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## IHS MARKIT FRANCE CONSTRUCTION PMI®

### Fastest expansion in construction activity for eight months during August

#### KEY FINDINGS

Rate of activity expansion accelerates fractionally

New orders continue to rise

Input cost inflation at 20-month low

French building companies recorded a solid rise in construction activity during August, with the rate of expansion accelerating to the fastest for eight months. The latest increase was supported by further growth in new orders and employment. Meanwhile, supplier delivery times continued to lengthen amid a solid rise in purchasing activity.

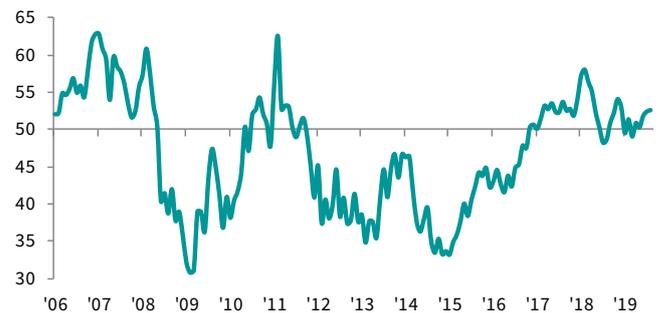
On the cost front, input prices increased markedly, but the rate of inflation eased to the softest for 20 months.

The headline France 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 – posted above the 50.0 no-change mark for the fifth month running in August. At 52.6, up from 52.4 in July, the index pointed to a solid rise in construction activity, with the rate of growth accelerating fractionally to reach an eight-month high.

At the sub-sector level, the expansion in total activity was supported by rises in work undertaken on both commercial and civil engineering projects. Both increased solidly and extended their respective sequences of growth to three months. Meanwhile, home builders saw activity fall for the third time in as many months during August. That said, the rate of decline was little-changed from the previous survey period and only marginal overall.

August data pointed to another rise in new business placed with construction companies in France. The rate of growth was fractionally slower than registered in July, but remained solid overall. Some survey participants associated the latest increase in new work with a rise in demand.

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



On the cost front, input prices increased markedly during August. That said, the rate of inflation decelerated for the second month in a row to reach the softest since December 2017.

French construction firms continued to increase their staff numbers midway through the third quarter, extending the current run of workforce expansion to 27 months. The rate of job creation accelerated slightly from July to reach the quickest since last October.

Purchases of raw materials and other building products at construction companies in France increased for the twenty-second month in succession during August. Although the rate of growth decelerated from July's 13-month high, it remained solid overall.

Supplier delivery times faced by building firms lengthened further midway through the third quarter. Moreover, vendor performance deteriorated to the greatest extent during 2019 so far.

Finally, firms remained optimistic towards the 12-month business outlook in August. However, the degree of positivity fell to the weakest level for a year.

## COMMENT

Eliot Kerr, Economist at IHS Markit, which compiles the survey:

*"Growth in the French construction sector accelerated to an eight-month high in August, supported by further new business and employment growth. With the latest expansion and easing input price inflation, firms can look to increase in profitability.*

*"At the sub-sector level, the trends remained broadly similar to those seen in June and July. Both commercial and civil engineering firms recorded further rises in activity, while home builders registered a third successive monthly decline."*

## Activity Index by construction category Housing / Commercial / Civil Engineering

sa, >50 = growth since previous month



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### Methodology

The IHS Markit France Construction PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 150 construction companies. The panel is stratified by 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. 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.

August 2019 data were collected 12-30 August 2019.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 40 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 [ihsmarkit.com/products/pmi.html](https://www.ihsmarkit.com/products/pmi.html).

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