

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit Germany Construction PMI<sup>®</sup>

### Construction activity continues to rise sharply in June

#### Key findings:

- Slower residential growth offset by strong commercial building
- Suppliers' delivery times lengthen most in ten-and-a-half years
- Survey-record increase in sub-contractor charges

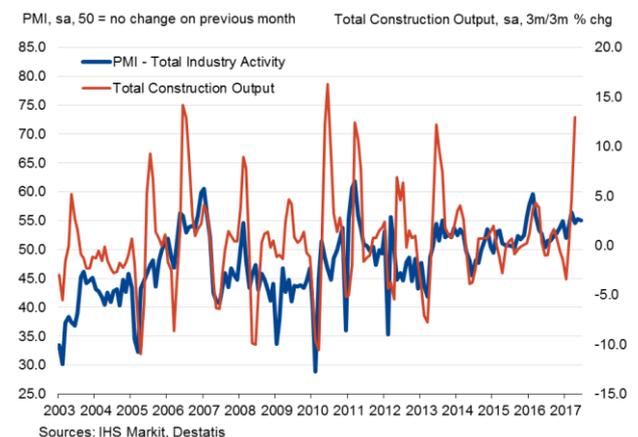
Data collected Jun 12-29

The German construction sector remained in a strong expansionary phase in June. Total activity increased at a sharp rate that was little-changed since May. Over the second quarter as a whole the rate of growth was the fastest since Q1 2016. Firms boosted capacity by hiring additional staff and increasing their usage of sub-contractors, whose charges subsequently rose at the strongest pace in the survey history. Meanwhile, purchase prices increased at one of the sharpest rates of the last five years, reflecting shortages at suppliers. Delivery times for construction inputs lengthened to the greatest extent in ten-and-a-half years.

Adjusted for seasonal factors, the headline Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>) – 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 June, indicating strong growth in German construction activity. The PMI posted 55.1, little-changed since 55.3 in May, indicating the third-fastest rate of growth since March 2016.

Growth of activity was broad-based across the three monitored areas of the construction sector in June. Commercial activity recorded the sharpest rate of expansion and one of the fastest during the past six years. Civil engineering activity increased

#### IHS Markit Germany Construction PMI



for the seventh consecutive month, the longest sequence of growth in over ten years. Meanwhile, housebuilding continued a survey-record sequence of growth, albeit at the weakest rate since August 2016.

New orders received by German construction firms rose for a record eighth successive month in June. The rate of expansion slowed further, however, and was only marginal.

To support workloads, German construction firms expanded their workforces and increased their usage of sub-contractors. Construction employment rose at a historically strong rate, as did the usage of sub-contractors. Sub-contractor supply declined at the fastest rate since December 2006, which contributed to a survey-record increase in the rates they charged.

Purchasing of construction materials continued to rise sharply in June. Buying activity has risen every month since August 2015, and the rate of growth remained strong despite easing slightly since May. Consequently, suppliers' delivery times lengthened

to the greatest degree in ten-and-a-half years.

Cost pressures remained historically sharp in June. Input prices for construction firms increased at the fourth-fastest rate in over five years.

German construction firms remained strongly confident regarding expected workloads in 12 months' time. That said, business expectations moderated since May and were the lowest in four months.

#### Comment:

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

*"The construction PMI data for Germany remained strong in June. Over the second quarter as a whole*

*the rate of expansion in activity was the sharpest since Q1 2016, and the second-fastest since Q1 2011. Growth remained marked in both the commercial and civil engineering segments, although housebuilding posted the slowest rise since August 2016. New orders expanded for a record eighth consecutive month, albeit at the slowest rate in this sequence.*

*"Capacity remained under strain, with suppliers' delivery times lengthening to the greatest extent in ten-and-a-half years and sub-contractor supply tightening the most over the same period. This led to further upward pressure on purchase prices for construction inputs and sub-contractor rates. The latter rose at a survey-record pace."*

-Ends-

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#### Note to Editors:

The Germany Construction PMI<sup>®</sup> (Purchasing Managers' Index<sup>®</sup>) 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.

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