

## News Release

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
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### Markit Germany Construction PMI®

#### September sees slower increase in construction activity

##### Key points:

- Activity growth weakens from August's 17-month high
- Job creation eases to marginal rate
- Strongest increase in cost burdens since February

##### Summary:

Construction activity in Germany rose again in September, extending the current sequence of growth to five months. That said, the latest expansion was weaker than in August, contributing to slower increases in employment and purchasing activity. New order intakes meanwhile remained in decline, and business confidence deteriorated during the month. Longer supplier lead times and increased input price inflation were together evidence of supply-chain pressures in the sector.

The Markit Germany 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 – fell from a 17-month high of 55.1 in August to 52.1 in September. That signalled a slower rate of growth, but one that was nevertheless still notable.

Depressing total industry activity in September was a decline in civil engineering work, the level of which had risen solidly in the prior month. Both housing and commercial activity continued to increase, although rates of growth slipped from August's recent highs.

The loss of growth momentum highlighted by September's survey was reflected in a slower rate job creation, which eased to only a marginal rate that was the joint-slowest in the current six-month spell of rising employment.

September also saw the level of purchasing activity

among German constructors increase at a slower pace. That said, the latest expansion in input buying – the sixth in successive months – was still solid overall.

New order intakes at German constructors fell again in September, which panel member reports suggested was largely a consequence of lower demand. The decrease, albeit slightly slower than in August, extended the current sequence of contraction in new orders to 18 months.

Concurrently, confidence among constructors regarding future total industry activity dropped to the lowest in nine months. A number of firms downbeat about the year-ahead outlook mentioned foreseeing a decline in housing activity.

Constructors contracted out slightly less work in September compared with one month earlier, while recording further deterioration in sub-contractor availability and quality. A substantial increase in rates charged by sub-contractors was meanwhile highlighted by September data.

Purchase prices faced by German constructors increased faster in September, with the overall rate of input price inflation hitting a seven-month high. It was nonetheless still below the survey's long-run average. As well as increased cost pressures, constructors also contended with longer supplier delivery times. Furthermore, the deterioration in vendor performance was marked and greater than in August.

##### Comment:

Commenting on the Markit Germany Construction PMI® survey data, **Phil Smith, economist at Markit** said:

*"The headline PMI dipped from its 17-month high in August, but crucially remained above the 50.0 no-change mark to signal further growth in the construction sector. On average in the third quarter*

the pace of expansion was the fastest since Q2 2011.

*“The primary drag on total industry activity in September was a renewed decline in civil engineering. This was perhaps pay-back for such a strong performance in this category of construction one month earlier, when levels of work rose at the fastest pace in close to two-and-a-half years. Higher activity in housing and commercial projects offset the reduction in civil engineering, but rates of growth were slower in both cases, going some way to explain the lull in job creation observed during the month.”*

-End-

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#### Notes to Editors:

The Germany Construction *PMI*<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) is produced by Markit Economics and is based on original survey data collected from a representative panel of over 200 companies based in the German construction sector.

Data are collected at mid-month, asking respondents to compare a variety of business conditions with the situation one month ago. Data have been collected since September 1999.

A reading of below 50.0 indicates that the economy is generally declining, above 50.0 that it is generally expanding and exactly 50.0 indicates no change on the level recorded the previous month.

The PMI and related indices are directly comparable with all other national Purchasing Managers' Indices, including those of the ISM in the United States and the Eurozone PMI produced by Markit Economics, and are produced using identical methodologies in each country.

##### About Markit

Markit is a leading, global financial information services company with over 3,000 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information, see [www.markit.com](http://www.markit.com).

##### About PMIs

Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>) surveys are now available for 32 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. To learn more go to [www.markit.com/economics](http://www.markit.com/economics).

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