News Release

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IHS MARKIT
FRANCE CONSTRUCTION PMI®

Fastest rise in construction activity for seven months

KEY FINDINGS

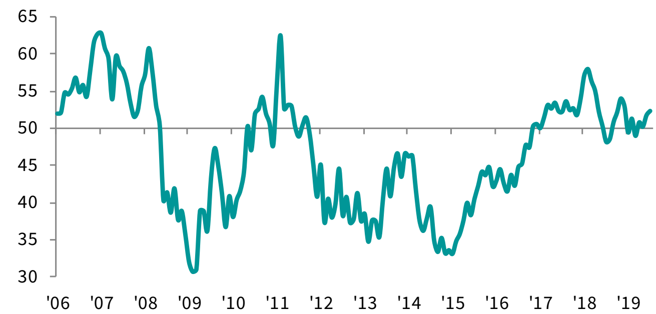
Quickest expansion in building activity during 2019 so far

New orders grow at fastest pace for over a year

Firms continue to increase staff numbers

Total Activity Index

sa, >50 = growth since previous month



July data pointed to a modest rise in construction activity in France, with the rate of growth accelerating to the fastest for seven months. The quicker rise was supported by a solid expansion in new business, as well as marked increases in employment and purchasing activity. Meanwhile, there was further evidence of capacity pressures at suppliers, with average lead times lengthening to the greatest extent since December 2018.

On the cost front, input prices continued to rise, but the rate of inflation eased to the softest in just over one-and-a-half years.

The headline France Construction Purchasing Managers' Index® (PMI®) – which is based on a single question asking respondents to report on the actual change in their total construction activity compared to one month ago – posted above the 50.0 no-change mark for the fourth month running in July, signalling a further expansion of activity in the French construction sector. At 52.4, up from 51.8 in June, the index signalled a moderate rise that was the quickest for seven months.

At the sub-sector level, the latest expansion was underpinned by growth in both commercial and civil engineering activity. Civil engineers recorded a solid increase that was their quickest since April 2018, while commercial construction rose moderately and at a rate broadly in line with that registered in June. In contrast, home builders reported a second successive monthly decline in activity, although the rate of deterioration eased from June and was only marginal overall.

New orders placed with construction firms in France increased for the third month in a row during July. Moreover, the rate of expansion accelerated to the quickest for just over a year. Survey participants often noted an increase in calls for tender from their clients.

In response to rising activity levels, firms in the French construction sector continued to increase their staff numbers at the start of the third quarter. The result extended the current sequence of workforce expansion that began in June 2017. Notably, the rate of job creation accelerated to the quickest for nine months and was marked overall.

Similar to the trend for employment, firms increased their purchases of raw materials and building products at a faster pace in July. Moreover, the rate of growth accelerated for the third month in a row and recorded the quickest since June last year.

Meanwhile, cost burdens faced by French building companies increased for the fortieth month in a row during July. However, the rate of inflation eased from June to reach the softest since the end of 2017. Anecdotal evidence suggested that strong demand had seen prices rise.

Finally, firms remained optimistic towards the 12-month business outlook in July, supported by expectations of further new order growth. The degree of optimism was greater than in June and historically marked.

COMMENT

Eliot Kerr, Economist at IHS Markit, which compiles the survey:

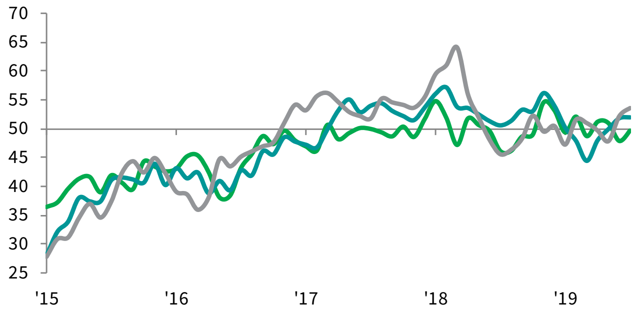
"The French construction sector posted another strong set of PMI figures in July. Activity growth maintained upward momentum, supported by a quicker rise in new orders and further increases in employment and purchasing activity.

"Of the three monitored sub-sectors, civil engineering registered the fastest expansion in activity, although the volume of work undertaken on commercial projects also rose for the second month in a row. Meanwhile, home builders recorded a further decline in activity, albeit one that was only marginal overall."

Activity Index by construction category

Housing / Commercial / Civil Engineering

sa, >50 = growth since previous month



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Methodology

The IHS Markit France Construction PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 150 construction companies. The panel is stratified by company workforce size, based on contributions to GDP.

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.

July 2019 data were collected 12-31 July 2019.

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

About PMI

Purchasing Managers' Index® (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 ihsmarkit.com/products/pmi.html.

About IHS Markit

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.

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CNA (Conseil national des achats – National Purchasing Council), is a non-profit making, non union trade association, gathering individuals, and people actually involved in the purchasing activity of companies or public services. Its aim is to increase the efficiency of the purchasing function in the economy by training and informing those concerned, defining and applying a professional ethic, providing studies, research, surveys, and all actions of general interest in any field directly or non directly related to purchasing and subsidiary functions.