

# News Release

Embargoed until 0930 CEST (0730 UTC) 6 July 2022

## S&P Global France Construction PMI®

### June sees fresh fall in construction activity across France

#### Key findings

Construction activity drops at quickest pace since August 2021

New business declines for third month in a row

Input price inflation remains rapid

June PMI® data revealed a renewed drop in construction activity across France, following two months of mild expansion. The fall coincided with a further decline in new business, with customer demand reportedly dampened by high prices. Though moderating slightly, the rate of input cost inflation remained substantial overall in June amid a further marked lengthening of suppliers' delivery times.

Despite this, construction firms were at their most upbeat about the 12-month outlook for activity for nearly three years. There were hopes that stronger demand conditions would help to boost new work and activity over the months ahead. The positive outlook supported a further rise in employment across the sector.

The headline S&P Global France Construction Activity Index – which measures month-on-month changes in total industry activity – fell below the neutral 50.0 level, from 50.9 in May to 46.4 in June. This signalled the first fall in construction activity across France since March. The rate of contraction was the quickest seen for ten months and solid.

At the sub-sector level, the reduction in activity was broad-based, with residential building noting by far the steepest rate of decline. Commercial activity also fell at a quicker pace, while it marked the first fall in civil engineering activity since March.

The fresh decline in overall construction activity coincided with a sustained drop in new business in June. New orders fell modestly overall, but for the third month in a row, with some companies commenting that high costs and relatively subdued market conditions had weighed on new business.

Purchases of building materials and products in France's construction sector meanwhile rose at a notably softer pace in June. Moreover, the latest upturn in input buying was the slowest seen in the current ten-month period of expansion and only marginal. Some firms mentioned readjusting purchasing activity due to subdued customer demand.

■ Construction Total Activity Index  
sa, >50 = growth since previous month



Source: S&P Global.  
Data were collected 13-30 June 2022.

#### Comment

Annabel Fiddes, Economics Associate Director at S&P Global Market Intelligence, said:

*"June PMI data pointed to increasingly sluggish conditions across the French construction sector. The latest survey signalled a renewed and notable fall in overall construction activity, which was driven by a further drop in sales."*

*"Companies mentioned that high costs had deterred a number of clients from going ahead with projects, with prices data showing substantial cost pressures across the sector."*

*"Supply chain delays added a further squeeze on companies' performance and prices, amid widespread reports of stock shortages at vendors."*

*"Some of the survey's forward-looking indicators provided some positive news, however. Firstly, business confidence towards the one-year outlook for activity improved to its highest for nearly three years, suggesting that firms anticipate a recovery in demand in the months ahead. Secondly, companies continued to add to their workforce numbers in anticipation of improved activity. However, it will be important to see a sustained recovery in demand and cooling of price pressures before we see activity levels bounce back."*

PMI®

by S&P Global

The time taken for purchased inputs to be delivered to French construction firms continued to increase during June. The rate at which lead times lengthened was sharp, albeit the least severe in ten months. The deterioration in supplier performance was frequently linked to stock shortages at vendors.

Average input costs faced by French construction firms continued to increase rapidly in June, despite the rate of inflation easing further from April's record high. Increased costs for raw materials, fuel and transport all contributed to the latest rise in expenses, according to panellists.

Although activity and new work declined at the end of the second quarter, business confidence regarding the 12-month outlook for output improved. Notably, the degree of positive sentiment strengthened to its highest for nearly three years and was above the series average. Growth forecasts were generally linked to expectations that demand conditions will recover and new projects will be pursued in the months ahead.

Strong business confidence also supported a further increase in employment across the construction sector. Though mild, the upturn extended the current run of workforce expansion to four months.

- Housing Activity Index
- Commercial Activity Index
- Civil Engineering Index

sa, >50 = growth since previous month



Source: S&P Global.

## Contact

Annabel Fiddes  
 Economics Associate Director  
 S&P Global Market Intelligence  
 T: +44-1491-461-010  
[annabel.fiddes@spglobal.com](mailto:annabel.fiddes@spglobal.com)

Joanna Vickers  
 Corporate Communications  
 S&P Global  
 T: +44207-260-2234  
[joanna.vickers@spglobal.com](mailto:joanna.vickers@spglobal.com)

If you prefer not to receive news releases from S&P Global, please email [katherine.smith@spglobal.com](mailto:katherine.smith@spglobal.com). To read our privacy policy, click [here](#).

### Survey methodology

The S&P Global France Construction PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 150 construction companies. The panel is stratified by company workforce size, based on contributions to GDP. Survey data were first collected September 2000.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Total Activity Index. This is a diffusion index that tracks changes in the total volume of construction activity compared with one month previously. The Total Activity Index is comparable to the Manufacturing Output Index and Services Business Activity Index. It may be referred to as the 'Construction PMI' but is not comparable with the headline manufacturing PMI figure.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.