

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 0930 (CET) / 0830 (UTC) February 6<sup>th</sup> 2018**

## IHS Markit Germany Construction PMI<sup>®</sup>

### Construction sector records steepest increase in activity since early-2011

#### Key findings:

- Mild weather boosts building work
- New orders show sharpest rise in survey history
- Strong expansions in employment and sub-contractor usage

Data collected January 12-30

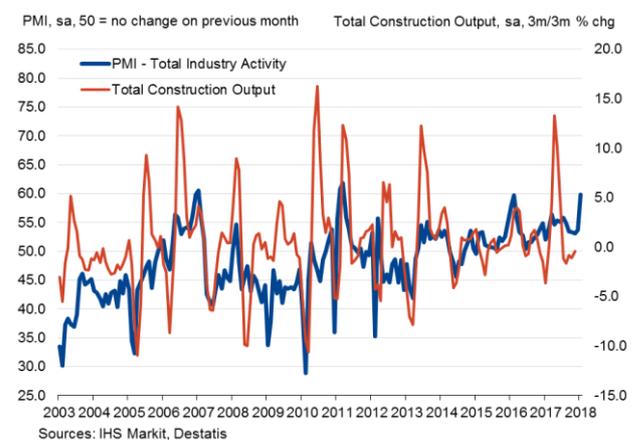
A warmer than usual January resulted in a sharp and accelerated increase in total industry activity across Germany's constructor sector, according to the latest *PMI*<sup>®</sup> survey data from IHS Markit. On a seasonally adjusted basis, housing and commercial activity rose at some of the fastest rates seen in the survey's 18-and-a-half year history, while growth in new orders was at a record-high.

The headline seasonally adjusted *Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) – which measures changes in the level of total industry activity compared with one month ago – rose sharply from 53.7 in December to 59.8, its highest reading since March 2011 (and the joint-fourth best seen since the survey began in late-1999).

All areas of the construction sector performed strongly during the month, with the respective rates of expansion in housing and commercial activity among the fastest on record. The latter saw the strongest overall growth in January, the third month in a row in which this has been the case. The level of work on civil engineering projects also increased, thereby reversing the back-to-back contractions seen in the final two months of 2017.

New orders received by German constructors rose for the second month running in January. Furthermore, having picked up considerably from the modest pace seen in December, the rate of growth was the fastest recorded in the series history.

#### IHS Markit Germany Construction PMI



Construction firms upped their rate of job creation to accommodate the increased levels of activity and new orders, with the extent of the rise in payroll numbers in January bettered only once in the survey history. There was also a substantial increase in the use of sub-contractors, the likes of which had never been seen before.

Constructors' quantities of purchases exhibited a similar trend, rising at a rate rarely seen since the survey's inception. This extra demand for raw materials and building components placed greater pressure on suppliers, whose delivery times were shown to have worsened for a fortieth straight month in January. That said, the deterioration in vendor performance was the least marked since last March.

On the cost front, January's survey indicated a further steep increase in average prices paid for purchases. The rate of inflation picked up slightly from that seen in December and was well above the historical series trend. It did, however, remain below last October's recent peak.

In the latest survey, German constructors reported strong optimism towards the outlook for activity in the year ahead. The degree of confidence improved to a six-month high, although it remained below the record levels observed during the first half of 2017.

### Comment:

Commenting on the PMI data, **Phil Smith**, Principal Economist at IHS Markit said:

*“In a month when construction work often slows due to bad weather, the more temperate climate allowed businesses to stay busier than usual, resulting in a sharp increase in total industry activity on a seasonally adjusted basis. The rise in activity was the strongest seen in almost seven years and came on the back of a solid finish to 2017, suggesting the good weather augmented what was already a positive uptrend in construction work.*

*“We could see some payback in the coming months due to work having been brought forwards, but there’s enough in the data to suggest the longer-term prospects for the sector are bright. New orders rose for the second month running and at a record pace, while constructors expanded their staffing capacity at one of the fastest rates in the survey history amid strong optimism towards the outlook.”*

-Ends-

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#### Note to Editors:

The Germany Construction PMI® (Purchasing Managers' Index®) is produced by IHS Markit and is based on original survey data collected from a representative panel of over 200 companies based in the German construction sector.

Data are collected at mid-month, asking respondents to compare a variety of business conditions with the situation one month ago. Data have been collected since September 1999.

A reading of below 50.0 indicates that the economy is generally declining, above 50.0 that it is generally expanding and exactly 50.0 indicates no change on the level recorded the previous month.

The PMI and related indices are directly comparable with all other national Purchasing Managers' Indices, including the United States and Eurozone PMI indices produced by IHS Markit, and are produced using identical methodologies in each country.

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Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>) 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 <https://ihsmarkit.com/products/pmi.html>.

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