

NEWS RELEASE  
MARKET SENSITIVE INFORMATION  
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# HCOB Germany Construction PMI®

## Downturn in construction sector extends into April, but survey's forward-looking indices edge higher

### Key findings:

Total Activity Index slips to three-month low of 37.5

Input costs tick down amid subdued demand for materials

Constructors less pessimistic about the year-ahead outlook

Data were collected 11-29 April 2024.

The downturn in Germany's construction sector extended into April, with the latest HCOB PMI® survey compiled by S&P Global showing further decreases in activity and employment amid ongoing weakness in demand. More positively, the decline in new orders showed further signs of easing, while constructors looked to the outlook with less pessimism.

On the cost front, constructors recorded a renewed – albeit slight – decline in input prices. This coincided with a considerable improvement in supplier delivery times as firms remarked on weaker demand for building materials and products. Subcontractor availability also continued to improve.

The **HCOB Germany Construction PMI Total Activity Index** – a seasonally adjusted index tracking changes in total industry activity – came in at 37.5 in April, down from March's 38.3 and its lowest for three months. It signalled a sharp and accelerated decrease in total industry output, with the rate of decline faster than the average recorded over the current sequence of contraction stretching back to April 2022.

Building work continued to fall on a broad-based basis by sub-sector. Housing activity remained the worst-performing segment of those monitored by the survey, falling at a sharp rate than was little-changed from the month before. The pace of decline in commercial activity was likewise broadly in line with that seen in March. Civil engineering – the most resilient area so far this year - meanwhile posted its sharpest drop in activity for four months.

German construction firms continued to face a dearth of new orders at the start of the second quarter. The rate of decline in new work, although remaining sharp overall, did however ease for the sixth month in a row to the slowest since last August.

By contrast, April's survey showed faster declines in both employment and purchasing activity across the construction sector. The pace of job shedding gathered pace for the second month running, although it was still noticeably slower than the rates seen in the final quarter of 2023. Buying levels, on the other hand, fell at a sharp rate that was amongst the quickest seen since data collection began in September 1999.

Lower demand for building materials and products was in turn reflected in renewed downward pressure on purchase prices. Input cost fell slightly in April, ending a four-month sequence of inflation. At the same time, latest data showed a marked improvement in supplier delivery times, again linked to better material availability. The extent to which lead times shortened was among the most marked in the series history, surpassed only by those recorded in 2023.

A near-record reduction in the use of subcontractors meanwhile led to another substantial improvement in their availability. Average rates charged by subcontractors nevertheless rose slightly and for the second time in three months.

Looking ahead, constructors generally remained downbeat about the outlook for the coming year, citing potential weakness in

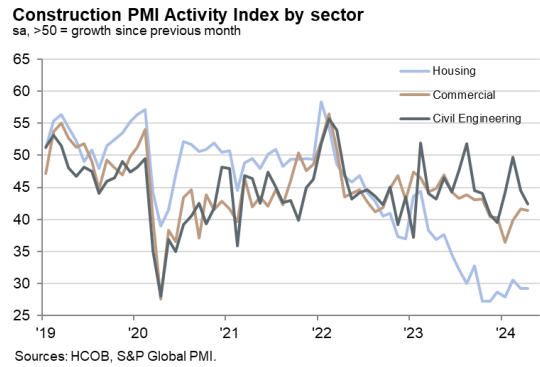
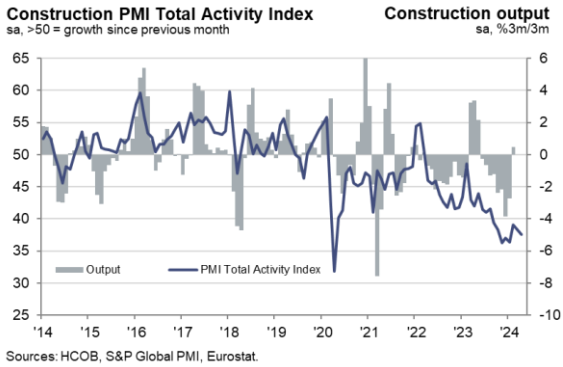
housing activity in particular and tight budgets in the public sector. That said, expectations were the least pessimistic for 12 months.

**Comment**

Commenting on the PMI data, Dr. Cyrus de la Rubia, Chief Economist at Hamburg Commercial Bank, said:

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## Contact

### Hamburg Commercial Bank AG

Dr. Cyrus de la Rubia  
Chief Economist  
T: +49-160-9018-0792  
[cyrus.delarubia@hcob-bank.com](mailto:cyrus.delarubia@hcob-bank.com)

Katrin Steinbacher  
Head of Press Office  
Senior Vice President  
T: +49-40-3333-11130  
[katrin.steinbacher@hcob-bank.com](mailto:katrin.steinbacher@hcob-bank.com)

### S&P Global Market Intelligence

Phil Smith  
Economics Associate Director  
T: +44-1491-461-009  
[phil.smith@spglobal.com](mailto:phil.smith@spglobal.com)

Sabrina Mayeen  
Corporate Communications  
T: +44-796-744-7030  
[sabrina.mayeen@spglobal.com](mailto:sabrina.mayeen@spglobal.com)

## Note to Editors

The HCOB Germany 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 1999.

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).

## Hamburg Commercial Bank AG

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