Informations Rapides

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Conjoncture

■ Producer cost indices for construction – May 2016

In May 2016, producer costs for construction continued to rise moderately (+0.4%)

In May 2016, producer costs in construction continued to rise moderately (+0.4% after +0.1% in April). Costs rose for all kinds of works, however more in civil engineering (+0.7%) than in construction of buildings and in specialised construction works.

Over a year, the fall in producer costs in construction eased (−0.2% after −0.4% in April and –0.5%% in March). The drop is mostly marked in civil engineering (-3.3%). The costs fell a little in construction of buildings (−0.2%) while they increased in specialised construction works (+0.5%).

Variations in producer cost indices for construction

In %

NAF	Heading	Weights (in %)	May 16/ April 16	May 16 / May 15
F	**Construction**	**100.0**	**+0.4**	**-0.2**
41.2	**Construction of buildings**	10.1	+0.3	-0.2
42	**Civil engineering**	16.2	+0.7	-3.3
43	**Specialised construction works**	73.7	+0.3	+0.5
43BT	Buildings	64.2	+0.2	+0.8
43BTC	New buildings	24.6	+0.3	0.0
43BTR	Existing buildings	39.6	+0.2	+1.3
43TP	Specialised works for civil engineering	9.5	+0.6	-2.0
BT	**Buildings (41.2 + 43BT)**	74.3	+0.3	+0.7
TP	**Public works (42 + 43TP)**	25.7	+0.7	-2.8

Source: INSEE

Items of producer cost indices for construction

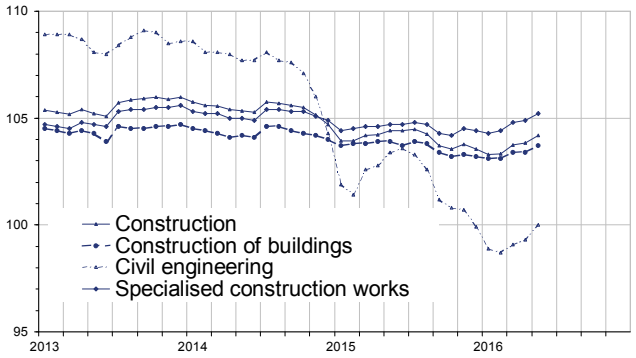
In %

Costs items		Q1 16 / Q4 15	May 16/ April 16	May 16 / May 15
Equipment	Buildings	-1.4	0.0	+2.2
	Public works	0.0	+0.1	+0.4
Labour	Labour costs in construction	+1.5	///	///
Energy	Buildings	-5.4	+4.6	-9.9
	Public works	-4.8	+3.9	-13.7
Materials	Construction of buildings	-1.8	+0.6	-3.9
	Existing buildings	-0.9	+0.4	-1.8
	Civil engineering	-5.0	+1.5	-9.8
	Specialised works for civil engineering	-0.5	-0.1	-2.1
Services	Construction	0.0	-0.1	+0.2
Transport	Buildings	-0.9	+0.9	-2.0
	Public works	-1.6	0.0	-1.0

///: non published estimation
Source: INSEE

Production costs in construction

Raw data, Reference year =2010



Source: INSEE

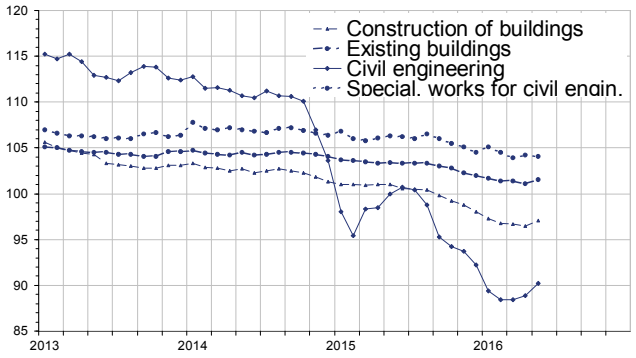
Material costs recovered in construction of buildings and further increased in civil engineering

In May 2016, material costs recovered in construction of buildings (+0.6%) after an uninterrupted decrease since June 2015. Over a year, however, they fell down by 3.9%. In civil engineering, the increase initiated in April gathered pace (+1.5% after +0.6%) due to the ongoing rise in prices of bitumen (+8.0%).

On the other hand, material costs decreased very slightly in specialised works for civil engineering (−0.1% after +0.3%) reflecting the drop in prices of electric lighting equipment (−1.9%) that offset a further increase in prices of ribbed bars (+4.0%).

Materials costs

Raw data, Reference year =2010



Source: INSEE

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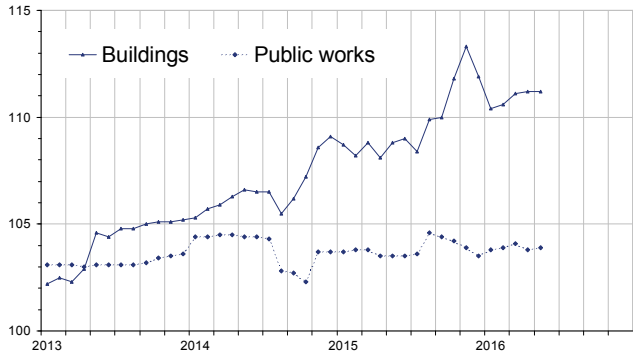
Equipment costs were virtually stable

In May 2016, equipment costs were virtually stable in public works (+0.1% after −0.3%) and stable in building construction (0.0% after −0.1%).

Equipment cost

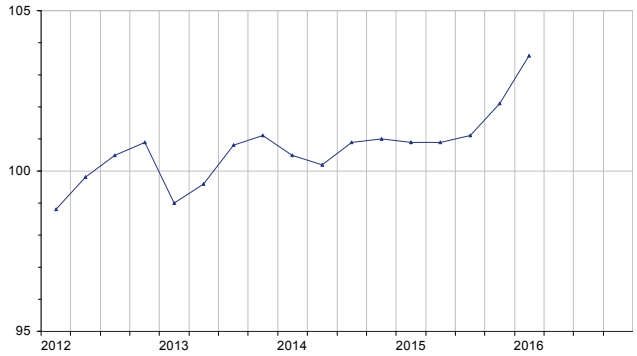
Raw data, Reference year =2010



Source: INSEE

Labour cost in construction

Raw data, Reference year =2010



Source: INSEE

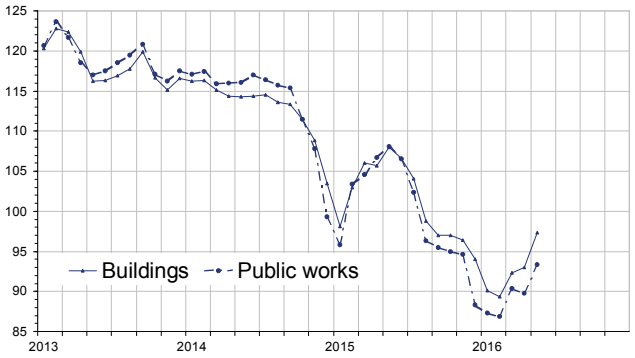
Energy costs accelerated

In May 2016, the costs of energy in building construction increased more sharply (+4.6%) than in the previous month (+0,8%), due to a new rise in prices of road diesel fuel.

In public works, these costs recovered (+3.9% after −0.7 %), because the prices of petroleum products continued to increase while the prices of electricity fell less than in April.

Energy cost

Raw data, Reference year =2010



Source: INSEE

Measure of variations' revisions

(in percentage points)

		Feb. 16	Mar. 16	Apr. 16
F	**Construction**	///	///	///
41.2	**Construction of buildings**	///	///	///
42	**Civil engineering**	///	+0.1	–0.1
43	**Specialised construction works**	///	///	///

///: unchanged

How to read it: producer cost variation for civil engineering in April 2016 published in July 2016 has been updated from +0.3% to +0.2%, that is to say a downward revision by 0.1 points.

Source: INSEE

For more information:

Definition

Production cost indices in construction are composite statistical indices. aggregating cost indices by expenses items. These indices are subject to revision. They are primarily used for national accounts and macroeconomics analyses.

Method of calculation

The six cost items are defined according to the "KLEMST" analytical accounting approach (K = capital goods "equipment". L = "labour". E = "energy". M = "materials". S = "services"). with the supplementary item T = "transport".

Each cost item is itself made up of elementary indices issued from public statistics.

The composition of "equipment" item is adapted to the construction of buildings (structural works). specialised construction works for existing buildings (finishing) and public works respectively. "Equipment" item of specialised construction works for new buildings is a weighted average of the "equipment" items for structural works and finishing.

The composition of "materials" item is adapted to the construction of buildings. specialised construction works for existing buildings (finishing). civil engineering and specialised works for civil engineering respectively.

The composition of "energy" item is different between buildings (diesel oil) and public works (road diesel and heavy fuel oil). Building companies generally use their trucks. while those of public works resort to freight transport companies. Thus. transport indices of the two activities are different.

The weights of cost items and elementary indices are normally fixed for the duration of the base.

Cost indices and cost items are aggregated using a Laspeyres chain−linked technique. reference 100 in 2010.

"Buildings" group activities "41.2: Building Construction" and "43 except 43.1. 43.21B and 43.99E: Specialised construction works except demolition. site preparation. electrical installation on the highway and rental and leasing services of construction and civil engineering machinery and equipment with operator".

"Public Works" include activities "42: civil engineering". "43.1: Demolition. site preparation" and "43.21B: electrical installation on the highway".

- Complementary information (historical data. methodology. weblinks. etc.) is available on the web page of this index: http://www.insee.fr/en/themes/info-rapide.asp?id=120
- Historical data are available on the BDM : G1605
- Follow us also on TwitterInseeFr: Twitter @InseeFr : https://twitter.com/InseeFr
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Next issue: 20 September 2016 at 12:00 pm.