

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

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## Construction activity growth quickens amid faster rise in new orders

At 55.5 in November, up from 52.9 in October, the **Ulster Bank Construction Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>)** – a seasonally adjusted index designed to track changes in total construction activity – signalled a strong expansion of Irish construction activity. Overall construction activity has now increased in each of the past 63 months.

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

*“Growth in Irish construction activity re-accelerated in November, according to the latest results of the Ulster Bank Construction PMI survey. The rate of overall expansion picked-up from October’s over three and a half year low as the headline index rose from 52.9 in October to 55.5 in November, in the process halting a three-month sequence of deceleration from the exceptionally rapid growth recorded in the summer. There was a sharp acceleration in Housing activity making it the fastest growing sector last month. But the improvement also reflected better performance in Commercial activity, with the Commercial PMI rising to 57.5 in November from 53.9 in October. Civil engineering remains an area of weakness, however, with respondents reporting a third consecutive monthly decline in activity.*

*“Encouragingly, respondents also reported a marked pick-up in new business flows, with the new orders index rising to a very elevated reading - and five-month high - of 59.1 in November. In turn, strong activity and new orders patterns continue to underpin robust demand for construction workers, though the pace of job creation eased slightly in November. Sentiment about future activity prospects again edged lower in November, in the process falling to its lowest level since August 2013. However, this is best seen as a retreat from exceptionally elevated readings. Confidence levels remain solidly optimistic (at readings higher than seen on average at the peak of the last cycle in 2004-2006), with nearly 45% of all firms expecting activity to increase over the coming year.”*

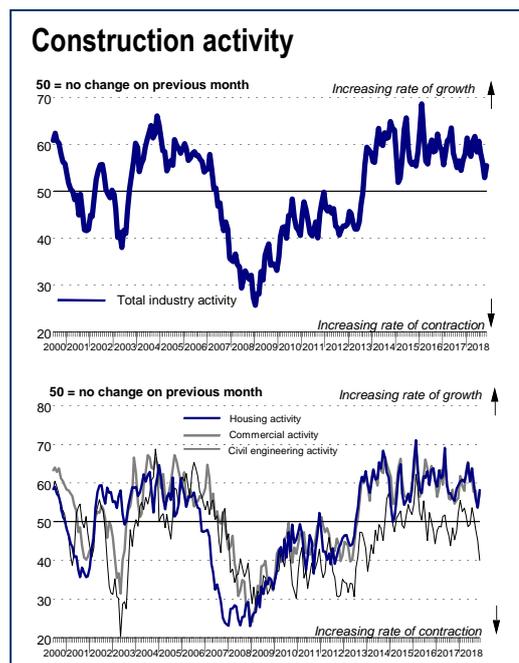
### Housing activity fastest growing sector

Housing activity led the upturn during November, with growth at a three-month high. Meanwhile, civil engineering activity was the weakest performing of the three monitored categories, seeing activity fall for the third consecutive month and to the greatest extent since January 2014. Commercial construction activity also expanded at a quicker rate that was much faster than the survey average.

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

	Oct'18	Nov'18
<b>Total Activity</b>	<b>52.9</b>	<b>55.5</b>
Housing Activity	53.6	58.2
Commercial Activity	53.9	57.5
Civil Engineering Activity	45.3	40.1

*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 order growth highest in five months

Irish construction firms stated that greater activity stemmed from an increase in customer demand. New business rose at the fastest pace in five months during November. Panellists attributed this to an overall increase in construction work and previously delayed projects starting up.

## Rate of job creation softens

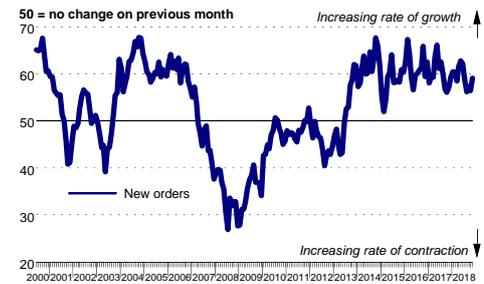
Employment in the Irish construction sector increased during November. That said, the rate of growth softened from October as some panellists stated that recent delays in projects dampened overall job creation. Nonetheless, staffing levels have increased in each of the past 63 months.

In line with the trend for activity, input buying increased at a faster pace during November. The rate of growth was solid and quicker than in October. Purchasing activity among Irish construction firms has now increased for 57 successive months.

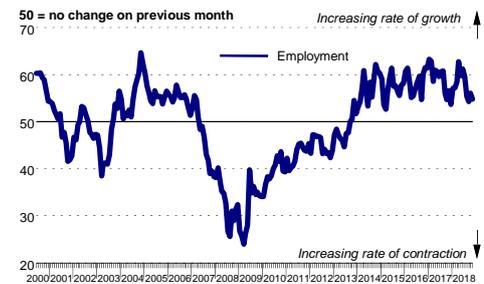
Input price inflation eased to the slowest in two years during November. The pace of increase remained elevated, however, amid reports of metal price increases and reduced availability of construction materials.

Looking forward, sentiment among Irish construction firms remained strongly positive in November. A number of companies expect activity to rise over the coming 12 months, due to expectations of greater customer numbers and improving economic conditions. Optimism also remained well above the series average. This was despite confidence easing to the lowest since July 2013 amid the potential for a slowdown in demand.

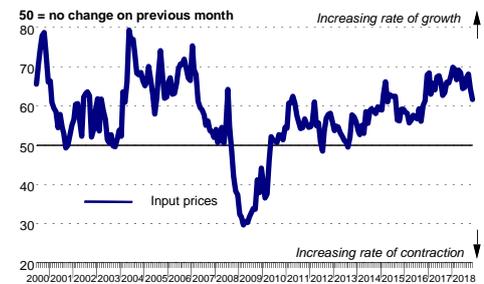
## New business



## Employment



## Input prices



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Sources: IHS Markit, Ulster Bank.

## Press information

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