

News Release

Embargoed until 0930 CEST (0730 UTC) 5 May 2022

S&P Global France Construction PMI[®]

Construction activity returns to growth in April

Key findings

Construction activity rises for first time since January

New orders slip back into decline amid weakening demand

Input costs surge at unprecedented rate in April

For the first time since the start of the year, latest survey data signalled construction activity growth across France. That said, the expansion was only modest as underlying data showed sustained weakness across the residential and commercial building sub-sectors during April, while new orders slipped back into contraction.

Meanwhile, latest data signalled substantial cost pressures as increases in both input costs and rates charged by subcontractors were the fastest in the survey history.

The headline S&P Global France Construction Activity Index – which measures month-on-month changes in total industry activity – moved above the 50.0 no-change mark to 50.7 in April, from 48.4 in March, and indicating renewed growth of construction activity across France at the beginning of the second quarter.

That said, the expansion was only marginal and exclusively driven by an increase in civil engineering activity as construction work relating to residential and commercial projects both fell. Civil engineering activity rose at the fastest rate since July 2020.

Activity levels across the French construction sector were all constrained by weakness in demand, according to panel members, with latest data signalling a drop in new orders. Where a decline was reported, this was linked to higher rates charged. That said, the reduction was only fractional overall.

French construction firms raised their employment levels during April. Furthermore, the rate of jobs growth edged slightly higher to a three-month high and coincided with a positive and improved outlook towards the coming 12 months. The level of business confidence equally strengthened at the start of the second quarter to its highest since January, with firms expecting stronger new order intakes to support growth at their companies.

However, on a less positive note, latest survey data pointed

■ Construction Total Activity Index

sa, >50 = growth since previous month



Source: S&P Global.

Data were collected 08-29 April 2022.

Comment

Joe Hayes, Senior Economist at S&P Global, said:

"It was a step in the right direction for France's construction sector in April as total activity increased for the first time since January. There were also some additional positives to take, with employment growth and business confidence both also improving."

"That said, underlying data revealed some concern. There were further decreases in residential and commercial building activity over the month amid a broad deterioration in the demand for construction projects. Some businesses attributed a decline in their order books to rising rates charged as clients tighten their belts amid rapidly increasing prices across the breadth of the economy. With supply-chain issues still widespread, risks to the construction sector appear tilted firmly to the downside."

PMI[®]

by S&P Global

to a further steep lengthening in average input lead times during April. Panel members widely cited raw material shortages at vendors. However, the deterioration in supplier performance was the weakest in eight months.

Despite sustained supply-chain pressures, French construction firms raised their purchasing activity once again during April. Among the companies that raised buying levels, this was attributed to higher activity. The expansion was solid, albeit marginally weaker than that seen previously.

Elsewhere, latest survey data highlighted the intense cost pressures faced by French constructors during April. Input prices rose at an unprecedented rate as soaring energy prices were exacerbated by an increase in the price of oil-related products, according to survey respondents.

French constructors were also faced with a survey-record increase in subcontractor rates during April. This came amid a deterioration in subcontractor availability, but a worsening in the perceived quality of the work. Overall, subcontractor usage declined for a third successive month.

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

sa, >50 = growth since previous month



Source: S&P Global.

Contact

Joe Hayes
Senior Economist
S&P Global
T: +44-1344-328-099
joe.hayes@spglobal.com

Joanna Vickers
Corporate Communications
S&P Global
T: +44207-260-2234
joanna.vickers@spglobal.com

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).

Survey methodology

The S&P Global France Construction PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 150 construction companies. The panel is stratified by company workforce size, based on contributions to GDP. Survey data were first collected September 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. 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.

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

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global 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 S&P Global 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 and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.