

Ulster Bank Construction PMI® Report (RoI)

Housing activity returns to growth as restrictions ease in April

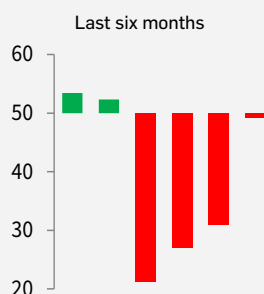
Key Findings

Residential activity expands, but commercial work continues to fall

Renewed increases in new orders and employment

Sharpest rise in input costs since July 2004

Ireland Construction Total Activity Index



Total construction activity neared stabilisation in April as some parts of the sector were able to reopen and new orders expanded. Housing activity returned to growth, but there were further reductions in commercial and civil engineering activity. With COVID-19 restrictions easing further, companies remained strongly confident that business activity will rise over the coming year. Meanwhile, severe supply-chain disruption was recorded again, contributing to the strongest increase in input costs since July 2004.

The Ulster Bank Construction Purchasing Managers' Index (PMI) – a seasonally adjusted index designed to track changes in total construction activity – rose to 49.3 in April, up sharply from the reading of 30.9 in March and only just below the 50.0 no-change mark. Where activity increased, panellists linked this to the relaxation of restrictions on residential work and pick-up in new orders. On the other hand, COVID-19 measures continued to cause declines in activity at other firms, with commercial work still restricted in April.

Reflecting the loosening of restrictions in April, housing activity expanded for the first time in four months, and at a marked pace. Elsewhere, however, activity continued to fall, particularly on commercial projects.

New business expanded in April, thereby ending a three-month sequence of contraction. New orders were up markedly amid the release of pent-up demand as some parts of the sector were able to resume work. The COVID-19 pandemic continued to cause falling new orders at other companies, however.

Total Activity Index
sa, >50 = growth since previous month



Looser restrictions and higher new orders led construction firms to take on extra staff, with job creation recorded for the first time in the year-to-date.

Similarly, purchasing activity stabilised following sharp falls over the first three months of the year. Where input buying increased, panellists often linked this to the reopening of residential sites.

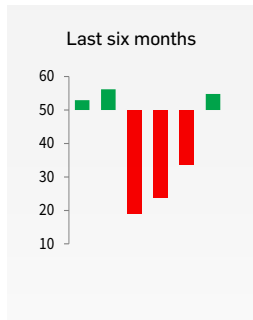
Construction firms continued to face severe supply-chain disruption when purchasing inputs. The latest substantial lengthening of lead times reflected the COVID-19 pandemic, Brexit and global shipping issues such as the blockage of the Suez Canal.

These supply issues resulted in a further acceleration of the rate of input cost inflation. The latest increase in input prices was the fastest since July 2004, and among the strongest in the survey's history. Higher shipping costs and rises in prices for items such as steel and timber were reported.

The usage of sub-contractors continued to fall in April, albeit at a much slower pace than was the case in March. Meanwhile, sub-contractor availability deteriorated to the greatest extent for a year. The rates charged by sub-contractors increased at a sharp and accelerated rate, but their quality declined.

Business confidence was unchanged from the two-and-a-half year high posted in March. A further loosening of COVID-19 restrictions and release of more pent-up demand is predicted to support growth of activity over the coming year, with more than 58% of respondents expressing a positive outlook.

Housing Activity Index



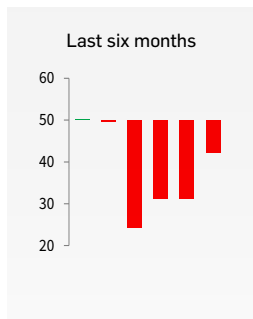
With residential activity able to resume in April, Irish construction firms posted a rise in work on housing projects following three successive months of decline. Residential was the only one of the three monitored categories to register an increase in activity at the start of the second quarter.

Housing Activity Index

sa, >50 = growth since previous month



Commercial Activity Index



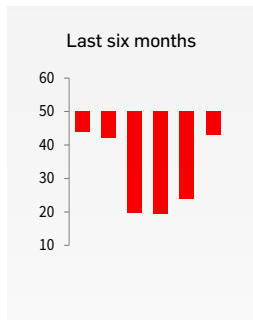
Commercial activity continued to decrease in April, extending the current sequence of contraction to five months. The rate of decline softened further from that seen in January and was the slowest of the year-to-date. That said, the fall was the sharpest of the three monitored categories.

Commercial Activity Index

sa, >50 = growth since previous month



Civil Engineering Activity Index



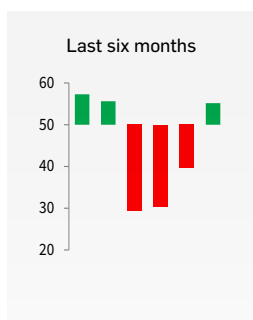
Although activity on civil engineering projects continued to fall markedly during April, the rate of decline slowed sharply from that seen in March and was the softest since November last year. Around 31% of respondents posted a fall in civil engineering activity, while 14% signalled a rise.

Civil Engineering Activity Index

sa, >50 = growth since previous month



New Orders Index



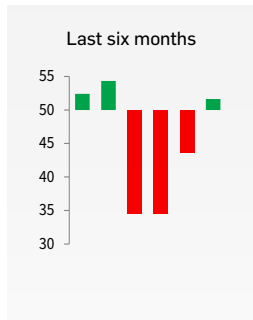
New orders returned to growth at the start of the second quarter, thereby ending a three-month sequence of contraction. Panellists reported the release of pent-up demand as COVID-19 restrictions on the sector were eased. New business expanded markedly overall, but some companies continued to report falling new work due to the pandemic.

New Orders Index

sa, >50 = growth since previous month



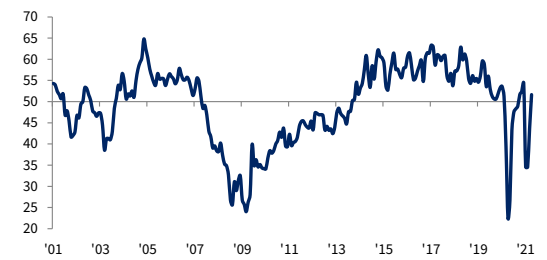
Employment Index



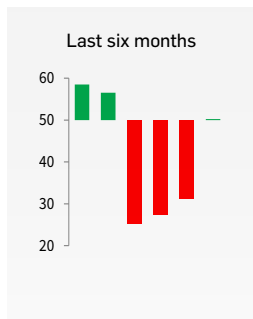
The reopening of sites following lockdown and expanding new business resulted in a rise in employment at Irish construction firms during April. The increase in staffing levels ended a three-month sequence of decline. That said, the rate of job creation was only modest as a number of respondents lowered workforce numbers amid ongoing COVID-19 restrictions.

Employment Index

sa, >50 = growth since previous month



Quantity of Purchases Index



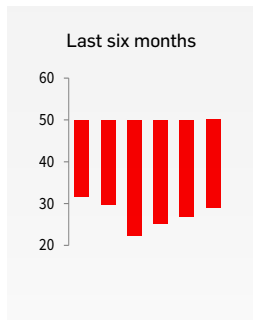
Purchasing activity stabilised in April, thereby ending a three-month sequence of contraction which coincided with the introduction of COVID-19 restrictions on the sector. The reopening of residential construction led some firms to expand their input buying, but a number of respondents continued to report lower purchasing due to the pandemic.

Quantity of Purchases Index

sa, >50 = growth since previous month



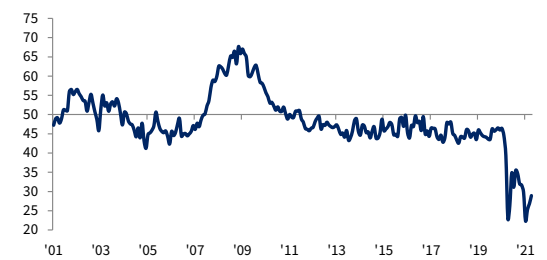
Suppliers' Delivery Times Index



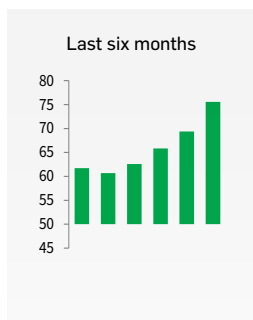
April data pointed to further severe disruption to supply chains, with delivery times lengthening substantially again. The COVID-19 pandemic was widely mentioned as a factor behind delivery delays, as was Brexit for items sourced from the UK. Global shipping issues, including the blockage in the Suez Canal, also reportedly added to lead times. Exactly 46% of respondents signalled longer suppliers' delivery times.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Input Prices Index



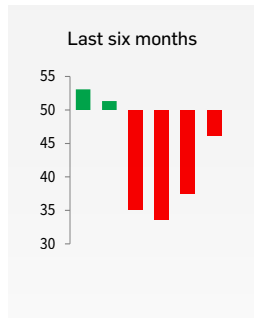
The rate of input cost inflation accelerated to the sharpest since July 2004 in April and was among the fastest since the survey began in June 2000. More than 56% of panellists reported a rise in input costs during the month, linked to supply issues caused by the COVID-19 pandemic and Brexit. Shipping costs were reportedly higher, along with products such as steel and timber.

Input Prices Index

sa, >50 = inflation since previous month



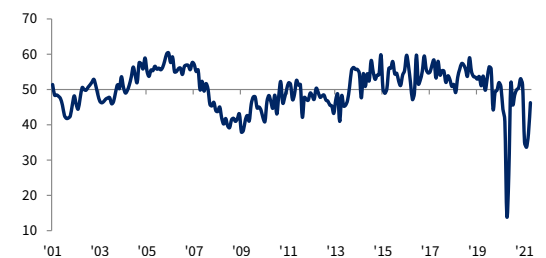
Sub-contractor Usage Index



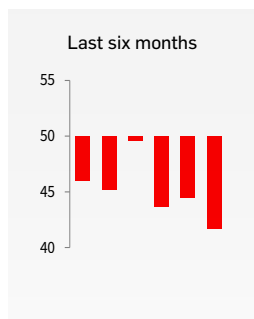
The usage of sub-contractors continued to fall in April, as has been the case throughout 2021 so far. That said, the latest reduction in sub-contractor usage was much softer than that seen in March and the weakest in the current sequence of decline.

Sub-contractor Usage Index

sa, >50 = growth since previous month



Sub-contractor Availability Index



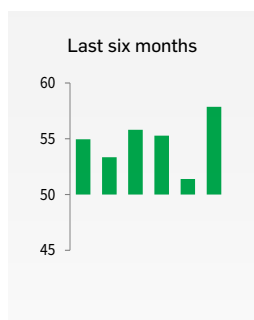
The availability of sub-contractors fell substantially in April, with the rate of decline the most marked for a year. The latest deterioration in the supply of sub-contractors extended the current sequence to seven months.

Sub-contractor Availability Index

sa, >50 = improvement since previous month



Sub-contractor Rates Index



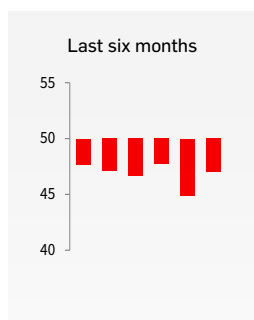
Irish construction firms reported a sharp increase in sub-contractor rates in April. Moreover, the rate of inflation quickened substantially from that posted in March and was the fastest since February 2020.

Sub-contractor Rates Index

sa, >50 = inflation since previous month



Sub-contractor Quality Index



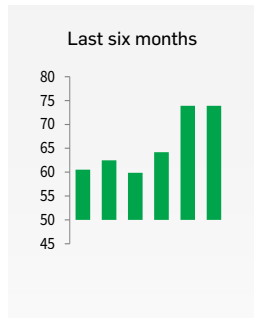
As has been the case in each of the past six months, the quality of work carried out by sub-contractors was deemed to have deteriorated at the start of the second quarter. That said, the decline was less pronounced than in the previous month.

Sub-contractor Quality Index

sa, >50 = improvement since previous month



Future Activity Index



Business confidence was unchanged from the two-and-a-half year high seen in March as companies remained strongly optimistic that activity will increase over the coming 12 months. Optimism was centred on expectations that sites will continue to reopen as COVID-19 restrictions are eased further, with pent-up demand set to be released.



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	Quantity of Purchases	Suppliers' Delivery Times	Input Prices	Sub-contractor Usage	Sub-contractor Availability	Sub-contractor Rates	Sub-contractor Quality	Future Activity*
11 '20	53.5	53.0	50.0	44.0	57.3	52.4	58.5	31.7	61.7	53.1	46.0	55.0	47.7	60.5
12 '20	52.3	56.2	49.7	42.0	55.6	54.3	56.5	29.8	60.7	51.3	45.2	53.3	47.1	62.5
01 '21	21.2	19.0	24.2	19.7	29.4	34.6	25.4	22.4	62.6	35.1	49.6	55.8	46.7	59.9
02 '21	27.0	23.8	31.2	19.5	30.5	34.5	27.5	25.3	65.8	33.6	43.7	55.3	47.7	64.2
03 '21	30.9	33.8	31.3	23.8	39.7	43.7	31.1	26.8	69.4	37.5	44.5	51.4	44.9	73.9
04 '21	49.3	54.8	42.2	43.1	55.1	51.6	50.2	28.9	75.6	46.3	41.7	57.9	47.0	73.9

Reported Items and Sub-contractors

The following lists show items reported as being up in price, down in price or in short supply, and sub-contractors in short supply during the latest survey period. Items may be listed as having both risen and fallen in price. This may reflect alternative supply sources (e.g. domestic versus imported), or differences in unit prices due to differing volumes ordered.

Items Up in Price

- Building Materials
- Cable
- Cable Tray
- Concrete
- Conduit
- Copper
- Copper Cables
- Diesel
- Electrical Cable
- Engineering
- Freight
- Fuel
- Galvanised Sheeting
- Glazing
- Hanging Systems
- Insulation
- Ironmongery
- Labour
- Light Fittings
- Lights
- Metal
- Metal Products
- Plastic
- Plastic Pipes
- Powder Coating
- Radon Barrier
- Reinforcement Mesh
- Rebar

- Roofing Materials
- Steel
- Steel Containment
- Steel Hollow Section
- Steel Plate
- Steel Sections
- Stone
- Switches
- Timber
- Transport
- Trays
- Trunking
- Waterproofing Membranes
- Yarn

Items Down in Price

- None

Sub-contractors in Short Supply

- All Wet Trades
- Electricians
- Form Workers
- Glazers
- M&E Sub-Contractors
- Ornithologists
- Site Investigators

Products in Short Supply

- Cladding
- Conduits
- Electrical Equipment
- Galvanised Sheeting
- Machine Parts
- OSB
- Plastic Products
- Prestressed Strand
- Reinforcement Mesh
- Steel
- Steel Hollow Section
- Steel Plate
- Timber
- Trays
- Yarn
- Z Purlins

Detailed Index Summary

Index reading of 50 = no change over previous month. *50 = no change over next 12 months.

	% Higher	% Same	% Lower	Index	Index (SA)
Total Activity					
Nov '20	28.4	53.6	18.0	55.2	53.5
Dec '20	23.4	59.2	17.4	53.0	52.3
Jan '21	8.3	23.3	68.5	19.9	21.2
Feb '21	9.2	32.8	58.0	25.6	27.0
Mar '21	7.8	43.7	48.5	29.7	30.9
Apr '21	25.3	48.0	26.7	49.3	49.3
Housing Activity					
Nov '20	32.0	51.3	16.7	57.6	53.0
Dec '20	29.8	57.6	12.6	58.6	56.2
Jan '21	7.2	19.6	73.1	17.1	19.0
Feb '21	8.1	28.9	63.0	22.5	23.8
Mar '21	10.2	44.4	45.4	32.4	33.8
Apr '21	32.9	46.2	20.9	56.0	54.8
Commercial Activity					
Nov '20	25.7	54.0	20.3	52.7	50.0
Dec '20	21.0	58.1	20.9	50.0	49.7
Jan '21	9.6	25.7	64.7	22.5	24.2
Feb '21	13.1	32.8	54.0	29.6	31.2
Mar '21	4.6	47.1	48.2	28.2	31.3
Apr '21	17.1	47.9	35.0	41.1	42.2
Civil Engineering Activity					
Nov '20	10.8	58.3	31.0	39.9	44.0
Dec '20	12.0	56.5	31.4	40.3	42.0
Jan '21	2.8	29.8	67.4	17.7	19.7
Feb '21	0.0	36.2	63.8	18.1	19.5
Mar '21	2.3	40.2	57.4	22.5	23.8
Apr '21	14.3	54.9	30.8	41.8	43.1
New Orders					
Nov '20	40.7	40.4	18.9	60.9	57.3
Dec '20	29.4	54.7	15.9	56.8	55.6
Jan '21	13.8	26.7	59.5	27.2	29.4
Feb '21	14.2	29.0	56.8	28.7	30.5
Mar '21	18.0	41.3	40.7	38.6	39.7
Apr '21	36.0	42.5	21.6	57.2	55.1
Employment					
Nov '20	15.4	75.5	9.1	53.2	52.4
Dec '20	18.7	72.0	9.3	54.7	54.3
Jan '21	1.9	62.3	35.8	33.1	34.6
Feb '21	1.9	63.1	35.0	33.5	34.5
Mar '21	7.4	70.4	22.2	42.6	43.7
Apr '21	12.1	76.6	11.3	50.4	51.6
Quantity of Purchases					
Nov '20	34.4	52.4	13.2	60.6	58.5
Dec '20	29.0	58.8	12.2	58.4	56.5
Jan '21	7.2	29.9	62.9	22.2	25.4
Feb '21	9.0	33.6	57.4	25.8	27.5
Mar '21	4.1	53.0	42.9	30.6	31.1
Apr '21	24.1	50.5	25.4	49.4	50.2

	% Higher	% Same	% Lower	Index	Index (SA)
Suppliers' Delivery Times					
Nov '20	2.7	57.5	39.8	31.5	31.7
Dec '20	3.6	51.5	44.9	29.4	29.8
Jan '21	2.0	41.8	56.2	22.9	22.4
Feb '21	4.1	43.9	52.0	26.1	25.3
Mar '21	3.0	47.6	49.4	26.8	26.8
Apr '21	2.7	51.3	46.0	28.3	28.9
Input Prices					
Nov '20	22.1	75.3	2.6	59.7	61.7
Dec '20	20.7	78.4	0.9	59.9	60.7
Jan '21	36.2	59.9	3.9	66.1	62.6
Feb '21	43.1	52.4	4.5	69.3	65.8
Mar '21	48.2	47.8	4.0	72.1	69.4
Apr '21	56.2	42.0	1.8	77.2	75.6
Subcontractor Usage					
Nov '20	19.6	69.1	11.3	54.1	53.1
Dec '20	16.7	75.0	8.3	54.2	51.3
Jan '21	9.4	49.9	40.8	34.3	35.1
Feb '21	4.5	53.7	41.8	31.4	33.6
Mar '21	3.0	65.7	31.3	35.9	37.5
Apr '21	10.7	72.5	16.8	46.9	46.3
Subcontractor Availability					
Nov '20	8.5	71.5	20.0	44.3	46.0
Dec '20	1.3	83.5	15.1	43.1	45.2
Jan '21	20.8	60.1	19.1	50.8	49.6
Feb '21	7.5	73.2	19.3	44.1	43.7
Mar '21	9.5	77.9	12.6	48.5	44.5
Apr '21	5.3	73.4	21.3	42.0	41.7
Subcontractor Rates					
Nov '20	12.7	84.5	2.8	55.0	55.0
Dec '20	10.1	85.8	4.1	53.0	53.3
Jan '21	15.4	81.5	3.0	56.2	55.8
Feb '21	12.0	85.1	2.9	54.5	55.3
Mar '21	8.2	85.6	6.2	51.0	51.4
Apr '21	19.8	74.9	5.3	57.2	57.9
Subcontractor Quality					
Nov '20	1.6	90.1	8.4	46.6	47.7
Dec '20	0.0	95.6	4.4	47.8	47.1
Jan '21	1.4	90.5	8.1	46.7	46.7
Feb '21	1.5	93.9	4.6	48.5	47.7
Mar '21	1.5	87.6	10.9	45.3	44.9
Apr '21	1.4	94.5	4.1	48.6	47.0
Future Activity*					
Nov '20	34.7	51.7	13.6	60.5	n/a
Dec '20	33.5	58.1	8.5	62.5	n/a
Jan '21	40.5	38.6	20.8	59.9	n/a
Feb '21	47.6	33.1	19.3	64.2	n/a
Mar '21	58.0	31.9	10.2	73.9	n/a
Apr '21	58.2	31.4	10.4	73.9	n/a

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Methodology

The Ulster Bank Construction PMI® Report (RoI) is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 150 construction companies in the Republic of Ireland. The panel is stratified by 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. 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.

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' but is not comparable with the headline manufacturing PMI figure.

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.

April data were collected 12-30 April 2021.

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

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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.