

# Informations *Rapides*

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## ■ Producer cost indices for construction – June 2016

### In June 2016, producer costs for construction accelerated (+0.5%)

In June 2016, producer costs in construction accelerated (+0.5% after +0.1% in May). Costs rose for all kinds of works, however more in civil engineering (+1.0%) than in construction of buildings (+0.3%) and in specialised construction works (+0.5%).

Over a year, producer costs in construction were virtually stable (-0.1 %) after a continuous decline since August 2014 (including -0.6% in May 2016). They accelerated in construction of buildings (+0.1% after -0.4% in May) and they increased in specialised construction works (+0.5% after 0.0%). They remained, though, considerably down in civil engineering (-2.7% after -3.5%).

#### Variations in producer cost indices for construction

In %				
NAF	Heading	Weights (in %)	June 16/ May 16	June 16 / June 15
F	Construction	100.0	+0.5	-0.1
41.2	Construction of buildings	10.1	+0.3	+0.1
42	Civil engineering	16.2	+1.0	-2.7
43	Specialised construction works	73.7	+0.5	+0.5
43BT	Buildings	64.2	+0.4	+0.8
43BTC	New buildings	24.6	+0.5	+0.2
43BTR	Existing buildings	39.6	+0.3	+1.1
43TP	Specialised works for civil engineering	9.5	+0.7	-1.6
BT	Buildings (41.2 + 43BT)	74.3	+0.4	+0.8
TP	Public works (42 + 43TP)	25.7	+0.9	-2.3

Source: INSEE

#### Items of producer cost indices for construction

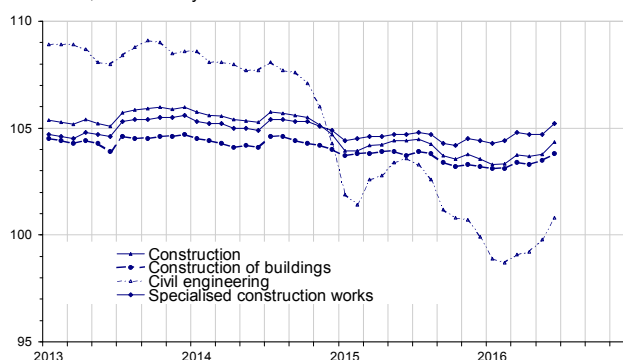
		In %		
Costs items		Q2 16 / Q1 16	June 16/ May 16	June 16 / June 15
Equipment	Buildings	-0.3	+2.5	+2.5
	Public works	0.0	0.0	+0.5
Labour	Labour costs in construction	-0.5	///	///
Energy	Buildings	+7.5	+4.7	-4.4
	Public works	+6.0	+3.5	-9.0
Materials	Construction of buildings	+0.3	+0.7	-2.6
	Existing buildings	+0.1	+0.7	-1.1
	Civil engineering	+2.0	+2.8	-8.1
	Specialised works for civil engineering	-0.2	+0.2	-1.6
Services	Construction	+0.4	+0.4	+0.1
Transport	Buildings	+1.5	+1.0	-0.7
	Public works	+0.4	0.0	-0.5

///: non published estimation

Source: INSEE

#### Production costs in construction

Raw data, Reference year = 2010



Source: INSEE

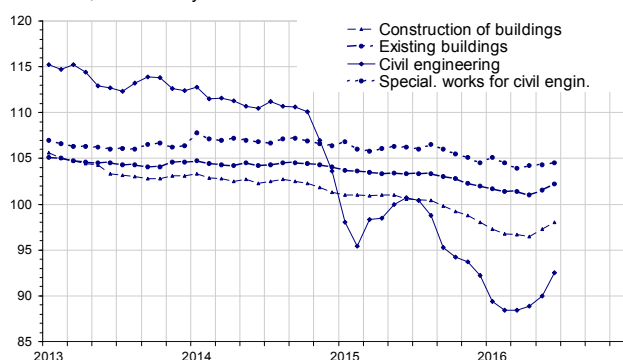
#### Material costs rose for all kinds of works

In June 2016, material costs rose again in construction of buildings (+0.7% after +0.8 % in May). Over a year, however, they fell down by 2.6%. In civil engineering, they accelerated month-on-month (+2.8% after +1.2%) due to the sharp increase in prices of bitumen. However, they remained much lower than a year before (-8.1%).

In specialised works for civil engineering, the costs of materials increased slightly (+0.2% after +0.1%) due in particular to the ongoing growth in prices of ribbed bars.

#### Materials costs

Raw data, Reference year = 2010



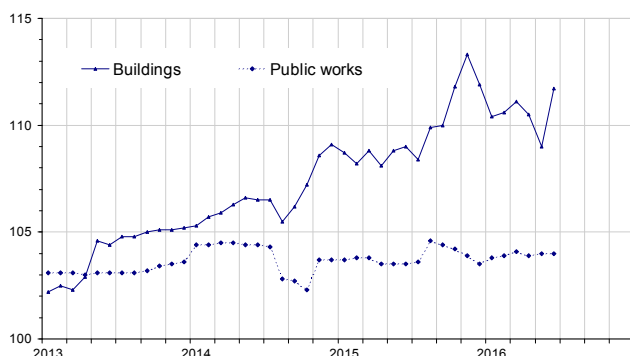
Source: INSEE

### Equipment costs accelerated in building construction

In June 2016, equipment costs recovered in building construction (+2.5% after -1.4%). They were stable in public works (after +0.1% in May).

#### Equipment cost

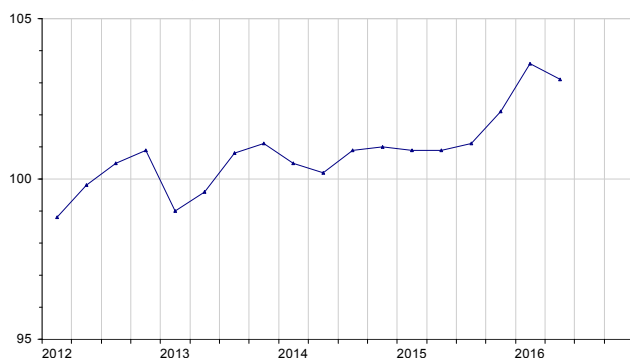
Raw data, Reference year =2010



Source: INSEE

### Labour cost in construction

Raw data, Reference year =2010



Source: INSEE

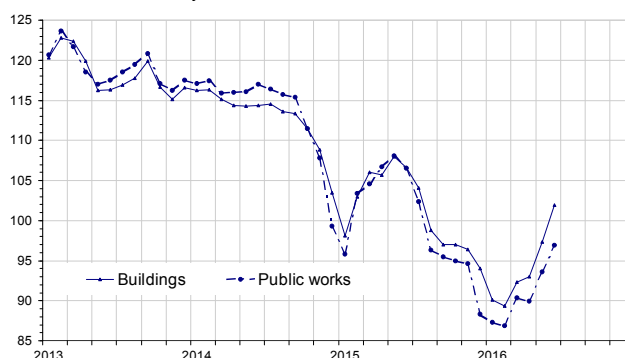
### Energy costs continued to increase

In June 2016, the costs of energy in building construction continued to increase strongly (+4.7% after +4.6% in May), due mostly to a further rise in the prices of road diesel fuel. Similarly, in public works, they rose again (+3.5% after +4.1%), because of the increase in the prices of petroleum products as well as in the prices of electricity.

However, these costs were still lower than a year before in building construction (-4.4% year-on-year) and in public works (-9.0%).

#### Energy cost

Raw data, Reference year =2010



Source: INSEE

### Measure of variations' revisions

(in percentage points)

		Mar. 16	Apr. 16	May 16
F	Construction	///	-0,1	-0,3
41.2	Construction of buildings	///	-0,1	-0,1
42	Civil engineering	///	-0,1	-0,1
43	Specialised construction works	///	-0,2	-0,3

///: unchanged

How to read it: producer cost variation for construction in May 2016 published in August 2016 has been updated from +0.4% to +0.1%, that is to say a downward revision by 0.3 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: 12 October 2016 at 12:00 pm.