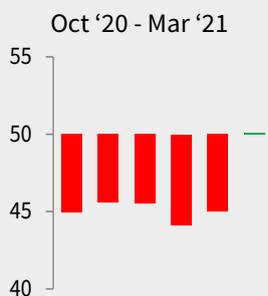




IHS Markit Eurozone Construction PMI®

Renewed expansion in eurozone construction activity in March

Eurozone Construction Total Activity Index



New orders return to growth territory

Job creation resumes after 12 months of decline

Business optimism remains strong

The IHS Markit Eurozone Construction PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 650 construction firms in the eurozone. The headline figure is the Total Activity Index, which tracks changes in the total volume of construction activity compared with one month previously.

The IHS Markit Eurozone Construction Total Activity Index rose from 45.0 in February to 50.1 in March, signifying a fractional expansion in eurozone construction activity. This marked the first rise in activity since February 2020, prior to the downturn caused by the coronavirus disease 2019 (COVID-19) pandemic during 2020. Latest data showed that the return to growth was led by house building activity, which rose for the first time in 13 months. There were also softer declines in both commercial construction and civil engineering activity.

Commenting on the latest results, Usamah Bhatti, Economist at IHS Markit, said:

"Eurozone construction companies reported fractional growth in March, marking for the first increase since the pandemic disrupted activity across the bloc throughout 2020. Incoming business also expanded in the latest survey period, as the appetite for new construction projects in the eurozone began to return, reportedly in public sector work. As a result, firms across the bloc increased workforce numbers marginally in March, the first instance of job creation since February 2020. As short-term disruptions lifted gradually and postponed projects resumed, eurozone-based construction companies were optimistic that activity would rise over the coming 12 months, with the degree of positive sentiment remaining at a strong level. By country, Italian firms noted a second successive rise in activity, with the pace of growth the fastest since January 2007. Builders in France and Germany continued to report further declines in construction activity, although both recorded softer rates of decline."

Eurozone Construction Total Activity Index

sa, >50 = growth since previous month



Construction activity

Activity by sector

Home building among eurozone constructors returned to expansion territory in March. The pace of growth was modest overall and was the first instance of growth since February 2020. The increase was led by a strong rise in Italy, with support from a stabilisation in activity in France. However, German firms noted the second successive fall in housebuilding, although the pace of decline softened from February.

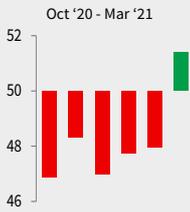
Meanwhile, commercial construction activity was the worst performing sub-sector in the latest survey period. The fall in March was the thirteenth in a row, yet the pace of contraction was the softest since July 2020. Construction firms in France and Germany continued to report sharp contractions, while Italian businesses signalled a further, solid rise in activity.

Work undertaken on civil engineering projects reduced for the twentieth month in succession in March. That said, the decline softened from February and was the softest since February 2020. A solid contraction in Germany offset marginal growth recorded at both Italian and French builders.

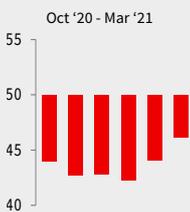
Activity by nation

Of the three largest economies in the eurozone, only firms in Italy registered an expansion in March. Moreover, Italian construction activity rose at the fastest pace since January 2007. At the same time, German firms signalled the softest contraction in output for seven months. Meanwhile, French firms signalled a fractional contraction, with the pace of decline the softest in the current nine-month sequence.

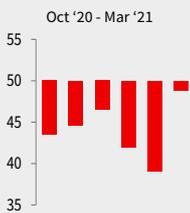
Housing Activity Index



Commercial Activity Index



Civil Engineering Activity Index



Housing Activity Index

sa, >50 = growth since previous month

51.4

Mar '21



Commercial Activity Index

sa, >50 = growth since previous month

46.2

Mar '21



Civil Engineering Activity Index

sa, >50 = growth since previous month

48.8

Mar '21



Total Construction Activity Index

Germany

sa, >50 = growth since previous month

47.5

Mar '21



France

sa, >50 = growth since previous month

49.7

Mar '21



Italy

sa, >50 = growth since previous month

56.3

Mar '21



Demand, jobs and outlook

New orders

New orders received by eurozone construction firms returned to growth in for the first time in 13 months in March. Though the pace of the increase was marginal, it was the fastest since January 2020. Businesses commented that a number of projects postponed due to the pandemic were brought to tender, notably in the French and Italian public sector. Only firms in Germany indicated that new business had fallen in March, while their French counterparts signalled a renewed expansion. Italian firms, meanwhile, reported the quickest rise since May 2001.

Employment

Latest data pointed to a renewed expansion in employment levels at eurozone construction firms. Although marginal, the increase in workforce numbers was the first since February 2020, with anecdotal evidence suggesting a rise in demand had required additional capacity. Both French and Italian firms recorded job creation in March, with the latter posting the strongest rise since June 2019. German firms noted a marginal fall in employment levels, however.

Future activity

Overall sentiment among eurozone building companies remained positive in March, as indicated by the Future Activity Index staying above the 50.0 no-change threshold for the third month running. All three of the largest economies in the bloc anticipated a rise in activity over the next 12 months, the first time this has occurred since February 2020.

New Orders Index

sa, >50 = growth since previous month

50.8
Mar '21



Employment Index

sa, >50 = growth since previous month

50.8
Mar '21



Future Activity Index

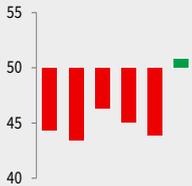
>50 = growth expected over next 12 months

56.0
Mar '21



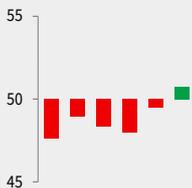
New Orders Index

Oct '20 - Mar '21



Employment Index

Oct '20 - Mar '21



Future Activity Index

Oct '20 - Mar '21



Purchasing

Quantity of purchases

Purchasing activity by eurozone construction companies increased in March. This marked the first instance of growth for 13 months and was marginal overall, as survey members pointed to a gradual return to activity on sites in the latest survey period. While German firms indicated a modest fall in buying activity, this was offset by a strong rise in Italy and a return to expansion among French constructors.

Suppliers' delivery times

March data pointed to sustained supply chain disruption in the eurozone construction sector, as supplier delivery times lengthened markedly. Moreover, the respective seasonally adjusted Index reached its lowest level since the peak of the COVID-19 pandemic in May 2020. Slower delivery times were apparent across the three largest economies in the bloc, with German firms recording the most severe delays.

Input prices

Input price inflation intensified at eurozone building companies during March, with the rate of increase accelerating to the highest since July 2008. Rising cost burdens were widely attributed to higher costs of raw materials, coupled with severe supply constraints. Underlying data pointed to increased input prices in all of the so called 'big three' economies, with Italy reporting a survey record rise in March.

Quantity of Purchases Index

sa, >50 = growth since previous month

50.7
Mar '21



Suppliers' Delivery Times Index

sa, >50 = faster times since previous month

32.6
Mar '21



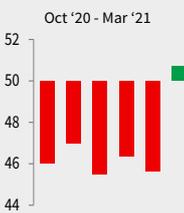
Input Prices Index

sa, >50 = inflation since previous month

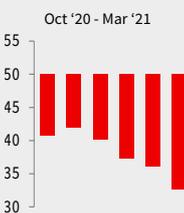
76.4
Mar '21



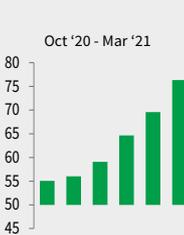
Quantity of Purchases Index



Suppliers' Delivery Times Index

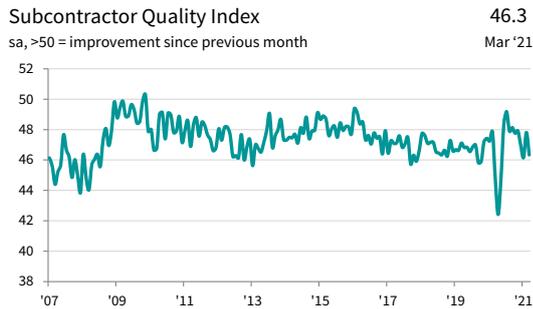
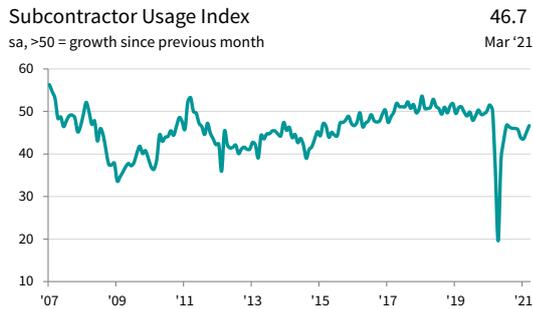
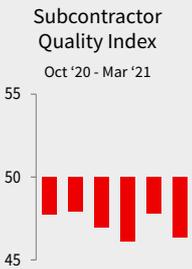
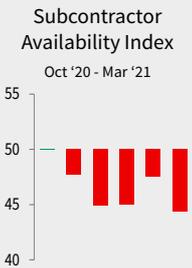
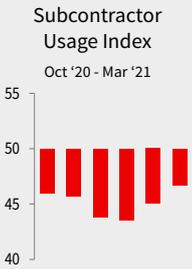


Input Prices Index



Subcontractors

March data indicated a softer, but still solid fall in the use of subcontractors among eurozone constructors, while the availability of subcontractors declined at the fastest pace since the nadir of the pandemic in April 2020. At the same time, subcontractor quality deteriorated once again in the latest survey period, and to a greater extent to that seen in February. Finally, rates charged by subcontractors increased rapidly in March, and at the fastest pace since the survey began in January 2000.



Survey methodology

Survey panel size

650

construction firms

Index calculation

% 'Higher'
+
(% 'No change')/2
+
(% 'Lower') x 0

The IHS Markit Eurozone Construction PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 650 construction firms in Germany, France, Italy and Ireland. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable, at the country level. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted. Eurozone level indices are calculated by weighting together the national indices. Weights are calculated from national construction value added.

The headline figure is the Total Activity Index. This is a diffusion index that tracks changes in the total volume of construction activity compared with one month previously. The Total Activity Index is comparable to the Manufacturing Output Index and Services Business Activity Index. It may be referred to as the 'Construction PMI'.

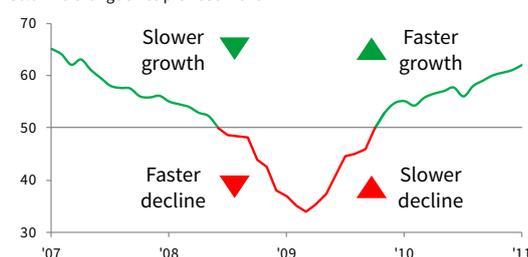
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

Survey questions	
Total activity	Quantity of purchases
Housing activity	Suppliers' delivery times
Commercial activity	Input prices
Civil engineering activity	Subcontractor usage
New orders	Subcontractor availability
Employment	Subcontractor quality
Future activity	Subcontractor rates

Index interpretation

50.0 = no change since previous month



Survey dates and history

March data data were collected 12-31 March 2021.

Survey data were first collected January 2000.

Sector coverage

Construction PMI data include responses from companies operating in the entire manufacturing sector, including the following ISIC Rev.4 codes:

41 Construction of buildings	and telecommunications	43.29 Other construction installation
41.10 Development of building projects	42.91 Construction of water projects	43.31 Plastering
41.20 Construction of residential and non-residential buildings	42.99 Construction of other civil engineering projects n.e.c.	43.32 Joinery installation
42 Civil engineering	43 Specialised construction activities	43.33 Floor and wall covering
42.11 Construction of roads and motorways	43.11 Demolition	43.34 Painting and glazing
42.12 Construction of railways and underground railways	43.12 Site preparation	43.39 Other building completion and finishing
42.13 Construction of bridges and tunnels	43.13 Test drilling and boring	43.91 Roofing activities
42.21 Construction of utility projects for fluids	43.21 Electrical installation	43.99 Other specialised construction activities n.e.c.
42.22 Construction of utility projects for electricity	43.22 Plumbing, heat and air-conditioning installation	

Index summary

sa, 50 = no change over previous month. *50 = no change over next 12 months.

	Total Activity	Housing Activity	Commercial Activity	Civil Engineering Activity	New Orders	Employment	Future Activity*	Quantity of Purchases	Suppliers' Delivery Times	Input Prices	Usage	Subcontractors		
												Availability	Quality	Rates
Oct '20	44.9	46.9	44.0	43.5	44.3	47.6	45.2	46.1	40.7	55.1	46.0	50.1	47.8	53.8
Nov '20	45.6	48.3	42.7	44.7	43.4	48.9	46.9	47.0	41.9	56.0	45.7	47.7	47.9	52.7
Dec '20	45.5	47.0	42.8	46.5	46.4	48.4	47.8	45.5	40.2	59.1	43.8	44.9	47.0	52.8
Jan '21	44.1	47.7	42.3	41.9	45.1	48.0	52.9	46.4	37.3	64.7	43.6	45.0	46.2	53.6
Feb '21	45.0	47.9	44.1	39.1	43.9	49.5	56.3	45.6	36.1	69.6	45.0	47.5	47.8	55.2
Mar '21	50.1	51.4	46.2	48.8	50.8	50.8	56.0	50.7	32.6	76.4	46.7	44.4	46.3	62.2

By sector, Mar '21

sa, 50 = no change over previous month. *50 = no change over next 12 months.

	Total Activity	Housing Activity	Commercial Activity	Civil Engineering Activity	New Orders	Employment	Future Activity*	Quantity of Purchases	Suppliers' Delivery Times	Input Prices	Usage	Subcontractors		
												Availability	Quality	Rates
Germany	47.5	48.9	46.5	46.8	45.6	49.0	50.1	48.2	26.6	77.6	42.4	44.3	41.9	65.2
France	49.7	50.0	41.8	50.8	51.0	51.3	53.6	50.6	35.9	73.7	47.7	44.4	49.6	60.7
Italy	56.3	59.3	53.8	50.5	60.4	53.5	69.6	56.4	38.4	79.0	53.2	44.4	48.9	60.1

Contact

Usamah Bhatti
Economist
IHS Markit
T: +44 1344 328 370
usamah.bhatti@ihsmarkit.com

Joanna Vickers
Corporate Communications
IHS Markit
T: +44-207-260-2234
joanna.vickers@ihsmarkit.com

About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and 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 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2021 IHS Markit Ltd. All rights reserved.

Disclaimer

The intellectual property rights to the data 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. and/or its affiliates.

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.

ihsmarkit.com/products/pmi.html