

IHS MARKIT FRANCE CONSTRUCTION PMI®

Activity contraction eases in March

KEY FINDINGS

Slowest decline in activity for nine months

First rise in new business since January 2020

Sharpest rise in input costs for almost a decade

Data collected 12-31 March

Latest PMI® data pointed to a softer contraction in French construction activity during March. The slowdown came amid the first monthly improvement in demand conditions since January 2020, which led to a further increase in employment. Meanwhile, global supply-chain issues and ongoing shortages of raw materials saw input prices rise at the quickest rate since April 2011.

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 – rose to 49.7 in March, up from 44.0 in February. The latest reading signalled the softest contraction in French construction activity since expansion was last recorded in June 2020. In fact, the rate of decline was only marginal overall.

At the sub-sector level, the reduction in activity was solely driven by commercial projects, where the rate of contraction accelerated and was sharp overall. Meanwhile, homebuilding activity stabilised to end a one-year sequence of decline and civil engineering work increased slightly.

The improved trend for output was underpinned by strengthening demand conditions across the French construction sector during March. Although marginal overall, the increase in new business was the first since January 2020. Panellists noted a rise in calls to tender from both public and private sector clients.

France Construction PMI Total Activity Index

sa, >50 = growth since previous month



Source: IHS Markit.

In line with an increase in new projects, firms hired additional staff for the second month running. Moreover, the rate job creation strengthened from February and was the quickest since September.

March data also revealed a slight increase in purchasing activity across the French construction sector. The result marked the first monthly rise in input buying since last June. Despite signalling only a marginal expansion, the latest reading was above the historical average.

On the supply front, input delivery times continued to lengthen markedly at the end of the first quarter. Moreover, the extent to which vendor performance deteriorated was the greatest for seven months. Panellists often noted shortages of raw materials at their suppliers, as well as issues with both sea and air transportation.

The increasing scarcity of raw materials drove a further rise in input costs during March. Notably, the rate of inflation accelerated for the fifth month running to the quickest since April 2011. Anecdotal evidence indicated shortages of a range of raw materials, with steel and wood most commonly mentioned.

Finally, confidence towards the 12-month business outlook softened slightly in March. However, the degree of positivity remained historically marked, as firm looked forward to the potential relaxation of COVID-19 restrictions later this year.

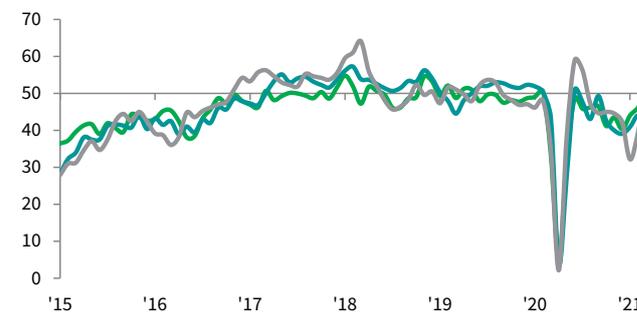
COMMENT

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

"Although latest PMI data pointed to a further decline in French construction activity during March, the rate contraction eased to the softest in the current nine-month sequence of downturn. In fact, the latest reduction was only marginal and confined to the commercial real estate sub-sector as civil engineering activity rose and homebuilding stabilised. The improved reading at the aggregate level came amid a combination of strengthening demand conditions and positive expectations for the year ahead. However, it must be noted that these data were collected before the announcement of new national COVID-19 restrictions starting on 3rd April, so sentiment may take a short-term dip during the next survey period."

Activity Index by construction category Housing / Commercial / Civil Engineering

sa, >50 = growth since previous month



Source: IHS Markit.

CONTACT

IHS Markit

Eliot Kerr
Economist
T: +44-2031-593-381
eliot.kerr@ihsmarkit.com

Joanna Vickers
Corporate Communications
T: +44-2072-602-234
joanna.vickers@ihsmarkit.com

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.

March 2021 data were collected 12-31 March 2021.

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.

ihsmarkit.com/products/pmi.html

Disclaimer

The intellectual property rights to the data 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. IHS 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 trademark of IHS Markit Ltd. and/or its affiliates.

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.

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 © 2021 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, click [here](#).

About CNA

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