinational companies with production sites in Europe. The industry employs directly and indirectly up to 300.000 people, with a similar number being active in sales and services.

Statistics and economic topics

CECE collects and provides up-to-date market data for many types of construction equipment, providing a leading indicator for the development of European construction equipment markets.

Since 2008 CECE runs a monthly business trend enquiry, the CECE Barometer. The companies taking part in the Barometer receive a report about the economic situation in Europe each month.

Exhibitions

CECE gives patronage to a limited number of leading sector exhibitions, contributing to successful trade fairs around the globe.

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