

Embargoed until 0930 CET (0830 UTC) 06 January 2022

IHS Markit Eurozone Construction PMI®

Eurozone construction activity rises further

Key findings

Output growth eases slightly despite faster upturn in new orders

Cost burdens rise markedly, but at softest pace since September

Confidence around the 12-month outlook weakens

Data were collected 06-23 December 2021.

The IHS Markit Eurozone Construction PMI® is compiled by IHS Markit 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 IHS Markit Eurozone Construction Total Activity Index dipped slightly from 53.3 in November to 52.9 in December, signalling a softer rise in activity. That said, the rate of expansion remained solid overall and extended the current period of growth to three months. Companies commonly linked the increase to stronger new order growth and the resumption of projects on hold due to the COVID-19 pandemic. Underlying data indicated sustained expansions in both house building and commercial activity, while civil engineering work fell at the softest pace in the current 29-month sequence of reduction.

December survey data pointed to a sustained expansion in home building activity across the eurozone, stretching the current period of growth to ten months. The rate of increase softened from the previous survey period, though remained solid overall.

Eurozone commercial building activity rose for the third successive month during December, with the rate of growth broadly unchanged from November.

Work undertaken on civil engineering projects across the eurozone decreased only fractionally in December. While the reduction extended the current sequence of reduction to 29 months, the pace of contraction was the softest in this sequence.

The rise in eurozone construction activity was led by a further marked upturn among Italian companies. French firms recorded a softer rate of growth, while Germany noted a sustained decrease. That said, the rate of decline eased to the softest in the current 22-month sequence of downturn.

Eurozone Construction PMI Total Activity Index
sa, >50 = growth since previous month



Source: IHS Markit.

New orders placed with eurozone construction companies expanded at the fastest pace since February 2019 at the end of the year. Anecdotal evidence pointed to new projects coming to tender amid sustained government incentives for the sector.

Latest data pointed to a further rise in staffing levels at eurozone constructors. The rate of job creation eased to a four-month low and was modest overall.

Eurozone construction firms expressed optimism regarding the 12-month outlook for activity for the twelfth time in a row in December. That said, the level of positive sentiment fell to an eight-month low.

Purchasing activity at eurozone constructors rose for the tenth time in as many months during December. The pace of increase was solid and the fastest for seven months.

Vendor performance across the eurozone worsened markedly in December. Average lead times lengthened in all three of the bloc's largest members, with French firms pointing to the most severe deterioration. Firms overwhelmingly attributed longer lead times to raw material shortages. However, vendor performance at the eurozone level worsened to the weakest extent since August.

Latest data showed a sustained and substantial rise in input costs faced by eurozone construction firms. The rate of inflation softened for the second successive month, though remained among the steepest seen since the start of the survey. A majority of panellists cited higher raw material prices due to widespread shortages among suppliers.

Comment

Commenting on the latest results, Usamah Bhatti, Economist at IHS Markit, said:

"The upturn in the eurozone construction sector extended into its third month at the end of 2021, as businesses reported a solid, albeit softer rise in activity. Positively, growth in new business quickened to the steepest in nearly three years, as new projects came to tender amid sustained government support for the sector. That said, firms continued to report widespread shortages of raw materials across the bloc and beyond, which placed continued strain on supply chains and cost burdens. That said, the rate of input price inflation was the softest for three months, a potential sign that price pressures had peaked. Increased headwinds, notably from local and global supply chains dampened confidence. The degree of optimism eased to the softest since April. At the national level, Italian firms indicated a further solid rise in activity, yet French firms saw the rate of growth slow. German firms noted the softest fall in activity in the current 22-month sequence, however."

Contact

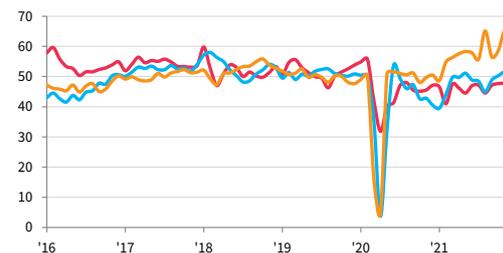
Usamah Bhatti
Economist
IHS Markit
T: +44 1344 328 370
usamah.bhatti@ihsmarkit.com

Joanna Vickers
Corporate Communications
IHS Markit
T: +44 207 260 2234
joanna.vickers@ihsmarkit.com

Construction Total Activity Index

Germany / France / Italy

sa, >50 = growth since previous month

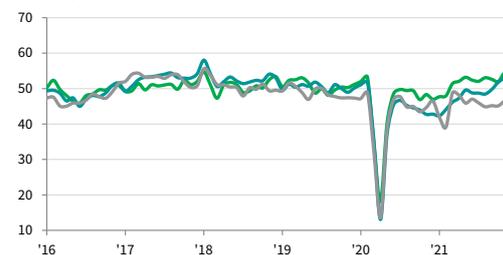


Source: IHS Markit.

Construction Activity Index

Housing / Commercial / Civil engineering

sa, >50 = growth since previous month



Source: IHS Markit.

Survey methodology

The IHS Markit Eurozone Construction PMI® is compiled by IHS Markit 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.

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.

Survey dates and history

Data were collected 06-23 December 2021.

Survey data were first collected January 2000.

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 © 2022 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 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.