

Embargoed until 0930 CEST (0730 UTC) 4 July 2019

IHS MARKIT EUROZONE CONSTRUCTION PMI®

Marginal increase in building activity during June

KEY FINDINGS

Rate of growth little-changed since May

Broad stabilisation in new orders

Employment growth accelerates

June data pointed a further rise in construction activity across the eurozone, with the rate of growth little-changed from May. The marginal expansion was supported by a further rise in work undertaken on commercial projects and a broad stabilisation in total new orders. Meanwhile, firms increased their staff numbers at the quickest rate for three months and input buying rose for the thirty-second month in a row.

On the cost front, input prices faced by eurozone construction firms increased further in June, with the rate of inflation broadly in line with that in May.

Little-changed from 50.6 in May at 50.8 in June, the IHS Markit Eurozone Construction PMI® pointed to a marginal rise in total construction activity. Across the euro area's three largest economies, increases were registered in both France and Italy. Meanwhile, growth stagnated in Germany, ending a seven-month sequence of expansion.

The only monitored sub-sector to see a rise in activity during June was the commercial category. The latest increase was the fifth in as many months and the quickest in 2019 so far. In contrast, home builders recorded their first decline since August 2018. The reduction was the fastest for 15 months. Meanwhile, civil engineering firms recorded roughly unchanged activity in June, following two successive monthly contractions.

New orders placed with eurozone construction firms broadly stabilised in June after the first contraction for nine months in May. At the national level, moderate increases Italy and France approximately offset a solid reduction in Germany.

Amid the ongoing rise in total construction activity, firms continued to increase their staff numbers in June. The latest

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



reading extended the current sequence of workforce expansion to almost two-and-half years. Moreover, the rate of growth ticked up to the quickest in three months and was solid overall.

Similar to the trend in employment, firms expanded their purchasing activity in June. Input buying has now increased in each of the past 32 months, and the pace of growth accelerated in June. Of the eurozone's so-called 'big-three' the quickest rise was recorded in France, followed by Germany and Italy respectively.

Meanwhile, capacity pressures remained evident at suppliers in the eurozone construction sector, with delivery times lengthening further in June. Although the extent to which vendor performance eased from May, it remained historically marked.

Finally, eurozone construction firms maintained their optimism towards the business outlook at the end of the second quarter. Although the level of positivity eased from May, it remained historically marked. Of the eurozone's three largest economies, confidence was highest in France.

COMMENT

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

“The eurozone construction sector posted another marginal increase in activity at the end of the second quarter, driven by the quickest expansion in France for six months. There was also a return to growth in Italy, while German firms saw a stagnation.

"The strongest performing sub-sector was the commercial category, which posted its fifth successive expansion and the quickest of 2019 so far. Meanwhile, home builders recorded their fastest decline since March 2018 and there was a broad stabilisation in civil engineering work."

Activity Index by construction category
Housing / Commercial / Civil Engineering

sa, >50 = growth since previous month



Total Activity Index by nation

Germany / France / Italy

sa, >50 = growth since previous month



CONTACT

IHS Markit

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

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

Methodology

The IHS Markit Eurozone Construction PMI® is compiled by IHS Markit from responses to questionnaires sent to around 650 construction companies in Germany, France, Italy and Ireland.

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' 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.

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 © 2019 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. To learn more go to [ihsmarkit.com/products/pmi.html](https://www.ihsmarkit.com/products/pmi.html).