



News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 09:30 (UK), 4 November 2013

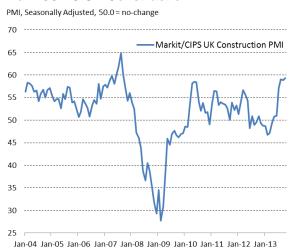
Markit/CIPS UK Construction PMI®

Sharpest rise in construction output for just over six years

Key points:

- Residential construction remains strongest performing area of activity
- Civil engineering and commercial activity also record robust growth
- Job creation accelerates to fastest pace in six years

Markit/CIPS UK Construction PMI®



Source: Markit/CIPS

October data indicated that a sharp rebound in UK construction output continued at the start of the fourth quarter. Adjusted for seasonal factors, the Markit/CIPS UK Construction Purchasing Managers' Index® (PMI®) posted 59.4, up from 58.9 in September and above the 50.0 no-change threshold for the sixth consecutive month. The latest reading signalled that overall output growth surpassed August's recent peak and was the steepest since September 2007.

Housing activity remained the strongest performing area of the construction sector, despite the pace of

expansion slipping from September's near ten-year high. Meanwhile, latest data pointed to robust and accelerated rises in both civil engineering and commercial activity. The rate of growth in commercial activity was the most marked since April 2012.

Construction companies widely reported that output had been boosted by improvements in the UK economic outlook and a corresponding upturn in client spending. Survey respondents also cited better housing market conditions as a key driver of activity growth. October data indicated a sharp and accelerated expansion of overall new business intakes, thereby extending the current period of growth to six months. That said, the latest rise was slightly less marked than August's recent peak.

Higher levels of new work contributed to a robust increase in staffing levels during October. The latest upturn in employment levels was the steepest for six years and contrasted with the lacklustre rate of expansion seen on average in the first half of 2013. Anecdotal evidence suggested that resilient levels of confidence about the outlook for business activity had supported jobs growth in the construction sector during October. More than four times as many survey respondents (52%) anticipate a rise in output over the year ahead as those that forecast a reduction (12%).

The latest survey signalled a strong rise in purchasing activity by construction companies during October, driven by increasing output and greater volumes of new business. The rate of input buying growth was the sharpest since December 2007. There were some signs that the upturn in purchasing activity led to strains on stock levels and operating capacity at suppliers. Lead-times for the delivery of inputs lengthened markedly, with the latest deterioration of vendor performance the second-sharpest since June 2007.

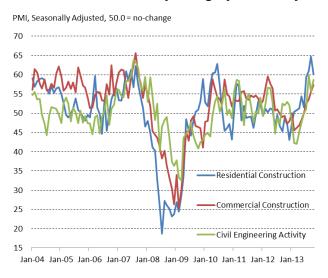
Stronger demand for raw materials and higher utility bills contributed to upward pressure on input prices





in October, according to survey respondents. Overall cost inflation picked up to its fastest since August 2011.

UK Construction PMI® by Category of Activity



Comment:

Tim Moore, Senior Economist at Markit and author of the Markit/CIPS Construction PMI[®], said:

"UK construction output continues to rise like a phoenix from the ashes, with housing, commercial and civil engineering activity all seeing strong rates of expansion at the start of the fourth guarter.

"Official data showed that the construction sector lived up to the strong billing given by business survey evidence during the third quarter of 2013. Importantly, the latest Construction PMI survey signals that job hiring and input buying are now rising in tandem with greater new business inflows.

"Improved opportunities to tender and a broadening of the recovery beyond housing activity have helped foster confidence in the longer-term outlook for business conditions. Highlighting this, the latest survey indicated that more than four times as many construction firms expect a rise in output over the year ahead as those that anticipate a fall." Commenting on the report, David Noble, Chief Executive Officer at the Chartered Institute of Purchasing & Supply, said:

"The future is looking bright for the UK construction industry as it soars into the final quarter with its strongest performance in over six years, boosted by a strengthening surge in activity broadening out across all sectors. Housing remains the key driver of the ever-strengthening rebound in October, but with civil engineering and commercial works continuing to bolster their expansion. Particularly impressive is the commercial sector, which registered the fastest rate of growth since April 2012.

"The on-going growth of new business levels, climbing confidence and positive market conditions has resulted in the steepest rise in staffing levels for six years. Caution on employment experienced in the first half of 2013 has now been replaced by rising expectations and a strong belief that growth can be sustained in the year to come.

"With demand picking up, delivery times are lengthening but there is optimism this will lead to a more bullish approach from suppliers, who up until now have been cautious on stock levels. They now have the platform to level out the continuing squeeze on stock availability and operating capacity."

- Ends -





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Notes to Editors:

Where appropriate, please refer to the survey as the Markit/CIPS UK Construction PMI®.

The Purchasing Managers' Survey is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 170 construction companies. The panel is stratified geographically and by Standard Industrial Classification (SIC) group, based on the regional and industry contribution to GDP. The survey is based on techniques successfully developed in the USA over the last 60 years by the National Association of Purchasing Management. It is designed to provide one of the earliest indicators of significant change in the economy, being issued on the first working day of each month. The data collected are not opinion on what might happen in the future, but hard facts on what is actually happening at "grass roots" level in the economy. As such the information generated on economic trends predates official government statistics by many months.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) and seasonally adjusted numbers are available to subscribers from Markit. Please contact economics@markit.com.

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About PMIs

Purchasing Managers' Index® (PMI®) 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.

About CIPS

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