

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

Construction activity continues to rise sharply in April

Key findings:

- Rate of expansion slows since March
- Suppliers' delivery times lengthen substantially
- Input price inflation eases from March's five-year high

Data collected April 11-28

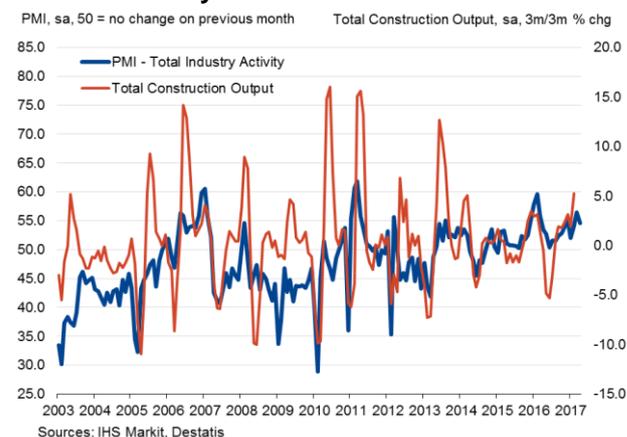
The German construction sector continued to expand strongly at the start of the second quarter of 2017. The rate of growth in total activity eased from March but was sharper than the average for the first quarter and the trend pace seen over the past four years. Growth was reflected in further strong increases in employment, purchasing and use of sub-contractors. April data also signalled a slower rate of input price inflation, albeit one that remained sharp overall.

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 – remained well above 50.0 in April, indicating strong growth in German construction activity. The PMI fell from March's 13-month high of 56.4 to 54.6, but was nonetheless above the average for Q1 (54.2) and the trend level seen over the past four years (52.3).

All three areas of construction continued to see strong increases in activity in April. The commercial category registered the fastest rate of expansion, followed by civil engineering and residential respectively.

The volume of new work received by German construction firms rose for the sixth consecutive month in April. The rate of expansion eased since March, but was nonetheless one of the strongest

Markit Germany Construction PMI



registered since the survey started in September 1999.

The survey-record sequence of job creation in the construction sector continued in April. The rate of workforce growth eased from March's 13-month high, but was sharp nonetheless.

With workloads continuing to rise sharply in April, construction companies increased their purchases of inputs. The rate of expansion remained strong despite slowing since one month previously. Suppliers' delivery times lengthened to the greatest extent since January 2007. German construction companies increased their usage of sub-contractors for the nineteenth time in the past 20 months in April. Moreover, the rate of growth was the strongest since March 2016. Subsequently, their availability dropped by the most since December 2006.

Cost pressures in the German construction sector remained strong in April. Input price inflation eased from March's five-year high, but remained historically sharp. Meanwhile, sub-contractors increased their rates at the fastest pace since May

2008.

The 12-month outlook for construction activity in Germany remained firmly positive in April. Sentiment weakened from March's survey-record high, but was nonetheless among the sharpest registered in the survey history.

Comment:

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

"The latest PMI data for the German construction sector revealed an ongoing strong performance in April, despite most indexes retreating slightly from their March highs."

"Growth of construction activity remained historically strong, with sharp gains registered in all three main areas of the sector. Moreover, new orders rose at one of the fastest rates on record. This led to further demand for construction inputs, placing pressure on supply chains. Vendor delivery times lengthened to the greatest extent since January 2007, and purchase prices rose at the second-fastest rate in five years."

-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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