

France

Construction sector downturn deepens

- **French construction activity contracts at sharpest rate for three months in November**
- **Accelerated falls in new orders and employment**
- **Business expectations slump to 11-month low**

The downturn in France's construction sector gathered pace in November. Activity and new orders both fell at sharper rates, while the pace of job shedding quickened. Confidence regarding the year-ahead outlook meanwhile plunged to the lowest in 2013 to date.

The headline Construction Purchasing Managers' Index® (PMI®) posted 43.5 in November. The latest reading was down from 46.7 in October and signalled the sharpest contraction of activity for three months.

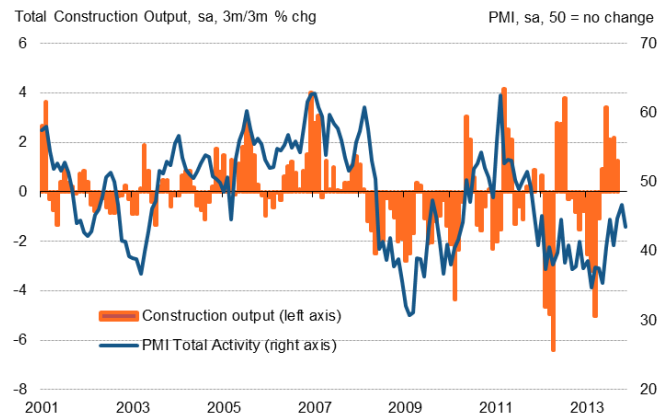
Activity was lower in all three sub-sectors of the construction industry monitored by the survey, with rates of decline accelerating in each case. The sharpest drop was signalled for housing activity, although commercial and civil engineering work also registered marked falls.

November data pointed to another decrease in the level of new orders placed with French constructors. The rate of decline in new work was considerable, having quickened to the fastest since June. Lower workloads led French constructors to cut staffing levels further. The latest drop in employment was the twenty-sixth in successive months, and slightly sharper than October's fall.

Purchasing activity was scaled back to the greatest extent since June, alleviating pressure on suppliers and allowing a further shortening of average delivery times. Input prices increased for the third month running and at the strongest rate since January.

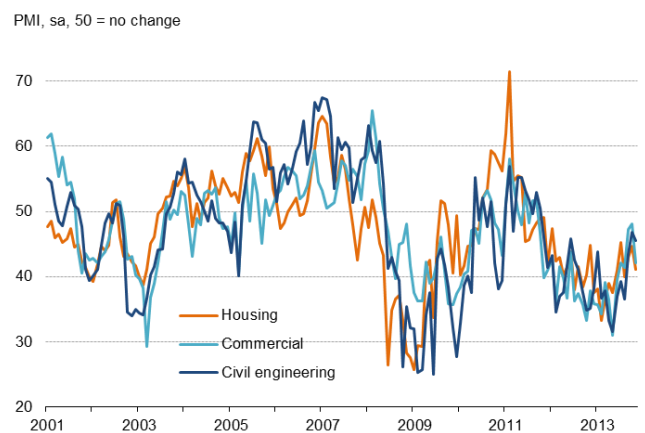
Business expectations in the French construction sector turned negative in November. The index measuring confidence was at its lowest level since the turn of the year, having dropped month-on-month to the greatest extent since October 2009. Continuing economic uncertainty and difficulties accessing finance were identified by panellists as key concerns.

French construction: official and survey data



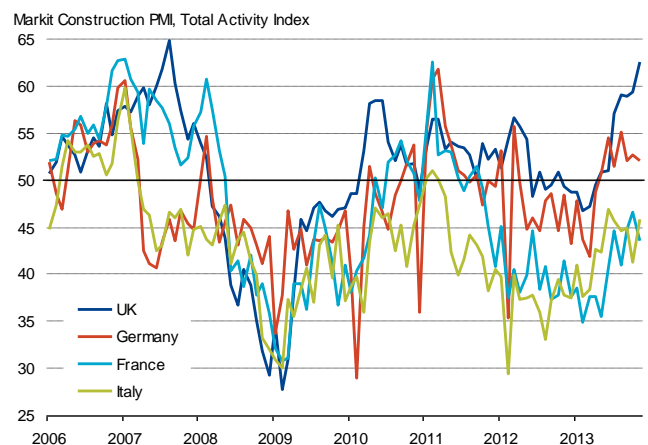
Sources: Markit, INSEE via EcoWin

Construction sectors



Source: Markit

Construction sector comparisons



Source: Markit.

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