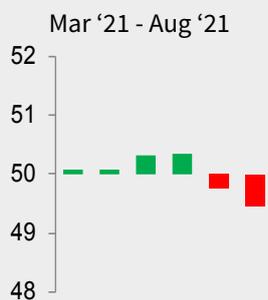




Eurozone Construction Total Activity Index



Further decline in output despite renewed growth of new orders

Cost burdens rise rapidly amid severe supply-chain disruption

Confidence around the 12-month outlook weakens

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 fell slightly from 49.8 in July to 49.5 in August, signalling a second successive decline in activity. While only marginal overall, the rate of reduction quickened from that seen in the previous survey period. Where a decrease was reported, companies linked this to raw material and labour shortages, which disrupted activity on site. Firms also noted that activity was constrained by rising input prices. Underlying data indicated sharper contractions in both commercial and civil engineering activity. House building work meanwhile, rose at the quickest pace since May.

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

"The downturn in the eurozone construction sector extended into its second month in August, as businesses reported a slightly quicker fall in activity. Positively, growth in new business inflows resumed, albeit at a marginal pace, marking the third rise in new orders in four months. That said, firms continued to report widespread shortages of raw materials and labour across the bloc and beyond, which placed ever-increasing strain on supply chains and cost burdens. The rate of input price inflation softened from July's peak, but remained among the strongest seen since the series began in January 2000. Increased headwinds, notably from local and global supply chains, dampened business confidence. The degree of optimism eased to the softest since May. At the national level, only Italian firms indicated a rise in activity, and one that was the fastest on record. Yet this was offset by sustained declines in Germany and France."

Eurozone Construction Total Activity Index

sa, >50 = growth since previous month



Construction activity

Activity by sector

August survey data pointed to a sustained expansion in home building activity across the eurozone, stretching the current period of growth to six months. The rate of increase quickened from the previous survey period and was the fastest recorded since May. Italian constructors led the upturn with the strongest expansion on record. However, German companies reported a fall in activity for the first time in three months, while French firms noted a third successive decline.

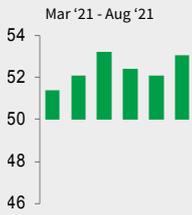
Commercial building activity fell for the eighteenth consecutive month during August, with the rate of decline quickening to the sharpest since April. A marked decline in Germany and a second successive fall in France offset a record expansion at Italian commercial constructors.

Work undertaken on civil engineering projects decreased again in August, extending the current sequence of decline to 25 months. Notably, the pace of contraction was the quickest since February. Construction firms in France and Germany recorded a further sharp fall in infrastructure activity, while Italian firms signalled the strongest rise since September 2018.

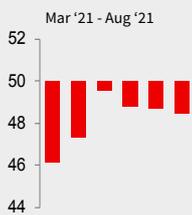
Activity by nation

The fall in total eurozone construction activity was led by sharp and accelerated declines among French and German companies, which offset a series-record upturn in construction output in Italy.

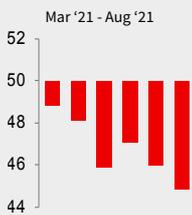
Housing Activity Index



Commercial Activity Index



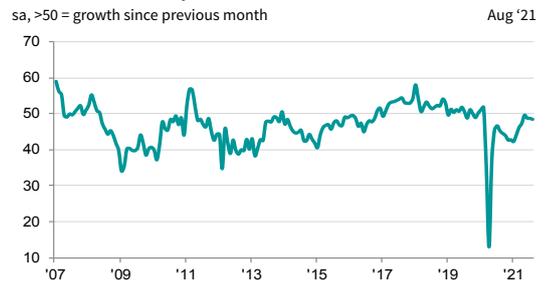
Civil Engineering Activity Index



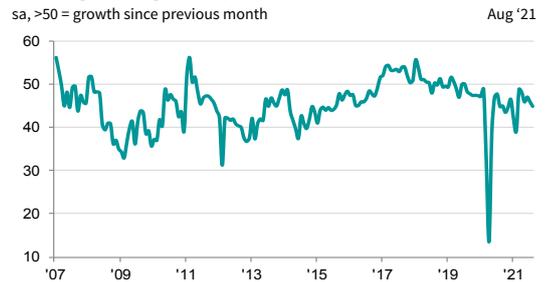
Housing Activity Index



Commercial Activity Index



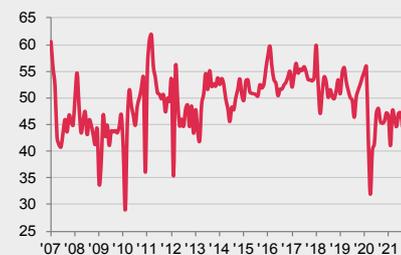
Civil Engineering Activity Index



Total Construction Activity Index

Germany

44.6
sa, >50 = growth since previous month
Aug '21



France

44.9
sa, >50 = growth since previous month
Aug '21



Italy

65.2
sa, >50 = growth since previous month
Aug '21



Demand, jobs and outlook

New orders

New orders placed with eurozone construction companies returned to growth in August. The rate of expansion was only marginal, and the third instance of growth in the past four months. Anecdotal evidence suggested that new projects coming to tender and government incentives for the sector led to a rise in new order inflows, though demand was slightly dampened by capacity constraints. Italian firms saw a record increase in new orders, however this was partially offset by a steep decline in Germany. French firms saw a softer and only moderate fall in new business.

Employment

Latest data pointed to a further rise in staffing levels at eurozone constructors. The rate of job creation quickened slightly from the previous survey period, but was marginal overall. Italian firms recorded job creation in August, one that was the fastest since February 2002. German builders noted the softest reduction in workforce numbers since March, while French firms registered a renewed fall in employment.

Future activity

Eurozone construction firms expressed optimism regarding the 12-month outlook for the eighth time in a row in August. That said, the level of positive sentiment fell to a three-month low. Confidence in France and Italy weakened from July, while German companies were downbeat for a fifth month running.

New Orders Index

sa, >50 = growth since previous month

50.4
Aug '21



Employment Index

sa, >50 = growth since previous month

50.5
Aug '21



Future Activity Index

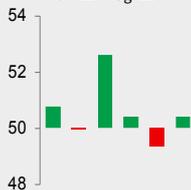
>50 = growth expected over next 12 months

55.9
Aug '21



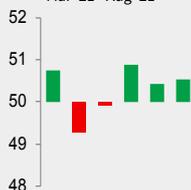
New Orders Index

Mar '21 - Aug '21



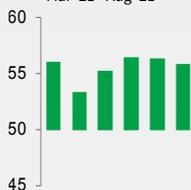
Employment Index

Mar '21 - Aug '21



Future Activity Index

Mar '21 - Aug '21



Purchasing

Quantity of purchases

Purchasing activity at eurozone constructors rose for the sixth time in as many months during August. The pace of increase was modest and the softest recorded for five months. There was a renewed decline at French firms, while German builders noted the fastest fall in the current four-month sequence of reduction. Yet, this was offset by a series-record increase in input buying across Italy.

Suppliers' delivery times

Vendor performance across the eurozone construction sector worsened markedly in August. Average lead times lengthened in all three of the bloc's largest members, with German firms pointing to the most severe deterioration. That said, the extent of delays was softer than those seen in the second quarter of 2021. Firms overwhelmingly attributed longer lead times to raw material shortages and supply bottlenecks.

Input prices

Latest data showed a sustained and rapid rise in input costs faced by eurozone construction firms. The rate of inflation softened from July's series record, though remained among the steepest seen since aggregate data became available in January 2000. A majority of panel members cited higher raw material prices due to widespread shortages among suppliers. Underlying data indicated robust rises in cost burdens at French and German firms, with the rise in Italy the second-fastest on record.

Quantity of Purchases Index

sa, >50 = growth since previous month

52.4
Aug '21



Suppliers' Delivery Times Index

sa, >50 = faster times since previous month

25.9
Aug '21



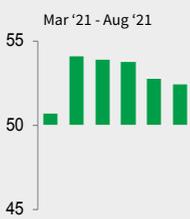
Input Prices Index

sa, >50 = inflation since previous month

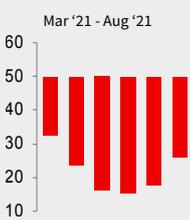
88.1
Aug '21



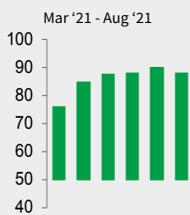
Quantity of Purchases Index



Suppliers' Delivery Times Index

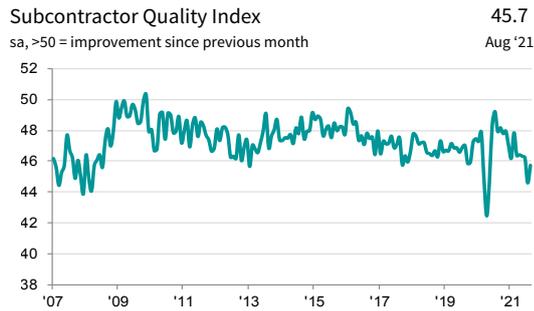
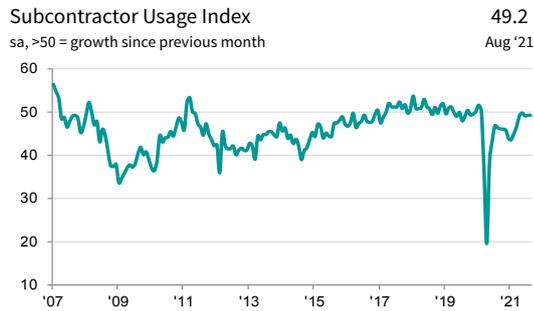
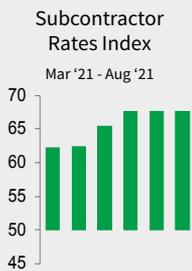
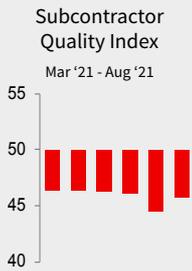
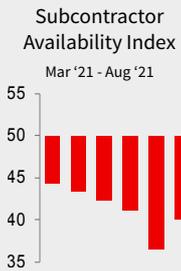
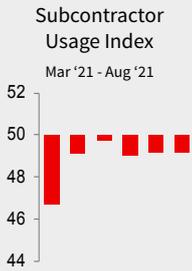


Input Prices Index



Subcontractors

The use of subcontractors among eurozone construction firms declined in August, with the rate of reduction being marginal and matching that seen in July. At the same time, subcontractor availability worsened for the tenth month in a row, though the decline eased from the previous survey period. Rates charged by subcontractors across the eurozone rose at an unchanged pace in August, and was therefore the joint-sharpest on record. However, the quality of work undertaken by them was deemed to have deteriorated solidly.



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'.

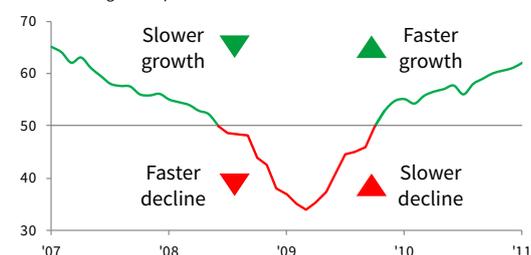
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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

August data were collected 12-31 August 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
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
Apr '21	50.1	52.1	47.3	48.1	50.0	49.3	53.3	54.1	23.6	84.9	49.1	43.5	46.4	62.5
May '21	50.3	53.2	49.6	45.9	52.6	49.9	55.3	53.9	16.1	88.0	49.7	42.3	46.3	65.5
Jun '21	50.3	52.4	48.8	47.0	50.4	50.9	56.5	53.7	15.5	88.1	49.0	41.1	46.2	67.6
Jul '21	49.8	52.1	48.7	46.0	49.4	50.4	56.4	52.8	17.6	90.1	49.2	36.6	44.6	67.7
Aug '21	49.5	53.1	48.5	44.9	50.4	50.5	55.9	52.4	25.9	88.1	49.2	40.2	45.7	67.7

By sector, Aug '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	44.6	48.2	42.3	42.7	43.5	48.9	49.3	47.7	23.2	89.6	45.7	37.9	41.9	71.2
France	44.9	48.4	45.0	42.0	47.2	49.8	52.9	48.8	26.7	88.5	47.8	44.4	48.9	66.8
Italy	65.2	68.8	64.7	53.4	67.4	54.3	71.4	66.5	29.2	85.0	57.5	37.8	47.3	62.9

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