

# News Release

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## S&P Global UK Construction PMI<sup>®</sup>

### Construction activity increases at fastest pace in 26 months

#### Key findings

Activity rises amid much faster increase in new orders

Employment increases for third month running

Emerging pressure on supply chains signalled

Growth accelerated in the UK construction sector as the second half of the year got underway, with July seeing much faster increases in both activity and new orders during the month. In turn, firms ramped up purchasing activity and raised staffing levels for the third month running. Higher demand for inputs imparted some pressure on supply chains, and input costs increased at a faster pace.

The headline S&P Global UK Construction Purchasing Managers' Index™ (PMI<sup>®</sup>) – a seasonally adjusted index tracking changes in total industry activity – rose sharply to 55.3 in July from 52.2 in June. The reading signalled a marked monthly expansion in total activity in the construction sector, extending the current sequence of growth to five months. Moreover, the rate of expansion was the fastest since May 2022.

All three categories of construction saw activity increase in July as work on housing projects returned to growth. Commercial activity increased solidly, but the fastest expansion was seen in civil engineering activity, where the rate of growth quickened to the sharpest in almost two-and-a-half years.

According to respondents, success in securing new orders was the main factor leading to a rise in construction activity at the start of the third quarter. New business expanded for the sixth month running, and at a marked pace that was the strongest since April 2022. Alongside a general improvement in market demand, there were also reports that customer confidence had strengthened, making them more willing to release previously paused projects.

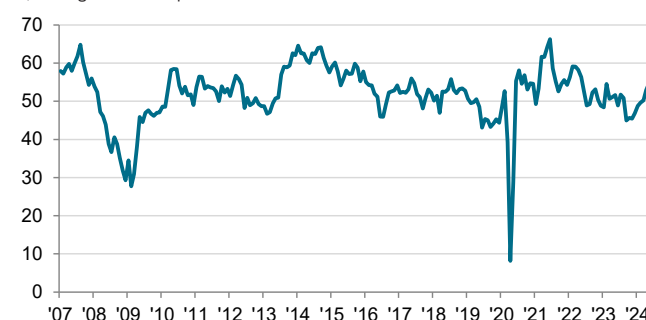
Rising workloads led construction firms to expand both their purchasing activity and employment more quickly in July.

Staffing levels were up for the third consecutive month, and at a solid pace that was the fastest for a year.

Meanwhile, a strong rise in purchasing activity was the most

Construction Total Activity Index

sa, >50 = growth since previous month



Sources: S&P Global, CIPS.

Data were collected 11-30 July 2024.

#### Comment

Andrew Harker, Economics Director at S&P Global Market Intelligence, said:

*"The election-related slowdown in growth seen in June proved to be temporary, with the pace of expansion roaring ahead in July. Firms saw the strongest increases in new orders and activity since 2022 as paused projects were released amid reports of improved customer confidence.*

*"The strength of demand moved the sector closer to capacity, bringing a recent period of improving supplier performance to an end. There were also signs of inflationary pressures picking up, something that will need to be watched closely if demand strength continues in the months ahead."*

PMI<sup>®</sup>

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pronounced in almost two years.

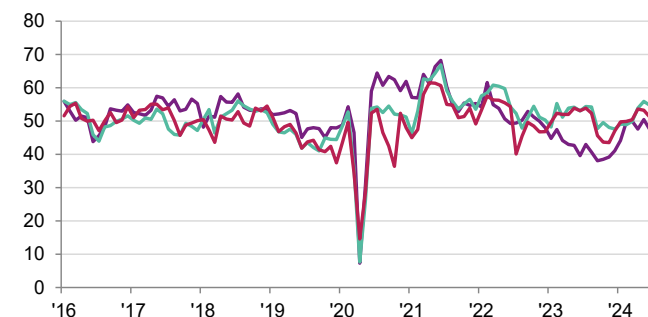
Increased demand for inputs put some pressure on suppliers in July, resulting in broadly unchanged lead times during the month. This ended a 16-month sequence of improving vendor performance. Panellists also reported issues with manufacturing and transportation. On the other hand, some respondents indicated that suppliers had sufficient stocks to keep on top of orders.

The rate of input cost inflation meanwhile showed signs of picking up as suppliers raised prices in line with stronger demand. The solid increase in input costs was the joint-fastest in 14 months, equal with that seen in January. That said, the rate of inflation was still much weaker than the series average.

Sub-contractor usage rose for the fourth month running, and at a solid pace. Although sub-contractor availability continued to increase markedly, the latest rise was the least pronounced since June 2023. The rates charged by sub-contractors increased modestly again.

Construction firms remained strongly optimistic that activity will expand over the coming year, although sentiment dipped to a three-month low in July. Improving client confidence is predicted to help lead to growth of new orders and subsequently activity. New product development is also set to support activity. Close to 53% of respondents predicted a rise in activity over the next 12 months.

■ Housing Activity Index ■ Civil Engineering Index  
■ Commercial Activity Index  
sa, >50 = growth since previous month



Source: S&P Global PMI.

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### Survey methodology

The S&P Global UK 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 April 1997.

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@spglobal.com](mailto:economics@spglobal.com).

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