

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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Markit Germany Construction PMI®

Construction growth picks up in February

Key findings:

- PMI regains upward momentum following weather-related blip in January
- Stronger growth in all three construction categories
- New orders rise at second-fastest rate in survey history

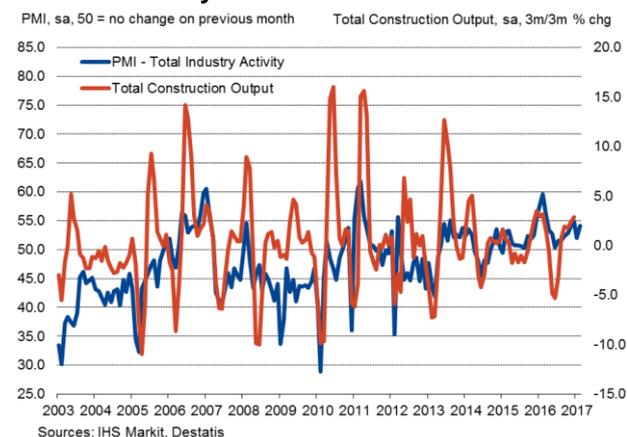
Data collected February 10-27

The German construction sector grew at a faster pace in February, following a slowdown in the rate of expansion at the start of 2017 linked to very cold weather. Activity increased more quickly across the residential, commercial and civil engineering categories, and firms reported the second-sharpest rise in new work since the survey began in 1999. Employment and purchasing both increased at faster rates, while the 12-month outlook remained historically strong.

Adjusted for seasonal factors, the headline Purchasing Managers' Index® (PMI®) – which is based on a single question asking respondents to report on the actual change in their total construction activity compared to one month ago – rose from a five-month low of 52.0 in January to 54.1 in February. The latest figure signalled a strong overall rise in German construction activity, and extended the current survey-record sequence of expansion to 25 months. Some firms commented that business had recovered following a very cold January.

Growth of construction activity was broad-based across the residential, commercial and civil engineering sectors. Moreover, all three posted faster expansions than in January. The strongest growth was registered in civil engineering, which saw the second-sharpest increase in activity in nearly six years.

Markit Germany Construction PMI



The construction sector was boosted by a sharp expansion in new work in February. New business rose for the fourth month running, and at the second-strongest rate seen over the seventeen-and-a-half year survey history.

With new work and total activity rising strongly in February, construction firms purchased a greater quantity of inputs. The rate of expansion quickened from January and was broadly in line with the solid trend pace shown over the current 19-month sequence of growth. Suppliers' delivery times continued to lengthen markedly as a result.

Construction firms also stepped up recruitment in order to meet workloads. Employment in the sector rose for the twentieth successive month, and at a robust pace. The use of sub-contractors also increased (as a percentage of all work undertaken), having declined in January for the first time since August 2015.

The February survey revealed rising cost pressures for German construction companies. The rate of input price inflation eased slightly since January but was the second-fastest since May 2012.

Meanwhile, sub-contractors raised their rates at one of the fastest rates over the past five-and-a-half years.

Finally, business expectations moderated from January's survey-record high but remained strong. Firms linked positive sentiment to good pipelines of new work.

Comment:

Commenting on the PMI data, **Trevor Balchin**, Senior Economist at IHS Markit said:

"The German construction sector experienced a revival in growth in February, following a slowdown at the start of the year that partly reflected very cold weather.

"The acceleration in growth reflected faster expansions in all three monitored areas of construction, with civil engineering posting one of the sharpest increases in activity in the survey history. Moreover, the volume of new work rose at the second-fastest rate on record, underpinning a firmly positive outlook for the sector."

-Ends-

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Note to Editors:

The Germany Construction PMI® (Purchasing Managers' Index®) is produced by 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 Markit, and are produced using identical methodologies in each country.

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