

# IHS Markit France Construction PMI®

## Fractional decline in French construction activity

### Key findings

Slowest reduction in activity for ten months

New business increases for second month running

Input prices continue to soar amid raw material shortages

Data were collected 12-30 April 2021.

Latest PMI® data pointed to the softest decline in French construction activity since growth was last seen in June 2020. The result came amid a second successive monthly increase in new projects and a further rise in purchasing activity. Cost burdens continued to soar, with the rate of input price inflation accelerating to the quickest since July 2008.

The headline France Construction Purchasing Managers' Index® (PMI®) – which is based on a single question asking respondents to report on the actual change in their total construction activity compared to one month ago – was at 49.8 in April, up from 49.7 in March. The latest reading signalled another fractional decline, the softest since expansion was last recorded in June 2020. Some panellists indicated that the re-introduction of national lockdown restrictions had hindered activity, while others commented on improving demand conditions.

At the sub-sector level, the ongoing downturn in overall activity was centred on commercial construction and civil engineering, with the former registering a slightly quicker rate of decline. Meanwhile, homebuilding activity was stable for the second month running.

April data pointed to another marginal rise in new business across the French construction sector. The result followed the first increase for 14 months during March. Some panellists noted a higher number of calls to tender from both public and private sector clients.

Meanwhile, input prices continued to rise sharply at the start  
*continued...*

France Construction Total Activity Index  
sa, >50 = improvement since previous month



Source: IHS Markit.

### Comment

Commenting on the latest survey results, Eliot Kerr, Economist at IHS Markit, said:

*"The French construction sector continued to trend towards recovery in April, with demand building for the second month in a row despite the re-introduction of COVID-19 lockdown restrictions. The latest decline in activity was only fractional overall and the current trajectory of the data points to an imminent return to growth."*

*"The main pressure point for French construction firms is the persistent rise in input costs that has affected businesses all over the world in recent months. The latest increase in input price was the quickest since the aftermath of the global financial crisis and should the current trend continue, margins will be under severe pressure in the months ahead."*

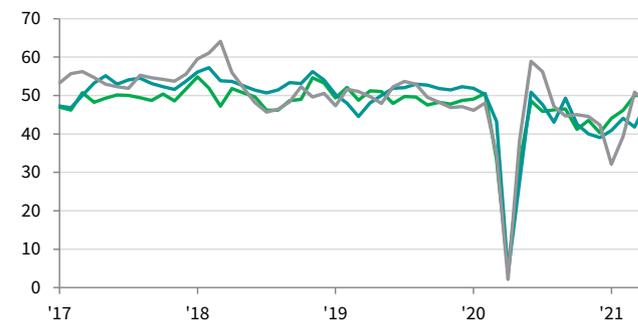
of the second quarter. In fact, the rate of inflation accelerated for the sixth month running to the fastest since July 2008. Survey participants again indicated that shortages of raw materials pushed up input costs.

In a further sign of severe supply-chain disruption, input delivery times continued to lengthen markedly in April. Moreover, the extent to which vendor performance deteriorated was the most severe since last May during the initial COVID-19 lockdown.

Despite facing longer average lead times, French construction firms increased their purchasing activity in April. The result marked a second successive monthly increase after the first rise for nine months in March. Although modest overall, the rate of growth was the strongest since January 2020.

Looking forward, construction companies remained optimistic towards the 12-month business outlook. However, the degree of optimism slipped to a three-month low and was softer than the historical average.

Activity Index by sector  
Residential / Commercial / Civil Engineering  
sa, >50 = growth since previous month



Sources: IHS Markit.

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### Survey methodology

The IHS Markit France Construction PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 150 construction companies. The panel is stratified by company workforce size, based on contributions to GDP.

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).

### Survey dates and history

April data were collected 12-30 April 2021.

Survey data were first collected September 2000.

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### About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

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