

# Ulster Bank Construction PMI® Report (RoI)

**News Release:** Embargoed until 01:01 (Dublin) June 10th 2019

## Construction activity growth eases to four-month low in May

At 54.9 in May, down from 56.6 in April, the **Ulster Bank Construction Purchasing Managers' Index® (PMI®)** – a seasonally adjusted index designed to track changes in total construction activity – signalled the slowest expansion of Irish construction activity for four months. That said, the latest increase was marked and much faster than the long-run series average. Irish construction activity has increased on a monthly basis since September 2013.

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

*“Irish construction firms continued to experience solid, though slower, growth in May according to the latest results of the Ulster Bank Construction PMI survey. The headline PMI eased to a 4-month low last month, but at 54.9 it remains well above the 50 breakeven level and indicates that firms continue to report solid gains in activity. Very encouragingly, the residential sector remains a particular bright spot with Housing activity continuing to expand sharply last month. Commercial activity also very much remains in expansion mode, but the Commercial PMI has now fallen for three months in a row, with the May reading marking the slowest pace of growth in nearly six years.*

*“New business and employment levels continued to rise at healthy rates in May, albeit in line with overall trends, both indices eased last month. This was particularly evident in the case of employment, with the rate of job creation dropping to its slowest pace in over four years. However, this is best seen as a retreat from very elevated readings in recent months. Survey respondents remain optimistic about the sector’s prospects over the year ahead, with expectations of stronger customer demand cited as an important source of support.”.*

### Housing growth fastest of all sectors

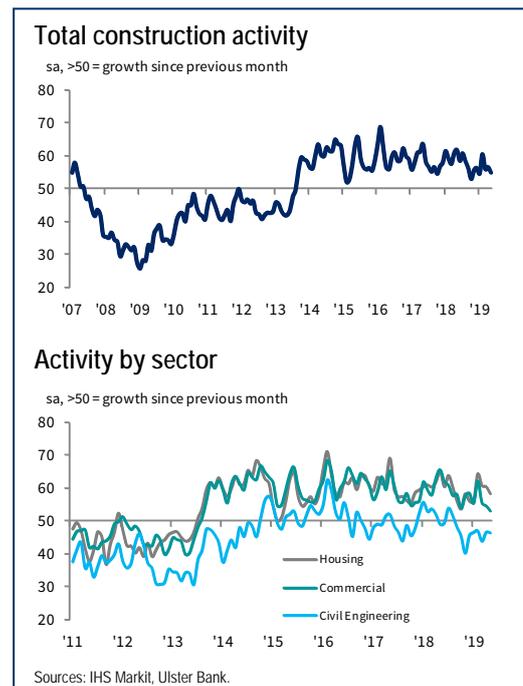
The housing sub-category recorded the fastest rise in activity of the three monitored sub-sectors for the fifth month running during May. Commercial activity also increased, albeit at the slowest pace since August 2013. Meanwhile, civil engineering activity declined for the ninth consecutive month, with the rate of contraction quickening slightly from April.

#### Latest Construction PMI® readings

|                            | Apr' 19     | May 19      |
|----------------------------|-------------|-------------|
| <b>Total Activity</b>      | <b>56.6</b> | <b>54.9</b> |
| Housing Activity           | 60.5        | 58.3        |
| Commercial Activity        | 54.6        | 53.1        |
| Civil Engineering Activity | 46.4        | 46.3        |

*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.*



## New orders growth at five-month low

Anecdotal evidence from panellists attributed activity growth to an upturn in new orders. Despite expanding at the slowest pace since December 2018, the rise in new business was the seventy-first in as many months. Firms indicated that increased market activity and the commencement of new projects were the principal factors behind the expansion in new work.

## Business confidence highest in three months

Employment across the Irish construction sector increased for the sixty-ninth successive month during May. Despite being solid, the rate of job creation eased from April to the slowest since March 2015. The expansion in workforce numbers was attributed to ongoing increase in construction activity and expectations of higher new business later this year.

Mirroring the trend for overall construction output, purchasing activity increased at a slower pace during May, one that was the weakest in four months. Irish construction firms have now scaled up their input buying on a monthly basis since March 2014.

Vendor performance, meanwhile, deteriorated in May and at the fastest pace since the end of 2018. Panellists indicated that stock issues among suppliers contributed to longer lead times.

On the price front, the rate of input cost inflation eased in May to the slowest since September 2016. Still the rise was sharp, with materials such as steel, insulation and paint reported as having increased in price since April.

Looking ahead, optimism among Irish construction firms picked up to a three-month high during May, with exactly 39% of panellists expecting activity to increase over the coming year. Positive sentiment was linked to expectations of stronger demand conditions and greater access to skilled labour and financing.

### New business

sa, >50 = growth since previous month



### Employment

sa, >50 = growth since previous month



### Input prices

sa, >50 = inflation since previous month



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** (Nasdaq: 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.