

News Release

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S&P Global Eurozone Construction PMI®

New orders decline at strongest rate for 14 months

Key findings

Output growth slows sharply amid reduced demand

Cost burdens rise at second-fastest rate in survey history

Confidence around the 12-month outlook deteriorates further

The S&P Global Eurozone Construction PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 650 construction firms in the eurozone. The headline figure is the Total Activity Index, which tracks changes in the total volume of construction activity compared with one month previously.

The S&P Global Eurozone Construction Total Activity Index dipped from 52.8 in March to 50.4 in April, signalling a considerably softer rise in activity. The rate of expansion was only marginal and the slowest recorded in the current seven-month sequence of growth. Companies commonly linked the increase to work being carried out on existing sites, though this was offset by a lack of new projects coming to tender amid heightened uncertainty. Underlying data indicated renewed contractions in both commercial and civil engineering work, while the upturn in house building eased to the softest in the current 14-month sequence of growth.

April survey data pointed to a fourteenth consecutive expansion in home building activity across the eurozone. That said, the rate of increase was the weakest recorded in this sequence and only mild. Italian constructors led the upturn, though growth eased to a six-month low.

Eurozone commercial building activity fell for the first time since last September during April, with the rate of contraction the sharpest seen for a year.

Work undertaken on civil engineering projects across the eurozone decreased for the first time in four months in April. That said, the decline was only fractional.

New orders placed with eurozone construction companies fell for the first time in nine months in April. Anecdotal evidence suggested that high raw material and building costs as well as the Ukraine war had dampened demand and led to the postponement of orders.

Latest data showed a sustained and substantial rise in

Construction Total Activity Index

sa, >50 = growth since previous month



Sources: S&P Global, Eurostat.

Data were collected 11-29 April 2022.

Comment

Commenting on the latest results, Usamah Bhatti, Economist at S&P Global, said:

"The upturn in the eurozone construction sector may have extended to a seventh month in April, but the rate of growth eased considerably to reach the slowest in this sequence. The slowdown in activity came amid the sharpest reduction in new order inflows since February 2021 as supply shortages and headwinds from the war in Ukraine weighed increasingly on confidence and potential tenders. Firms also continued to report widespread shortages of raw materials across the bloc and beyond, which placed sustained strain on supply chains and cost burdens. As such, the rate of input price inflation accelerated from March to the second-highest in the survey history. Increased headwinds from supply chains and the impact of the war dampened confidence, with firms signalling the greatest degree of pessimism since November 2020. At the national level, Italian firms indicated a solid rise in activity that was the slowest for six months, while French companies saw a renewed rise. Constructors in Germany meanwhile reported the sharpest fall in activity since August 2021."

PMI®

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input costs faced by eurozone construction firms. The rate of inflation accelerated from March and was the second-strongest in the survey history.

Vendor performance across the eurozone worsened markedly in April. Average lead times lengthened in all three of the bloc's largest members, with German firms pointing to the most severe deterioration.

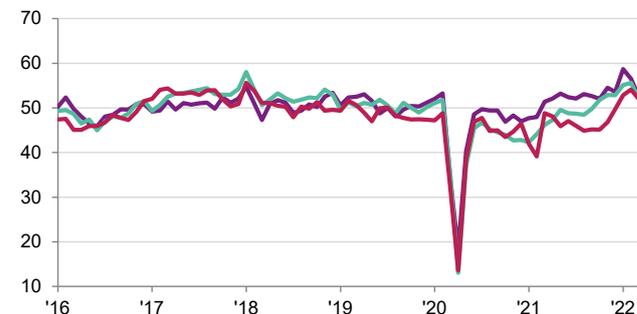
Latest data pointed to a renewed fall in staffing levels across the eurozone construction sector at the start of the second quarter. The rate of job shedding was only mild, though the fastest for 15 months.

Purchasing activity at eurozone constructors rose for the fourteenth time in as many months during April. That said, the pace of increase eased from March and was the softest since last November.

Eurozone construction firms expressed pessimism regarding the 12-month outlook for activity for the second month in a row in April. The level of negative sentiment fell to the lowest since November 2020.

- Housing Activity Index
- Commercial Activity Index
- Civil Engineering Index

sa, >50 = growth since previous month



Source: S&P Global.

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Survey methodology

The S&P Global Eurozone Construction PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 650 construction firms in Germany, France, Italy and Ireland. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data were first collected January 2000.

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, at the country level. 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. Eurozone level indices are calculated by weighting together the national indices. Weights are calculated from national construction value added.

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'.

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.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

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