

# Ulster Bank Construction PMI<sup>®</sup> Report (RoI)

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## Activity expands at fastest pace in five months

Construction activity increased sharply during November, with the rate of growth accelerating from the previous month. New orders and employment also rose at stronger rates, related to improving economic conditions, stronger client confidence and efforts to expand activity. The **Ulster Bank Construction Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>)** – a seasonally adjusted index designed to track changes in total construction activity – rose to 56.7 in November, up from 54.5 in October and pointing to the fastest rise in activity in five months. The sharp increase extended the current sequence of expansion to 51 months. According to respondents, higher new orders was the main factor leading activity to rise.

**Commenting on the survey, Simon Barry, Chief Economist Republic of Ireland at Ulster Bank, noted that:**

*“Growth in Irish construction activity re-accelerated in November, according to the latest results of the Ulster Bank Construction PMI survey. The rate of overall expansion picked-up from October’s multi-month low as the headline index rose from 54.5 in October to 56.7 in November, in the process reaching a five-month high. The improvement reflected better performance across the three main sub-sectors. A welcome increase in Housing activity saw it record the sharpest increase in activity, thus remaining the strongest performing category last month. Commercial activity also continued to grow strongly, with the Commercial PMI rising to 55.6 in November from 54.7 in October. Civil engineering remains an area of weakness, however, with respondents reporting a sixth consecutive monthly fall in activity, albeit at a reduced pace in November.”*

*“Survey respondents mentioned that improving economic conditions continue to underpin expansion in both client demand and construction staffing levels, evident in a pick-up in the New Orders and Employment indices in November. Sentiment about future activity prospects again edged lower in November, in the process falling to its lowest level since August 2013. However, this is best seen as a modest retreat from exceptionally elevated levels as confidence levels remain solidly optimistic, with around half of all firms expecting activity to increase over the coming year.”*

### Rises in both housing and commercial activity

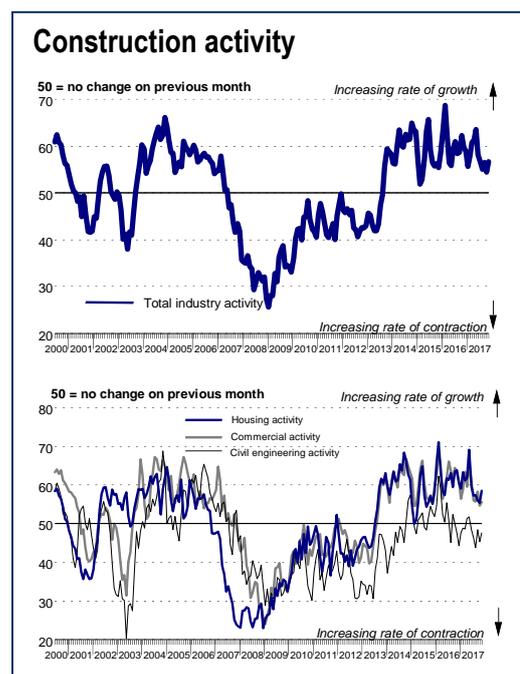
For the second month running, the housing sub-sector was the best performing of those covered by the survey. Activity on residential projects increased sharply, and to the greatest extent since June. Commercial activity also rose at a faster pace in November. Meanwhile, civil engineering activity continued to fall, albeit to a lesser extent than in October.

#### Latest Construction PMI<sup>®</sup> readings

	Oct'17	Nov'17
<b>Total Activity</b>	<b>54.5</b>	<b>56.7</b>
Housing Activity	55.5	58.6
Commercial Activity	54.7	55.6
Civil Engineering Activity	45.4	47.6

*Index readings above 50 signal an increase in activity on the previous month and reading below 50 signal a decrease. All indexes given above and displayed in the charts are seasonally adjusted.*

*Sources: IHS Markit, Ulster Bank.*



## New order growth accelerates

General improvements in economic conditions and stronger client confidence resulted in a further increase in new orders, the fifty-third in as many months. Moreover, the rate of growth quickened from the previous month.

## Faster rise in employment

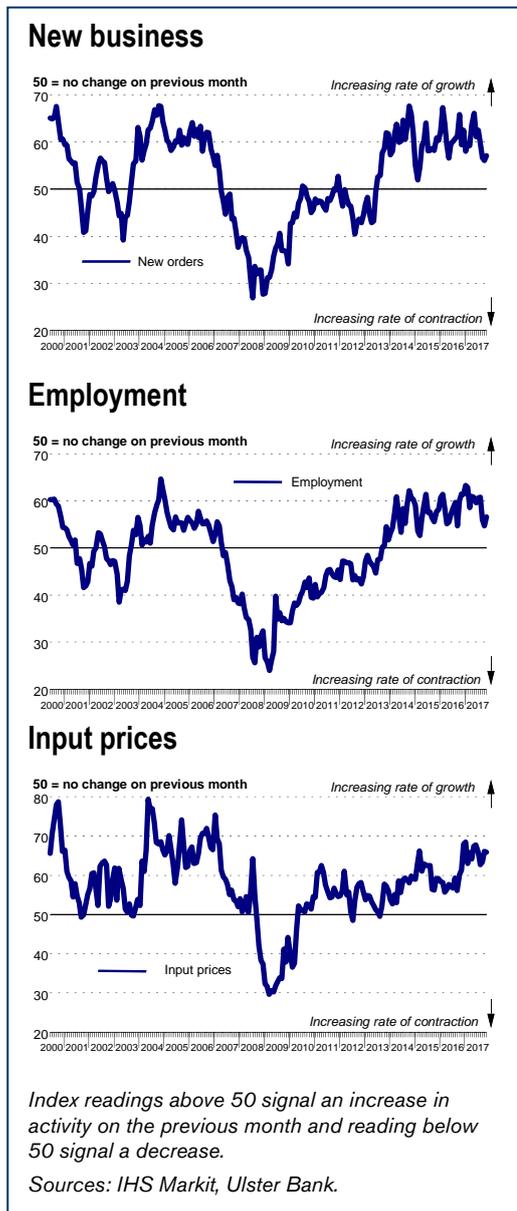
The rate of job creation also quickened in November, with employment increasing sharply during the month. Respondents indicated that staffing levels had been raised in line with higher activity requirements and as part of efforts to meet deadlines.

As well as raising employment in line with higher activity requirements, constructors also increased purchasing activity. The rate of expansion quickened for the third successive month and was the fastest since June.

Suppliers' delivery times lengthened again as higher demand for inputs imparted pressure on vendors. That said, the deterioration in supplier performance was the weakest in 14 months.

Input costs continued to rise sharply, with higher prices for raw materials reported by panellists. Insulation was mentioned as costing more by a number of respondents.

Although Irish construction firms generally remained strongly confident regarding the 12-month outlook for activity, sentiment dipped again in November and was the lowest since August 2013.



## Press information

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