

News Release

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S&P Global Eurozone Construction PMI®

Softest rise in eurozone construction activity for five months

Key findings

Activity growth slows amid higher prices and Ukraine war fallout

Severe supply chain delays contribute to accelerating inflation

Businesses report pessimism regarding year-ahead outlook

The S&P Global Eurozone Construction PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 650 construction firms in the eurozone. The headline figure is the Total Activity Index, which tracks changes in the total volume of construction activity compared with one month previously.

At 52.8 in March, the S&P Global Eurozone Construction Total Activity Index dropped from 56.3 in February and pointed to the slowest expansion in overall construction activity since last October. Companies often commented that growth was partially held back by concerns of accelerating prices and uncertainty stemming from the outbreak of war in Ukraine. Sub-sector data showed a sustained, yet slower rise in activity across the three monitored sub-sectors, with house building leading growth.

Home building in the eurozone increased for the thirteenth consecutive month in March. That said, the rate of expansion eased to the softest for five months and was only modest.

Work undertaken on commercial construction projects rose for the sixth successive month during March. The rate of increase was modest, however, and the slowest seen since October 2021.

Civil engineering activity increased at the slowest pace in the current three-month sequence of expansion during March.

Eurozone construction companies signalled a broad slowdown in new order growth in March. The expansion was the weakest for seven months, as higher prices and the outbreak of war in Ukraine dampened client confidence. French firms signalled a second expansion in three months, while growth at Italian companies was the softest since mid-2021, yet still marked. There was a renewed and solid reduction in Germany that was the sharpest seen for four months.

Construction firms in the eurozone expanded their workforce

Construction Total Activity Index

sa, >50 = growth since previous month



Sources: S&P Global, Eurostat.

Data were collected 11-31 March 2021.

Comment

Commenting on the latest results, Usamah Bhatti, Economist at S&P Global, said:

"Latest PMI data indicated that the eurozone construction sector was not spared the ever-growing uncertainty that stemmed from accelerated costs and the potential impacts of the Russia-Ukraine war. As a result, output growth eased to a five-month low while growth in new work decelerated to the softest since last August. Firms across the sector noted that rising costs and material shortages weighed increasingly on sector performance at the end of the first quarter. Notably, input costs continued to rise at a substantial pace amid increasingly severe supply chain delays. These lingering issues weighed heavily on business sentiment, with eurozone construction companies reporting pessimism regarding the year ahead outlook for activity for the first time in 15 months.

"At the national level, French firms reported a renewed reduction in activity that was the fastest for seven months. Firms in Germany and Italy noted softer expansions in March, though growth rates in the latter remained marked overall."

PMI®

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numbers for the tenth consecutive month in March. The rate of job creation eased from February and was the slowest for three months, however.

March data signalled an increase in purchasing activity for the thirteenth time in as many months among eurozone construction firms. The rate of expansion was sharp, yet the slowest since last December.

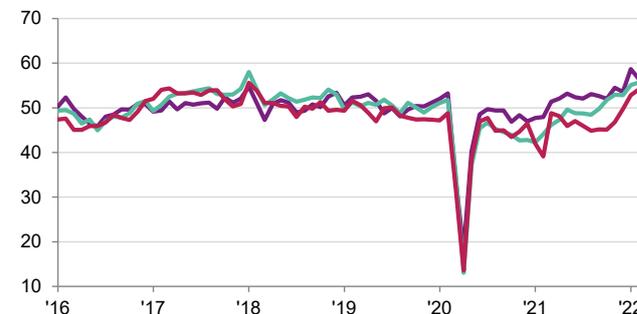
Supplier delivery times lengthened to a greater extent for the second month running in March. Moreover, the degree to which vendor performance deteriorated was the most severe since last July and among the sharpest on record. Lead times increased markedly across all three of the bloc's largest economies.

The seasonally adjusted Input Prices Index pointed to a sustained and considerable rise in costs faced by eurozone construction firms in March. The rate of inflation accelerated from February and was the fastest seen for seven months. On a national level, cost burdens accelerated across all three monitored economies, with Italian firms seeing the sharpest rise in the survey's history.

The overall degree of business confidence regarding the year-ahead outlook receded sharply during March, with companies reporting pessimism for the first time since December 2020. German expectations were downbeat for the second month in a row, with the degree of pessimism the strongest since May 2020. Italian firms were by far the most optimistic, though confidence eased to a 15-month low. Sentiment in France also eased to the weakest since last December.

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

sa, >50 = growth since previous month



Source: S&P Global.

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Survey methodology

The S&P Global Eurozone Construction PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 650 construction firms in Germany, France, Italy and Ireland. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data were first collected January 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, at the country level. 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. Eurozone level indices are calculated by weighting together the national indices. Weights are calculated from national construction value added.

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'.

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 ehsmarkit@ihsmarkit.com.

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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. ihsmarkit.com/products/pmi.html.