

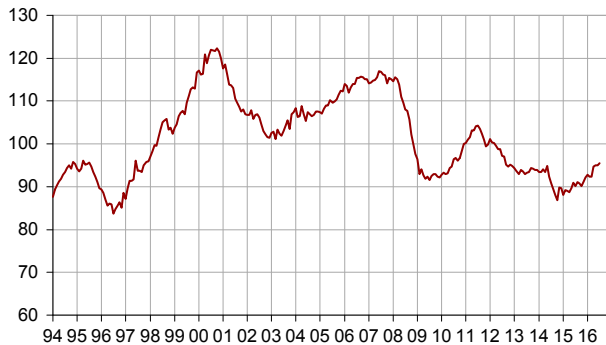
Monthly business survey in the building industry – July 2016

In July 2016, the economic climate has slightly improved in the building construction industry

According to the business managers surveyed in July 2016, the business climate has improved slightly in the building construction industry. The composite indicator has increased by one point and stands at 96, a level not reached since August 2012. However, it stays below its long-term average (100).

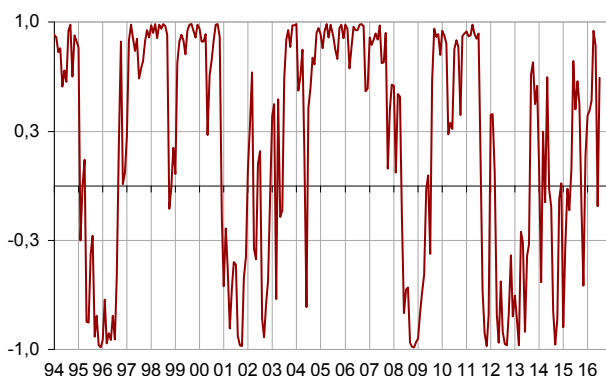
Business climate composite indicator

Standardised indicator: average = 100 and standard deviation = 10



The turning point indicator has gone into the favourable zone.

Turning-point indicator



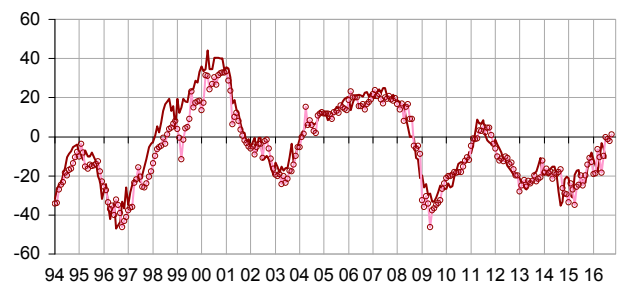
Note: close to 1 (respectively -1), it indicates a favourable climate (respectively unfavourable). Between +0.3 and -0.3: uncertainty area

Business prospects have improved

In July, more business managers than in June forecast an increase in their activity for the next few months. Furthermore, their opinion about the general outlook in the sector has improved clearly compared with April. The corresponding balances have reached their highest level since July 2011 and stay above their long-term average. However, the balance of opinion on past activity has fallen back and moves away from its long-term average.

Activity tendency in building construction

Balances of opinion, in %, SA



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

Building industry economic outlook

Balances of opinion, in %, SA

| | Mean * | April 16 | May 16 | June 16 | July 16 |
|---|-----------|-------------|-----------|------------|------------|
| Composite indicator | 100 | 95 | 95 | 95 | 96 |
| Past activity | -4 | -12 | -3 | -6 | -11 |
| Expected activity | -7 | 0 | -1 | -2 | 1 |
| Gen. business outlook | -19 | -13 | | | -6 |
| Past employment | -5 | -22 | -22 | -22 | -20 |
| Expected employment | -5 | -19 | -14 | -16 | -15 |
| Opinion on order books | -24 | -44 | -46 | -45 | -44 |
| Order books (in month) | 5,4 | 6,7 | 6,6 | 6,4 | 6,8 |
| Production capacity utilisation rate | 88,5 | 85,6 | 85,5 | 85,8 | 86,0 |
| Obstacles to production increase (in %) | 32 | 21 | 21 | 22 | 23 |
| - Because of workforce shortage (in %) | 14,2 | 2,8 | 2,7 | 3,3 | 3,6 |
| Recruiting problems (in %) | 57 | 41 | | | 45 |
| Expected prices | -15 | -26 | -25 | -23 | -23 |
| Cash-flow position | -10 | -12 | | | -9 |
| Repayment period | 29 | 31 | | | 31 |

* Mean since September 1993.

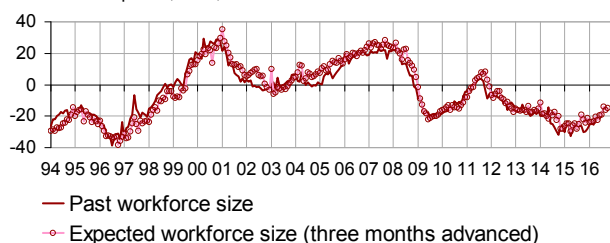
Source: INSEE, French business survey in the building industry

Slightly less pessimism about employment

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

Workforce size tendency in building construction

Balances of opinion, in %, SA



Order books still judged lower than normal

Business managers continue to deem their order books very low: the corresponding balance has recovered slightly since May 2016 but stays far below its long-term average. With their staff size, business managers consider that their order books provide 6.8 months of work, a level slightly higher than in June and 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 July 2016, it has risen slightly again at 86.0%, around 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. Only 45% of construction firms have experienced difficulties in recruiting labor force in July 2016, against 57% in average. However, this rate has increased by five points since October 2015 and reaches in July its highest level since April 2014.

Production capacity utilisation rate

in %




Balance of opinion on cash-flow position has improved

In July 2016, as many business managers as in June forecast that they are going to reduce their prices during the next three months. The corresponding balance remains substantially below its long-term average. However, more business leaders than in the previous quarter indicate that their cash-flow position has improved. The corresponding balance has become above its long-term average for the first time since April 2011. As many business managers as in the previous quarter report that the repayment periods tend to get longer.

For further information:

The results of this survey take into account answers until 19 July inclusive. The large majority of responses were registered before the attack of 14 July.

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: 25 August 2016 at 08:45am