

Monthly business survey in the building industry – June 2016

In June 2016, the economic climate is unchanged in the building construction industry

According to the business managers surveyed in June 2016, the business climate is stable in the building construction industry. The composite indicator has held steady at 95 since April, below its long-term average (100).

Business climate composite indicator

Standardized with mean equal to 100 and a standard deviation equal to 10

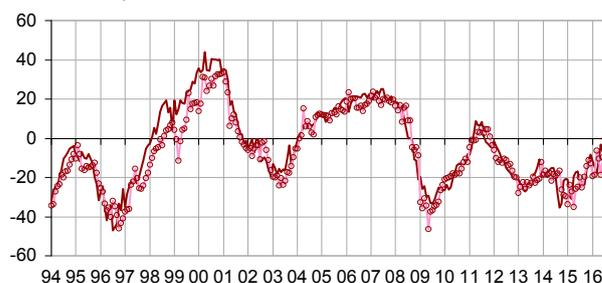


Business managers are slightly less optimistic about their activity for the next few months

In June 2016, slightly more business managers than in May indicate a fall in their past and expected activity. However, the corresponding balance of opinion on expected activity stays above its long-term average.

Activity tendency in building construction

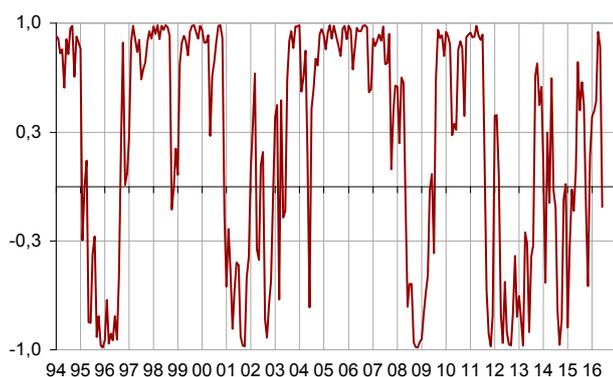
Balances of opinion, in %, SA



— Past activity -o- Expected activity (three months advanced)

The turning point indicator has gone into the uncertainty zone.

Turning-point indicator



Note: close to 1 (respectively -1), it indicates a favourable climate (respectively unfavourable). Between +0,3 and -0,3: uncertainty area

Building industry economic outlook

Balances of opinion, in %, SA

| | Mean * | Marc h 16 | April 16 | May 16 | June 16 |
|---|--------|-----------|----------|--------|---------|
| Composite indicator | 100 | 92 | 95 | 95 | 95 |
| Past activity | -4 | -18 | -12 | -3 | -7 |
| Expected activity | -7 | -10 | 0 | -1 | -3 |
| Gen. business outlook | -19 | | -14 | | |
| Past employment | -5 | -25 | -22 | -22 | -22 |
| Expected employment | -5 | -20 | -19 | -14 | -16 |
| Opinion on order books | -24 | -47 | -44 | -46 | -45 |
| Order books (in month) | 5.4 | 6.7 | 6.7 | 6.6 | 6.4 |
| Production capacity utilisation rate | 88.5 | 85.3 | 85.6 | 85.5 | 85.7 |
| Obstacles to production increase (in %) | 32 | 21 | 21 | 21 | 22 |
| - Because of workforce shortage (in %) | 14.2 | 2.9 | 2.8 | 2.7 | 3.2 |
| Recruiting problems (in %) | 57 | | 40 | | |
| Expected prices | -15 | -27 | -26 | -25 | -24 |
| Cash-flow position | -10 | | -11 | | |
| Repayment period | 29 | | 30 | | |

* Mean since September 1993.

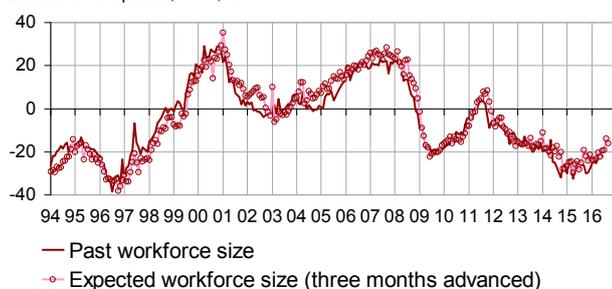
Source: INSEE, French business survey in the building industry

Business managers remain pessimistic about employment prospects

In June 2016, virtually as many business managers as in May point out a fall in their staff size in the recent period and for the next three months. The two corresponding balances of opinion stand well below their long-term average.

Workforce size tendency in building construction

Balances of opinion, in %, SA



Order books still judged very low

Business managers continue to deem their order books very low. The corresponding balance, which is virtually stable in June, is far below its long-term average. With their staff size, business managers consider that their order books provide 6.4 months of work, a level slightly down but above its long term average (5.4 months).

Order books

Balance of opinion, in %, SA



Production capacity remain underused

Since 2008, the production capacity utilisation rate has been inferior to its long-term average (88,5 %) but since 2015, it has gradually increased. In June 2016, it has barely risen again at 85.7 %, two points above its lowest level in February 2015. Almost one business manager out of five has reported difficulties in increasing output, against one out of three in average since 1993.

Production capacity utilisation rate



Many business managers continue to forecast price falls

In June 2016, virtually as many business managers as in May declare that they are going to reduce their prices during the three next months. The corresponding balance remains substantially below its long-term average.

For further information:

The balance of opinion is calculated as the difference between the percentage of responses "increase" and the percentage of responses "decrease".

- Additional information (long series, methodology, links, etc.) is available on the web page of this indicator: <http://www.insee.fr/en/themes/info-rapide.asp?id=56>
- Historical data are available on the BDM: [G1273](#), [G1276](#), [G1274](#).
- Press contact: bureau-de-presse@insee.fr
-  Follow us on [Twitter](#) @InseeFr_News: https://twitter.com/InseeFr_News

Next issue: 21 July 2016 at 08:45am