

# Ulster Bank Construction PMI<sup>®</sup> Report (RoI)

**News Release:** Embargoed until 01:01 (Dublin) November 11th 2019

## Construction activity declines at fastest pace since June 2013

The **Ulster Bank Construction Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>)** – a seasonally adjusted index designed to track changes in total construction activity – fell to 46.2 in October from 48.3 in September. The rate of contraction was solid and the most marked since June 2013.

**Commenting on the survey, Simon Barry, Chief Economist Republic of Ireland at Ulster Bank, noted that:**

*“The latest results of the Ulster Bank Construction PMI survey showed a further loss of momentum in Irish construction activity last month. A decline in the headline PMI index, from 48.3 in September to 46.2 in October, signalled a second consecutive monthly decline in activity. Meanwhile, the detail behind the headline reading also painted a disappointing picture, with weaker activity patterns reported across all three main subsectors. Commercial activity decreased for a second month running in October and, similarly to the headline index, the pace of contraction quickened to its fastest since June 2013. More encouragingly, housing activity continues to grow, with its PMI reading of 51.3 still above the expansion threshold of 50. Housing remained the strongest sub-sector for a 10th month in a row, though the pace of residential activity growth has also softened materially in recent months and currently stands at a 4½ year low.*

*“The New Orders index fell from 50.8 in September to 48.8 in October, with a reading below the 50 no-change benchmark signalling that new orders decreased last month for the first time since June 2013. Respondents linked this decline to Brexit uncertainty as anecdotes from the survey highlight that concerns about Brexit impacts continue to weigh on activity and sentiment regarding the sector’s prospects for the coming year. In this context, the recent easing of concerns regarding Brexit crashout risk may offer some support for construction confidence and activity in the months ahead.”*

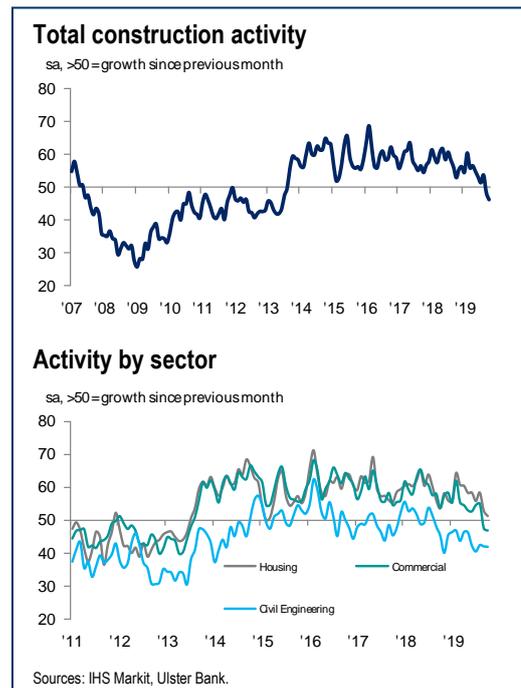
### Only residential sees a rise in activity

For the second month in a row, housing was the only monitored sub-category to observe an increase in activity during October. The rate of reduction of commercial activity quickened from September and was the fastest since June 2013. Civil engineering activity, meanwhile, declined for the fourteenth consecutive month, and at a sharper pace than in September.

#### Latest Construction PMI<sup>®</sup> readings

	Sep '19	Oct '19
<b>Total Activity</b>	<b>48.3</b>	<b>46.2</b>
Housing Activity	52.9	51.3
Commercial Activity	47.6	46.9
Civil Engineering Activity	42.1	41.9

*Index readings above 50 signal an increase in activity on the previous month and reading below 50 signal a decrease. All indexes given above and displayed in the charts are seasonally adjusted.*  
Sources: IHS Markit, Ulster Bank.



## First fall in new orders since June 2013

In line with the fall in activity, inflows of new business placed at Irish construction firms decreased in October for the first time since June 2013. Panellists commented that Brexit uncertainty at customers had contributed to the reduction in new business.

## Employment growth remains weak

Despite decreases in activity and new orders, Irish construction firms added to their headcounts in October. That said, the rate of job creation was marginal and matched the almost six-year low recorded in September. Anecdotal evidence from panellists indicated that extra staff had been hired in line with investment activity.

Purchasing activity among Irish construction firms returned to growth in October. The rate of expansion was only slight, however. Anecdotal evidence from panellists indicated that they had raised their input purchases in order to mitigate any supply disruptions from Brexit.

On the price front, the rate of input cost inflation quickened to a three-month high and was sharp. Surveyed firms attributed the latest rise in cost burdens to higher raw material prices, with greater prices paid for steel, fuel and insulation.

Finally, optimism among Irish construction firms picked up from September to the highest in three months during October. Just over 31% of panellists expect activity to increase over the coming year. Positive sentiment was linked to forecasts of improving economic conditions and new capital investment.

### New business



### Employment



### Input prices



Index readings above 50 signal an increase in since the previous month and below 50 a decrease.

Sources: IHS Markit, Ulster Bank.

## Press information

For further information please contact Simon Barry, Chief Economist Republic of Ireland, on 00 353 1 643 1553 or 00 353 86 3410142 or email [simon.barry@ulsterbankcm.com](mailto:simon.barry@ulsterbankcm.com) [https://twitter.com/UB\\_Economics](https://twitter.com/UB_Economics)

**Purchasing Managers' Index®** (or 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 <https://ihsmarkit.com/products/pmi.html>.

**Ulster Bank Ireland DAC.** Ulster Bank Ireland DAC. A private company limited by shares, trading as Ulster Bank, Ulster Bank Group, Banc Uladh and Lombard. Registered in Republic of Ireland. Registered No.25766. Registered Office: Ulster Bank Group Centre, George's Quay, Dublin 2, D02 VR98. Member of the Royal Bank of Scotland Group. Ulster Bank Ireland DAC is regulated by the Central Bank of Ireland. Calls may be recorded.

**IHS Markit** (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2019 IHS Markit Ltd. All rights reserved.

**The Ulster Bank Construction PMI is issued exclusively for the general information of clients, contacts and staff of Ulster Bank. The contents are not a substitute for specific advice and should not be relied upon as such. Accordingly, whilst every care has been taken in the preparation of this publication, no representation or warranty is made or given in respect of its contents and no responsibility is accepted for the consequences of any reliance placed on it by any person.**

The intellectual property rights to the Ulster Bank Construction PMI® provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trade mark of IHS Markit Limited and/or its affiliates.