

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 09:30 (UK), 2 October 2013

Markit/CIPS UK Construction PMI[®]

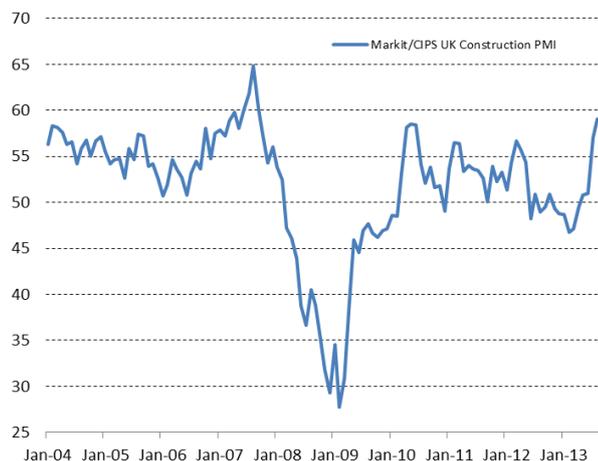
Housing construction activity increases at fastest pace for almost a decade

Key points:

- Strong overall construction output growth continues in September
- Residential construction rises at sharpest rate since November 2003
- Optimism about business outlook reaches highest since April 2010

Markit/CIPS UK Construction PMI[®]

PMI, Seasonally Adjusted, 50.0 = no-change



Construction companies ended the third quarter of 2013 with a strong expansion of overall output levels and a further improvement in their new order books. This boosted employment numbers in the sector for the fourth consecutive month, and the rate of job creation reached its fastest for just under six years. Optimism about the 12-month outlook for activity continued to strengthen in the latest survey period, with the degree of positive sentiment the highest since April 2010.

Adjusted for seasonal influences, the headline **Markit/CIPS UK Construction Purchasing Managers' Index[®] (PMI[®])** posted 58.9 in September, down only fractionally from a near six-year high of 59.1 during August. The index was above the neutral 50.0 value for the fifth month running and signalled a sharp expansion of overall construction output.

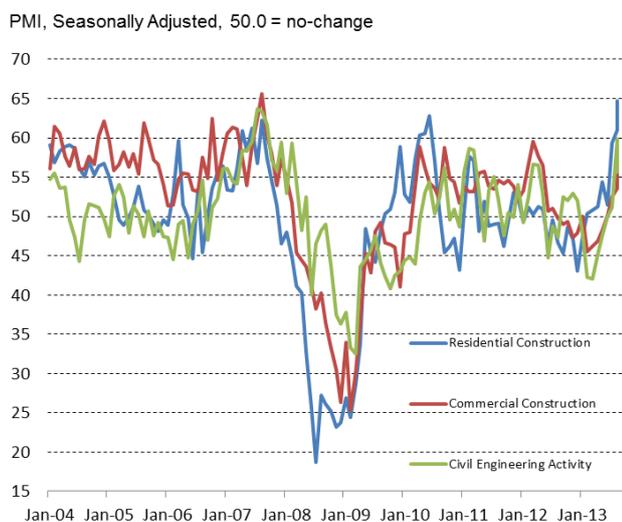
All three broad areas of the construction sector posted higher levels of business activity in September. Residential construction was the strongest performing of these sub-sectors, with the latest rise in output the fastest since November 2003. Commercial construction activity increased at the most marked pace since May 2012, while growth of civil engineering activity eased from August's recent high.

September data pointed a further rebound in underlying demand across the construction sector, as highlighted by an improvement in new business inflows for the fifth successive month. Anecdotal evidence pointed to greater levels of spending among both public and private sector clients. Increased volumes of new work encouraged construction companies to take on more staff in September, thereby extending the current period of job creation to four months. The latest expansion of construction employment was also the sharpest since December 2007.

Job creation was supported by a greater degree of positive sentiment about the outlook for business activity over the 12 months ahead. More than five times as many respondents expect a rise in output (51%) as those that anticipate a fall (9%). This pointed to the highest level of confidence since April 2010.

Increased construction output and rising levels of client spending led to greater purchasing activity in the sector during September. Higher levels of input buying have now been recorded for four months in a row. This again placed strain on suppliers' capacity, with delivery times lengthening to the greatest degree since August 1997. Meanwhile, average cost burdens across the construction sector rose at the fastest rate since November 2011.

UK Construction PMI[®] by Category of Activity



Comment:

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

“Construction is no longer the weakest link in the UK economy. The third quarter of 2013 ended with output growth riding high amid greater spending on infrastructure projects and resurgent house building activity.

“The reversal in fortunes has spanned commercial, residential and public sector construction projects. Moreover, builders are confident that a tide of new tender opportunities will continue to lift the construction sector in the months ahead, supported by improved development funding conditions and better underlying economic conditions.

“September’s survey suggested that constructors are beginning to react with confidence to the more positive landscape for the sector, as job creation and input buying both rose at robust rates over the month.”
- Ends -

Commenting on the report, **David Noble, Chief Executive Officer at the Chartered Institute of Purchasing & Supply**, said:

“The construction sector is firing on all cylinders. Growth in UK house building hit heights not seen for ten years in September, and was supported by a solid acceleration in business from commercial construction, whilst growth in civil engineering remains well above the long run average, rounding off the best quarter of growth in construction since Q2 2010. Confidence is now at its strongest in almost 3 and a half years building strong momentum going into the final quarter.

“Having been in the doldrums for so long, builders are using this renewal as a platform to invest, with employment seeing the most dramatic upturn in close to 6 years.

“Inevitably, purchasing levels have also increased, but the adverse effect of this is increased pressure on suppliers to meet growing levels of demand, to

the extent that their performance deteriorated at the fastest rate for 16 years.

“These pressures, along with increased cost burdens have the potential to act as a brake on the sector, but should not overshadow the overwhelmingly positive picture for UK construction.”

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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 pre-dates 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

The Chartered Institute of Purchasing & Supply (CIPS) is the world's largest procurement and supply professional organisation. It is the worldwide centre of excellence on purchasing and supply management issues. CIPS has a global community of over 100,000 in 150 different countries, including senior business people, high-ranking civil servants and leading academics. The activities of procurement and supply chain professionals have a major impact on the profitability and efficiency of all types of organisation and CIPS offers corporate solutions packages to improve business profitability. www.cips.org

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