

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 0930 (CET) / 0830 (UTC) January 5th 2018

IHS Markit Germany Construction PMI[®]

Solid rise in activity in December ends a strong year for construction sector

Key findings:

- Total industry activity growth at four-month high...
- ...driven by strong rise in commercial building work
- Expansions in employment and purchasing activity lose further momentum

Data collected December 5-20

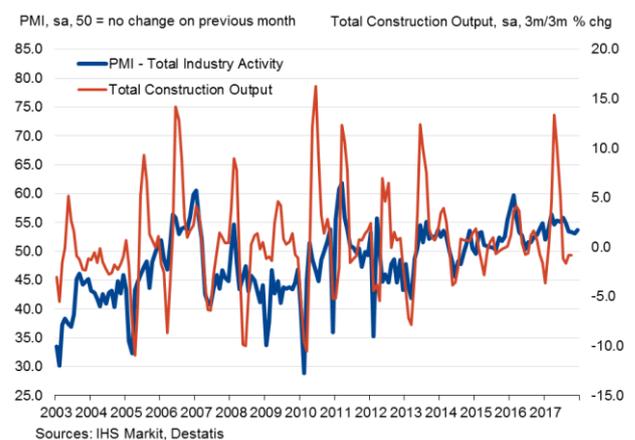
Construction activity in Germany rose at the fastest rate for four months in December, buoyed by strong growth in commercial building work, the latest *PMI*[®] survey data from IHS Markit showed.

Constructors created jobs and raised purchasing activity amid an increase in the level of new orders, though the respective rates of growth were down on the highs observed earlier in the year. Cost pressures likewise moderated further after having peaked in October, while the incidence of delivery delays on building materials and products was less widespread than in the summer.

The headline seasonally adjusted *Purchasing Managers' Index*[®] (*PMI*[®]) – which measures changes in the level of total industry activity compared with one month ago – climbed to 53.7 in December, up from 53.1 in November and its highest reading since August. The latest figure was just below the average for 2017 as a whole (54.3), which was the best for any calendar year since the survey began in 1999.

Commercial activity was the main driver of growth in December, rising strongly and at the fastest rate for four months. There was also a moderate increase in the level of work on residential building projects, with the pace of expansion little-changed from that recorded in November. Civil engineering activity, on the other hand, fell for the second month

IHS Markit Germany Construction PMI



running, albeit only modestly.

The level of new orders taken by German construction firms returned to growth in December, after having fallen for the first time in over a year in November. Anecdotal evidence found that demand for new projects was supported by broader economic growth. However, the extent of the rise in orders books was only slight, and much weaker than those seen during the summer, linked in part to ongoing capacity constraints.

Firms' confidence towards future performance meanwhile improved at the end of the fourth quarter, recovering from a 12-month low in November. The degree of optimism was the highest since July, albeit below the trend level for the year as a whole.

December saw further robust increases in both employment and the quantity of purchases made by constructors. However, rates of growth lost further momentum in both cases, easing to lowest for six and eight months respectively.

Prices paid for building materials and products rose

sharply on average in December. That said, the rate of inflation softened further from October's six-and-a-half year high to the lowest since July. Similarly, while constructors faced another notable increase in lead times, the extent of the deterioration in vendor performance was far less marked than at the height of delivery delays in August.

Comment:

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

“A slight pick-up in growth in December marked a positive finish to 2017 for Germany’s construction sector, with the PMI recovering to a four-month high and recording its highest annual average this millennium. The latest robust expansion in construction activity was once again driven by a strong gain in commercial building work, and supported by another moderate increase in residential activity. Civil engineering remained a weak spot, recording back-to-back contractions in the final two months of 2017.

“A growing pipeline of new work was reflected in rising levels of employment, purchasing activity and sub-contractor usage; however, each increased more slowly in December than in previous months to suggest some winding down of the capacity pressures brought on by the surge in new orders during the third quarter.”

-Ends-

For further information, please contact:

IHS Markit

Phil Smith, Principal Economist
Telephone +44-1491-461-009
Email: phil.smith@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44207 260 2234
Email joanna.vickers@ihsmarkit.com

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.

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge 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 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2018 IHS Markit Ltd. All rights reserved.

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 www.markit.com/product/pmi.

The intellectual property rights to the Germany Construction PMI[®] 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.

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