

# Ulster Bank Construction PMI® Report (RoI)

## Construction activity continues to ramp up following loosening of restrictions

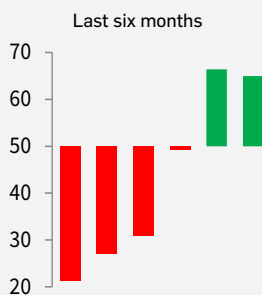
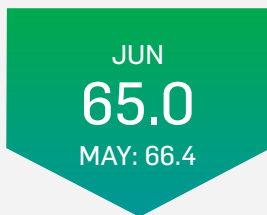
### Key Findings

Second successive sharp monthly rise in activity

Steep increases in new orders, employment and purchasing

Input cost inflation accelerates to new record high

### Ireland Construction Total Activity Index



The Irish construction sector continued to experience a rebound following the loosening of COVID-19 lockdown restrictions, with further strong rises in activity, new orders and employment all recorded in June. Price pressures showed little sign of abating, however, amid severe supply-chain disruption, with the rate of input cost inflation hitting a new survey high.

The Ulster Bank Construction Purchasing Managers' Index® (PMI®) – a seasonally adjusted index designed to track changes in total construction activity – remained well above the 50.0 no-change mark in June, posting 65.0 following a reading of 66.4 in May. Activity increased for the second month running following the full reopening of the sector and at one of the strongest rates since the survey began 21 years ago.

The ramping up of activity across the sector was reflected in strong growth in each of the three categories covered by the survey. Housing continued to lead the expansion, while rates of growth in commercial and civil engineering activity accelerated marginally.

New orders increased substantially again in June, rising for the third month running. Although easing from May's survey record, the rate of growth was among the strongest in the survey's history.

The ramping up of customer demand and construction activity led to further increases in staffing levels and purchasing activity at the end of the second quarter. Employment rose for the third month running, and at a marked pace. Meanwhile, the rate of expansion in input

buying was only marginally softer than May's record.

When purchasing inputs, construction firms were faced with a combination of severe supply-chain disruption and soaring prices. Suppliers' delivery times continued to lengthen considerably, with the rate of deterioration much faster than anything seen prior to the COVID-19 pandemic. According to respondents, global issues with raw material supplies and shipping contributed to longer lead times, with Brexit also a factor.

Brexit and global supply issues also resulted in a steep rise in input costs in June. In fact, the rate of inflation accelerated to hit a fresh record high for the second month running as three-quarters of all respondents indicated that their cost burdens had risen over the month. Steel was the item most widely reported to have increased in price.

A sharp and accelerated increase in the usage of sub-contractors was registered in June, while their availability declined to the greatest extent since November 2016. The rates charged by sub-contractors rose substantially. As was the case with purchase costs, the rise in charges by sub-contractors was the steepest on record.

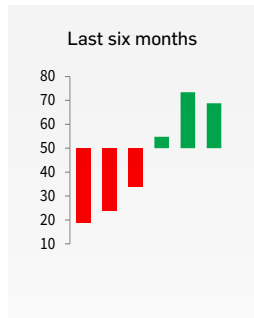
Companies remained optimistic that activity will continue to rise over the coming year amid expectations that demand will expand as the economy reopens further. Although easing to a four-month low, the level of sentiment remained well above the series average at the end of the second quarter.

Total Activity Index

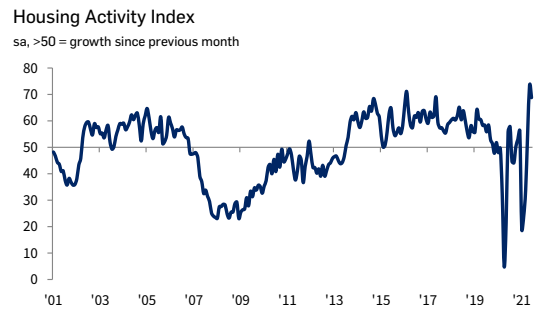
sa, >50 = growth since previous month



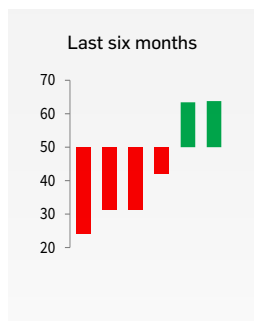
## Housing Activity Index



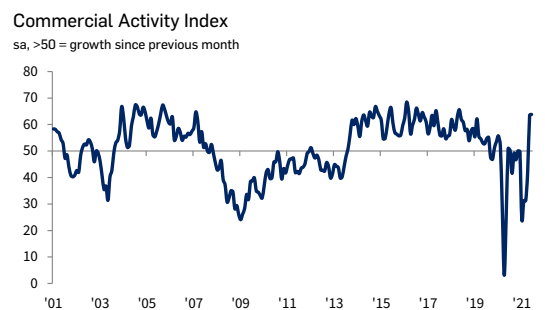
June data signalled a third successive monthly expansion of housing activity in the Irish construction sector. Although ticking down from the series record in May, the rate of growth remained substantial and was one of the fastest since the series began in June 2000. Work on residential projects continued to rise at a faster pace than commercial and civil engineering activity.



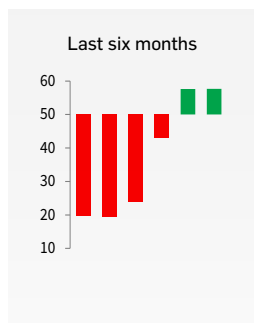
## Commercial Activity Index



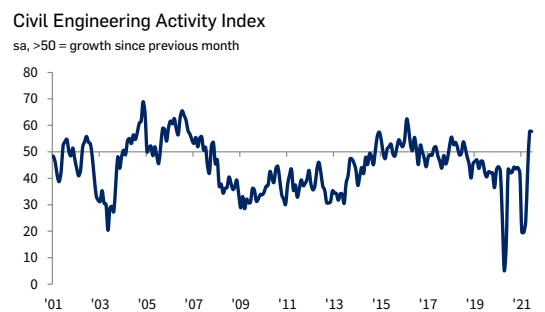
The rebound in commercial construction activity continued in June. Work on commercial projects increased for the second successive month, with the rate of growth the sharpest since May 2018.



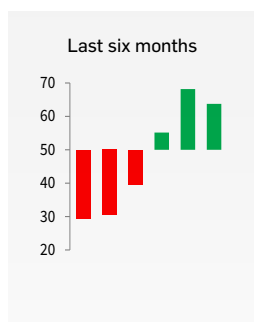
## Civil Engineering Activity Index



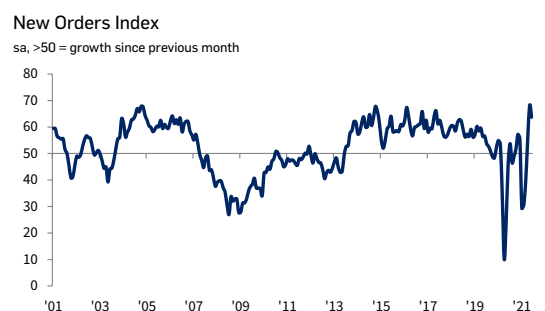
After having returned to growth in May, activity on civil engineering projects continued to increase sharply during June. The rate of expansion was broadly in line with that seen in the previous month, with around 31% of respondents signalling a rise in civil engineering work.



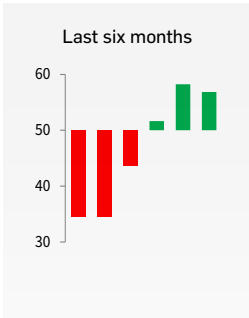
## New Orders Index



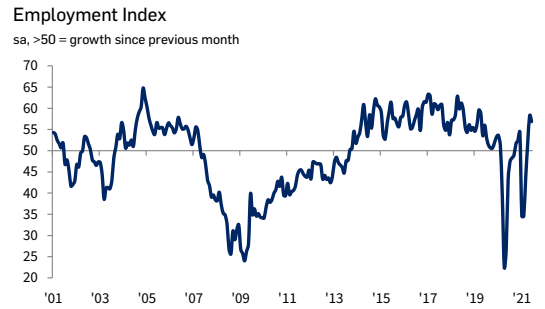
The reopening of the sector following the loosening of COVID-19 lockdown restrictions led to a further increase in new orders during June - the third in as many months. Although softening from May's record high, the rate of expansion remained substantial and much stronger than the series average.



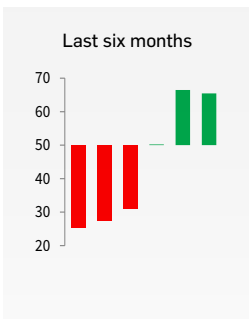
## Employment Index



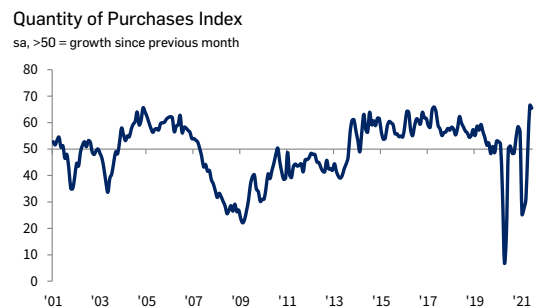
Irish construction firms posted a third successive monthly increase in employment at the end of the second quarter. Staffing levels were up sharply, albeit to a lesser extent than seen in May. Those firms that expanded their workforce numbers linked this to improving customer demand.



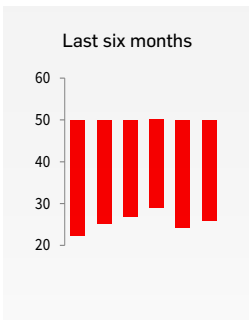
## Quantity of Purchases Index



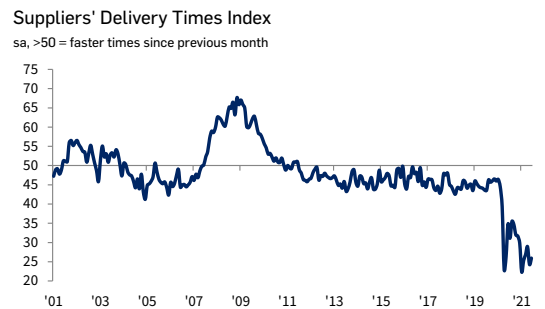
The reopening of sites and restocking efforts resulted in a rise in purchasing activity during June. The increase was the third in a row, and considerable. In fact, the rate of expansion was only marginally slower than May's survey record and one of the fastest since data collection began 21 years ago.



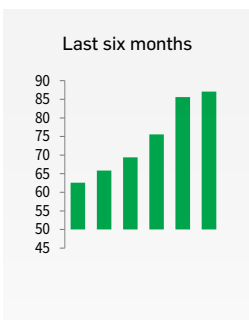
## Suppliers' Delivery Times Index



As has been the case on a monthly basis throughout the past decade, suppliers' delivery times lengthened in June. Moreover, the recent period of intense supply-chain disruption continued, with lead times lengthening to an extent far in excess of anything seen prior to the COVID-19 pandemic. Worldwide shortages of materials and global shipping problems were mentioned by those firms that saw lead times lengthen, while delays related to Brexit were also a factor.



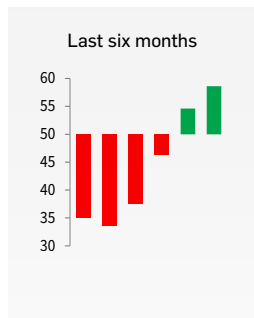
## Input Prices Index



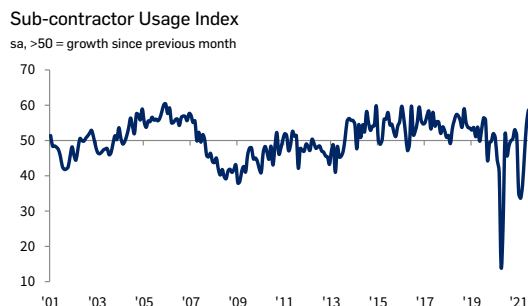
The rate of input cost inflation hit a fresh record high for the second month running at the end of the second quarter, with three-quarters of firms signalling a rise in input prices during June. Brexit, COVID-19 and global supply shortages had all contributed to the latest rise in cost burdens, with steel the most widely mentioned item as having increased in price.



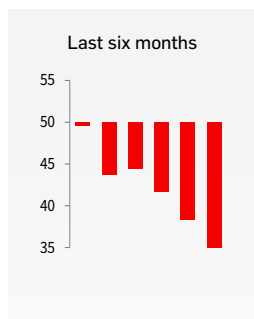
### Sub-contractor Usage Index



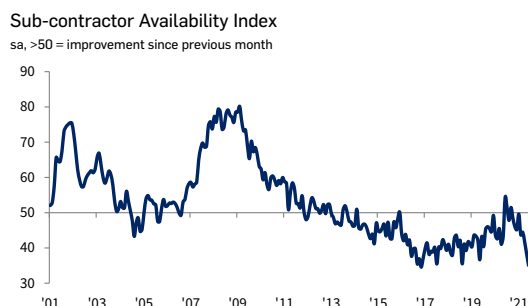
Irish construction firms ramped up their usage of sub-contractors in June. Sub-contractor usage increased for the second month running, and at a sharp pace that was much faster than seen in May. Moreover, the rate of expansion was the strongest since September 2018.



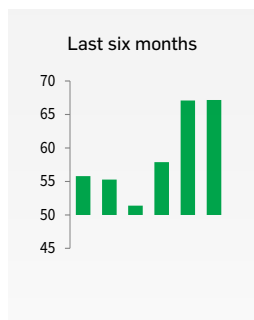
### Sub-contractor Availability Index



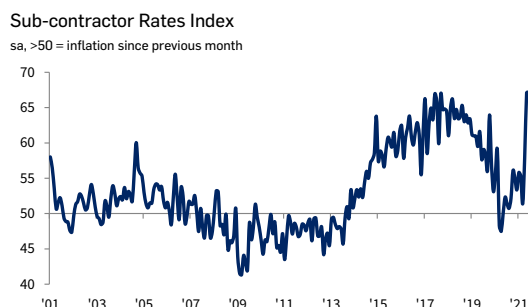
June data pointed to a steep reduction in the availability of sub-contractors. Furthermore, the rate of deterioration intensified for the third consecutive month and was the most marked since November 2016.



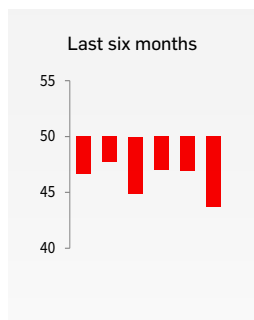
### Sub-contractor Rates Index



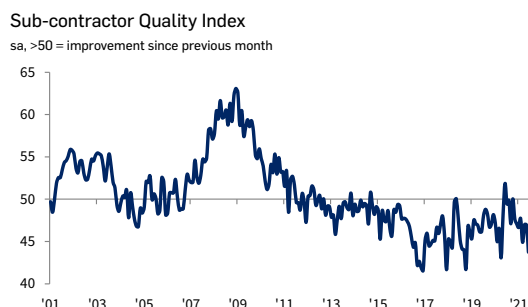
The rates charged by sub-contractors continued to increase sharply during June, with the rate of inflation ticking higher to hit a fresh survey record for the second month running.



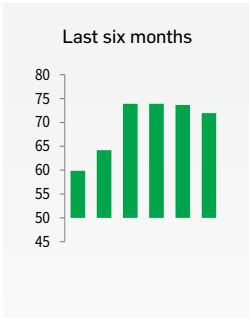
### Sub-contractor Quality Index



Irish construction firms indicated that the quality of work carried out by sub-contractors deteriorated in June. The rate of decline was solid and the most marked in 14 months.



## Future Activity Index



Expectations of a continued pick-up in workloads as the economy reopens further supported confidence in the 12-month outlook for construction activity in June. Sentiment was well above the series average, despite easing to a four-month low. Around 55% of panellists predicted a rise in activity over the coming year, against 11% that were pessimistic.



## 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*
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
05 '21	66.4	73.4	63.5	57.6	68.2	58.2	66.5	24.3	85.6	54.6	38.3	67.1	46.9	73.6
06 '21	65.0	68.8	63.8	57.7	63.7	56.9	65.5	25.9	87.1	58.6	35.0	67.2	43.7	71.9

## 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

- All Building Materials
- Aluminium
- Block
- Brick
- Cable
- Concrete
- Conduit
- Copper
- Engineering
- Fittings
- Galvanised Sheetting
- Glass
- Insulation
- Insurance
- MCB Boards
- MDF
- Metal Products
- Metal Studs
- Office Supplies
- Oil
- OSB Board
- Paint
- Plastic
- Plastic Products
- Plywoods
- PVC
- PVC Doors and Windows
- PVC Piping

- Rebar
- Reinforcement
- Reinforcement Mesh
- Sanitaryware
- Steel
- Steel Hollow Section
- Steel Piping
- Steel Plate
- Steel Products
- Timber
- Trunking
- Wood

### Items Down in Price

- None

### Sub-contractors in Short Supply

- Block Layers
- Fire Consultants
- Lorry Drivers
- Ornithologists
- Plasterers

### Products in Short Supply

- Building Materials
- Electrical Equipment
- Fittings
- Galvanised Sheetting
- Insulation
- Lighting Equipment
- Metal Products
- Metal Studs
- OSB Board
- Plastic Pipe
- Plywoods
- Prestressed Strand
- PVC Materials
- Radiators
- Reinforcement
- Reinforcement Mesh
- Sanitaryware
- Steel
- Steel Hollow Section
- Steel Mesh
- Steel Plate
- Timber

## 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)
<b>Total Activity</b>					
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
May '21	46.6	42.3	11.1	67.8	66.4
Jun '21	44.3	44.9	10.8	66.8	65.0
<b>Housing Activity</b>					
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
May '21	56.1	37.1	6.8	74.6	73.4
Jun '21	43.4	48.6	7.9	67.8	68.8
<b>Commercial Activity</b>					
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
May '21	40.5	45.4	14.1	63.2	63.5
Jun '21	45.0	44.3	10.7	67.1	63.8
<b>Civil Engineering Activity</b>					
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
May '21	26.3	63.8	9.9	58.2	57.6
Jun '21	30.5	51.3	18.2	56.2	57.7
<b>New Orders</b>					
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
May '21	50.8	37.2	12.0	69.4	68.2
Jun '21	50.6	33.7	15.7	67.5	63.7
<b>Employment</b>					
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
May '21	23.1	71.6	5.3	58.9	58.2
Jun '21	23.4	72.8	3.8	59.8	56.9
<b>Quantity of Purchases</b>					
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
May '21	41.5	48.8	9.7	65.9	66.5
Jun '21	46.6	43.5	9.9	68.4	65.5

	% Higher	% Same	% Lower	Index	Index (SA)
<b>Suppliers' Delivery Times</b>					
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
May '21	0.9	43.3	55.8	22.5	24.3
Jun '21	3.0	45.1	52.0	25.5	25.9
<b>Input Prices</b>					
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
May '21	72.8	27.2	0.0	86.4	85.6
Jun '21	75.1	22.9	2.0	86.6	87.1
<b>Subcontractor Usage</b>					
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
May '21	16.7	70.6	12.6	52.0	54.6
Jun '21	25.8	64.1	10.0	57.9	58.6
<b>Subcontractor Availability</b>					
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
May '21	5.3	62.0	32.6	36.3	38.3
Jun '21	1.3	66.8	32.0	34.7	35.0
<b>Subcontractor Rates</b>					
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
May '21	35.5	61.8	2.7	66.4	67.1
Jun '21	36.3	62.4	1.3	67.5	67.2
<b>Subcontractor Quality</b>					
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
May '21	4.0	86.6	9.4	47.3	46.9
Jun '21	1.3	82.7	16.0	42.6	43.7
<b>Future Activity*</b>					
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
May '21	60.5	26.2	13.3	73.6	n/a
Jun '21	54.8	34.2	11.0	71.9	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.

June data were collected 11-30 June 2021.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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