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# IHS Markit Eurozone Construction PMI®

## Expansion in eurozone construction activity holds steady

### Key findings

New orders unchanged in April

Renewed reduction in employment levels

Business optimism softest for three months

Data were collected 12-30 April 2021.

The IHS Markit Eurozone Construction PMI® is compiled by IHS Markit 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.

The IHS Markit Eurozone Construction Total Activity Index was unchanged at 50.1 in April, signalling a fractional expansion in eurozone construction activity for the second successive month. Firms often linked this to a resumption of work on paused projects, although were increasingly concerned about the impact that renewed COVID-19 restrictions had on overall demand in the construction sector. April data pointed to a further rise in home building activity, as well as a softer reduction in commercial construction. Civil engineering work, meanwhile, fell at a faster pace in April.

Work undertaken on housing by eurozone construction firms increased for a second successive month in April. The rate of growth quickened from March and was the strongest recorded since February 2020. A renewed contraction in home building activity in Germany was offset by a survey record expansion among Italian housebuilders. French firms, meanwhile, reported stable conditions in housebuilding for the second month in a row.

Commercial construction activity contracted again in the latest survey period, extending the current sequence of decline to 14 months. That said, the pace of the reduction eased from March and was the softest in the sequence. A softer fall in commercial activity in France and a stronger rise in Italy contributed to the easing in the rate of decline. However, firms in Germany signalled a further, marked decline in commercial building.

The downturn in eurozone civil engineering activity continued in April, as work undertaken on infrastructure projects contracted at a modest pace. The rate of the decline quickened

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



Source: IHS Markit.

from March and was the twenty-first in as many months. A renewed contraction in France, coupled with a further solid decline in Germany offset a sharper increase in Italian civil engineering work.

April data pointed to a strong expansion at Italian constructors, as activity rose at the strongest pace since January 2007. Activity in France fell only fractionally, and at the softest pace in the 10-month sequence of decline. However, German construction activity fell further, and at a solid pace.

The amount of new business received by eurozone construction companies was stable in April, marking a softer reading of the seasonally adjusted New Orders Index in comparison to March. Where a rise was reported, it was commonly attributed to some new projects being brought to tender, although this was offset by a general lack of demand in the construction sector. German firms reported the most acute weakness, as new orders fell at the fastest pace for two months. Meanwhile, French firms noted a second successive marginal increase, while firms in Italy reported a softer, but marked, rise.

There was a renewed reduction in employment levels among eurozone constructors in the latest survey period. Though marginal overall, job shedding has now occurred in 13 of the last 14 months. On a national basis, there was a renewed decline in staffing levels in France, as well as a quicker fall in Germany. Italian firms indicated a further, moderate rise in workforce numbers.

The degree of optimism regarding the outlook for activity over the coming 12 months eased in April, and was the softest recorded for three months. German constructors signalled renewed pessimism regarding the year ahead outlook, with projections at their weakest since December 2020. French firms indicated a lower level of positive sentiment, though Italian firms signalled the strongest projections since August 2001.

## Comment

Commenting on the latest results, Usamah Bhatti, Economist at IHS Markit, said:

"Eurozone construction firms reported a further rise in construction output during April. The increase remained fractional, while incoming business eased slightly and was unchanged in comparison to the previous survey period. That said, eurozone constructors signalled near term uncertainty as firms pointed to a renewed decline in staffing levels. Moreover, businesses reported that the level of positive sentiment surrounding the outlook for activity over the coming year eased in April, as the initial bounce from earlier lifting of COVID-19 restrictions gave way to renewed lockdown measures and disruption to activity on site. By country, Italian firms remained buoyant, as overall activity expanded at the fastest pace in over 14 years in the latest survey period, while firms in France indicated the softest fall in activity for ten months. At the same time, German constructors signalled a further, solid contraction in activity, extending the current sequence of decline to 14 months."

## Contact

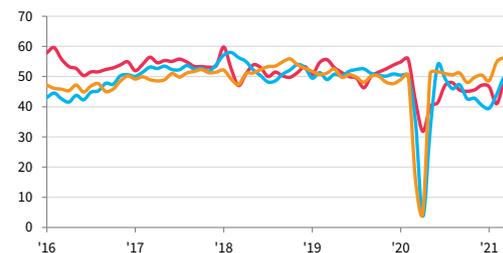
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### Construction Total Activity Index

Germany / France / Italy

sa, >50 = growth since previous month

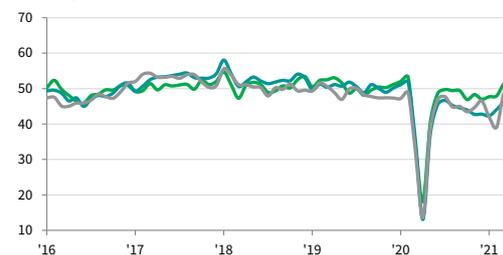


Source: IHS Markit.

### Construction Activity Index

Housing / Commercial / Civil engineering

sa, >50 = growth since previous month



Source: IHS Markit.

### Survey methodology

The IHS Markit Eurozone Construction PMI® is compiled by IHS Markit 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.

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 [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### Survey dates and history

Data were collected 12-30 April 2021.

Survey data were first collected January 2000.

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