

## News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 0930 (London) / 0830 (UTC) May 2<sup>nd</sup> 2018**

### IHS Markit/CIPS UK Construction PMI<sup>®</sup>

#### House building recovery after snow disruption underpins modest construction rebound in April

##### Key findings:

- Construction activity rises at fastest pace for five months
- Residential work expands at strongest rate since May 2017
- New orders increase slightly in April

Data collected April 12-27

##### IHS Markit/CIPS UK Construction PMI:

PMI, Seasonally Adjusted, 50.0 = no-change



Source: IHS Markit/CIPS

##### Summary:

April data indicated a moderate recovery in construction output following the weather-related disruptions seen during March. House building was the main category of activity to experience robust growth in April.

However, there were signs that underlying demand across the construction sector remained subdued, with total new work rising only marginally in April.

The increase in new business was the first recorded by the survey so far in 2018.

At 52.5 in April, the seasonally adjusted **IHS Markit/CIPS UK Construction Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>)** picked up sharply from the 20-month low seen in March (47.0). The latest reading was the highest since November 2017 and signalled a moderate expansion of overall construction output.

Residential work was by far the best performing category of construction activity in April, with the rate of growth reaching its strongest since May 2017. Survey respondents widely commented on the resumption of house building activity following snow disruptions in March.

Weather-related improvements were also seen for commercial building and civil engineering activity, with both areas recording a modest return to growth after marked declines in the previous month.

Mirroring the trend for business activity, latest data revealed a renewed rise in new order volumes across the construction sector. However, the rate of new business expansion was only marginal. Anecdotal evidence cited heightened economic uncertainty and subdued confidence among clients in April. In some cases, construction firms noted that a knock-on impact from unusually bad weather conditions had contributed to delays with sales completions during the latest survey period.

Despite relatively weak new business growth, employment numbers increased for the twenty-first month running in April. Survey respondents noted that new project starts and an expected increase in workloads had underpinned job creation at their business units. Moreover, latest survey data indicated that construction firms are relatively upbeat about the 12-month business outlook, with the degree of confidence the strongest recorded since May 2017.

Meanwhile, supply chain pressures remained marked in April, with low stocks and shortages of transport capacity contributing to another sharp lengthening of delivery times for construction materials. On a more positive note, input cost inflation was unchanged from the 20-month low seen in March. Reports from survey respondents suggested that higher fuel costs and increased prices for steel-related inputs were key factors pushing up operating expenses in April.

## Comments

**Tim Moore, Associate Director at IHS Markit** and author of the **IHS Markit/CIPS Construction PMI®**:

*“A rebound in construction activity was pretty well inevitable after snowfall resulted in severe disruptions on site during March. House building led the way, with growth in April among the strongest seen over the past two-and-a-half years. However, the picture was less positive in other areas of construction, with commercial building and civil engineering work rising only marginally.*

*“While temporary factors make it difficult to gauge underlying momentum, the recovery from March’s low point is somewhat underwhelming and provides an indication that the construction sector has been treading water at the very best in recent months.*

*“A consistent theme so far this year has been fragile demand conditions and subdued volumes of incoming new work. Survey respondents noted that heightened economic uncertainty continued to hold back construction growth in April, with risk aversion among clients leading to delays with spending decisions on new projects.”*

**Duncan Brock, Group Director at the Chartered Institute of Procurement & Supply**, said:

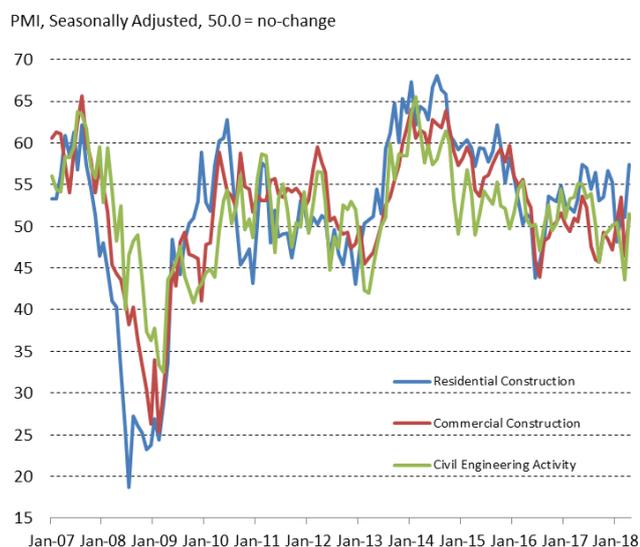
*“April’s data provides some relief after last month’s weather disruption, especially for the housing sector after a lacklustre few months. However, economic uncertainty and Brexit-related indecision continue to lurk beneath the surface as obstacles to the construction sector’s stability. New orders remain too few and far between, with just a small improvement in the level of extra work reported this month.*

*“The effects of the previous month’s bad weather were echoed in April as supply chains stayed under the cosh again. Besieged by raw material stock shortages and capacity difficulties, suppliers tried to catch up on their delivery commitments with limited success. Transportation times were still lengthy for construction materials for projects already in the pipeline.*

*“There were some positives reported by construction firms in April as optimism rose to its highest level since May 2017 and an increase in workforces was reported in anticipation of a better second quarter of the year. What the sector needs now is more widespread client confidence and big ticket projects to follow suit. House building at least seems to be moving in the right direction, and by achieving its fastest rate of growth since May 2017 it has gone from a laggard to a construction leader again.”*

– Ends –

## UK Construction PMI<sup>®</sup> by Category of Activity



Source: IHS Markit/CIPS

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### Note to Editors:

Where appropriate, please refer to the survey as the IHS Markit/CIPS UK Construction PMI<sup>®</sup>.

**The Purchasing Managers' Survey** is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 170 construction companies. The panel is stratified geographically and by Standard Industrial Classification (SIC) group, based on the regional and industry contribution to GDP. The survey is based on techniques successfully developed in the USA over the last 60 years by the National Association of Purchasing Management. It is designed to provide one of the earliest indicators of significant change in the economy, being issued on the first working day of each month. The data collected are not opinion on what might happen in the future, but hard facts on what is actually happening at "grass roots" level in the economy. As such the information generated on economic trends pre-dates official government statistics by many months.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) and seasonally adjusted numbers are available to subscribers from IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com)

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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 [www.markit.com/product/pmi](http://www.markit.com/product/pmi).

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