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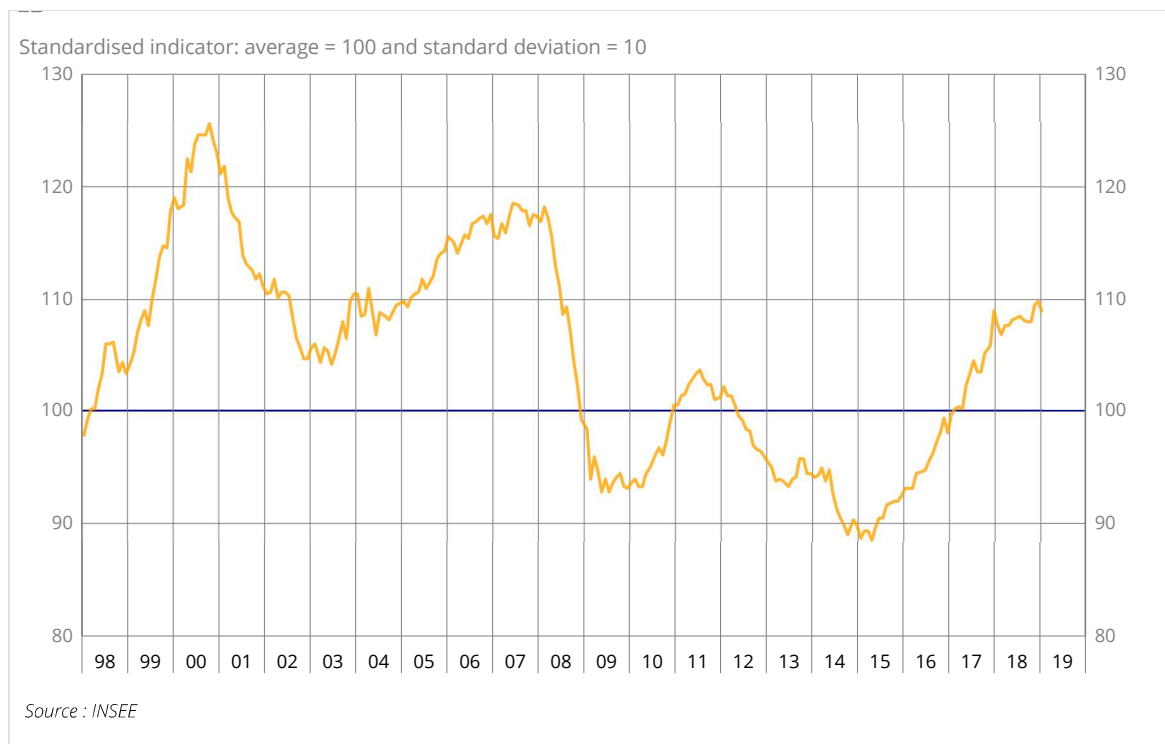
Monthly survey of building - January 2019

In January 2019, the business climate weakens slightly in the building construction industry

According to the business managers in the building construction industry surveyed in January 2019, the business climate has weakened slightly. The composite indicator has decreased by one point and has returned to its November 2018 level (109), still significantly higher than the long-term average (100).

Otherwise, the business climate in December 2018 has been slightly revised upward to 110 following a renewal of the survey sample and the integration of late responses of businesses.

Business climate composite indicator



Business managers' opinion on their past activity deteriorates slightly

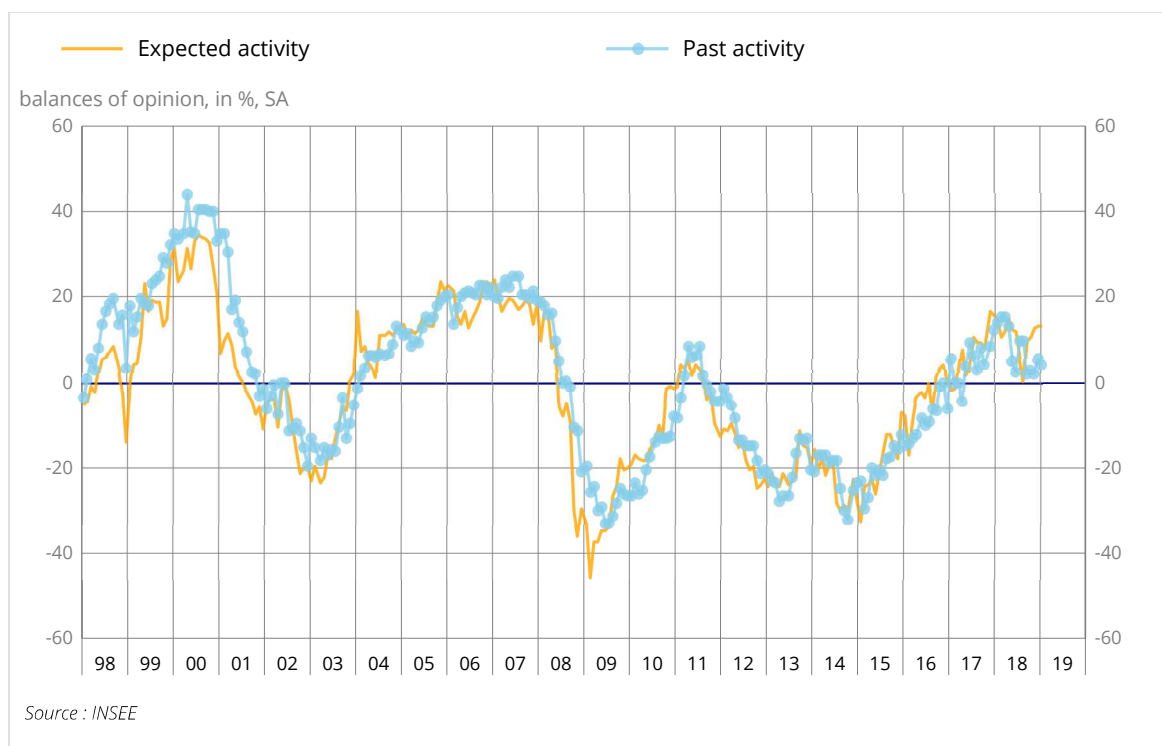
In January 2019, slightly fewer business managers than in the previous month have indicated an increase in their activity over the last three months. The corresponding balance has fallen back slightly but remains above its long-term average. Otherwise, the balance of opinion on expected activity remains stable, well above its long-term average. However, business' managers optimism about the general outlook of the sector has been waning. The corresponding balance has decreased for the fourth consecutive quarter while remaining well above its long-term average.

	Mean*	Oct. 18	Nov. 18	Dec. 18	Jan. 19
Composite indicator	100	108	109	110	109
Past activity	-3	3	2	6	4
Expected activity	-5	10	13	13	13
Gen. business outlook	-16	8			2
Past employment	-5	5	9	5	6
Expected employment	-4	8	14	14	8
Opinion on order books	-23	-12	-7	-4	-9
Order books (in month)	5.6	7.3	7.6	7.4	7.4
Production capacity utilisation rate	88.5	90.2	90,0	90,4	90,3
Obstacles to production increase (in %)	32	38	37	38	38
- Because of workforce shortage (in %)	13.8	18,0	19.6	22.4	22.4
Recruiting problems (in %)	58	77			74
Expected prices	-14	4	2	4	8
Cash-flow position	-10	-15			-14
Repayment period	30	29			36

*Mean since April 1975 for the composite indicator and since September 1993 for the balances of opinion.

Source : INSEE, French business survey in the building industry

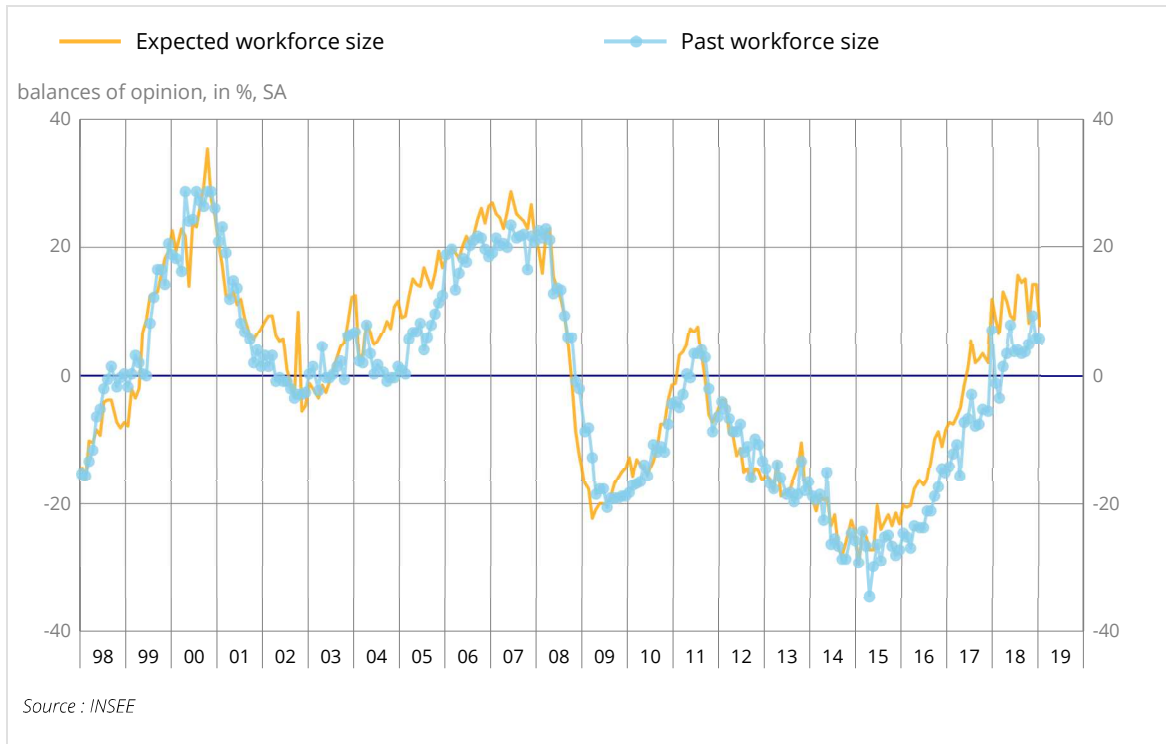
Activity tendency in building construction



Significantly fewer business managers plan to increase their staff size

In January 2019, practically as many business managers as in December 2018 have reported an increase in their staff size over the last three months. The corresponding balance is virtually stable, well above its long-term average. However, employment prospects have deteriorated: the balance of opinion on expected staff size has sharply decreased and has returned to its October level, well above its long-term average.

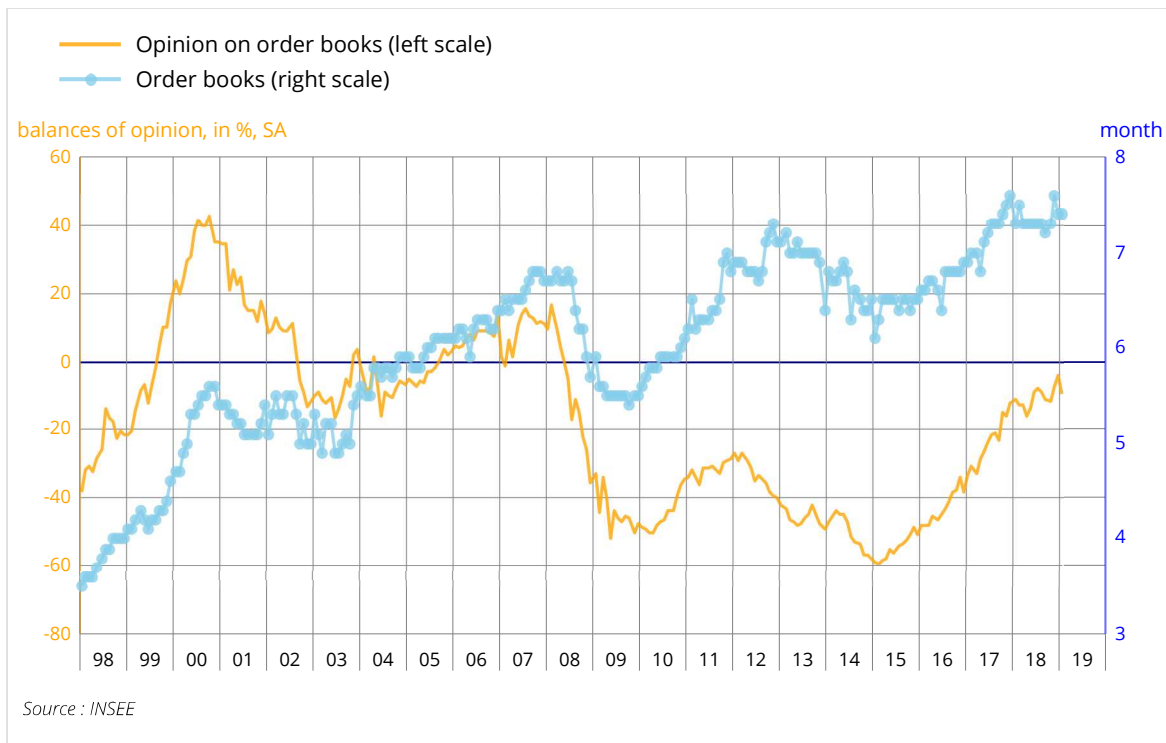
Workforce size tendency in building construction



A smaller proportion of business managers consider that their order books are well filled

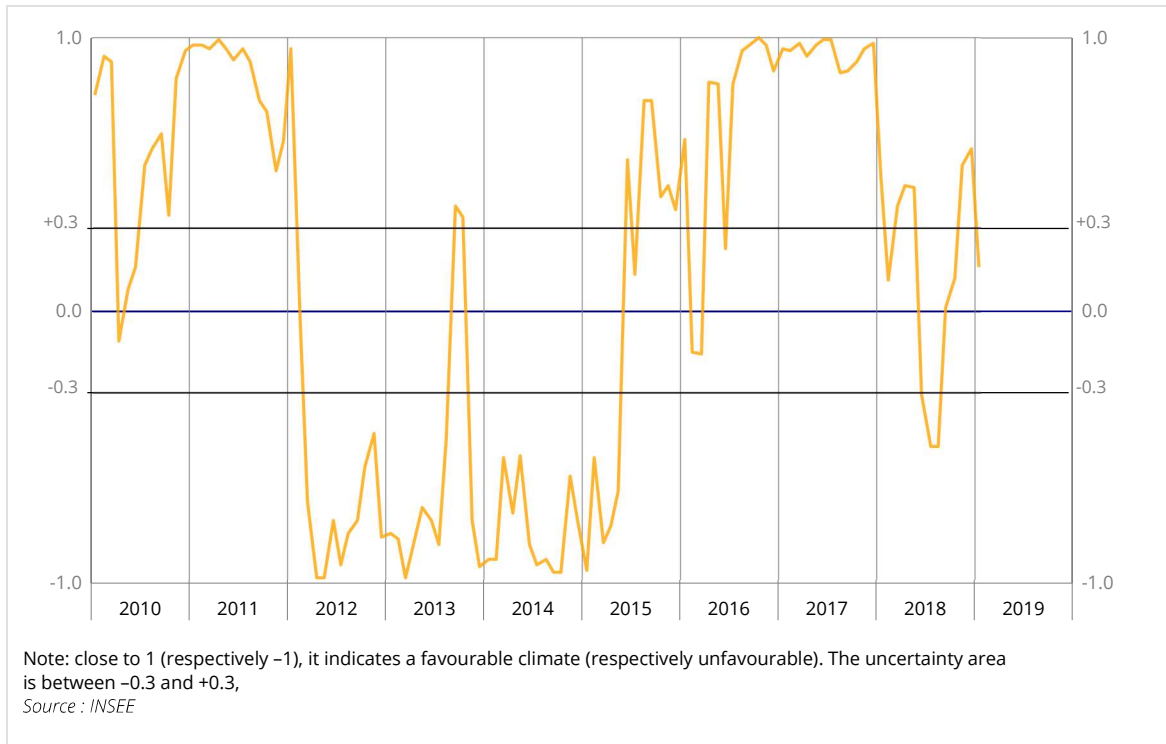
In January 2019, far fewer business managers than in the previous month consider that their order books are well filled. The corresponding balance of opinion has fallen back markedly albeit remaining far above its long-term average. With their present staff size, business managers consider that their order books provide 7.4 months of work, as many as last month and significantly more than the long-term average (5.6 months).

Order books



In total, the turning point indicator has gone into the area indicating an uncertain short-term economic situation.

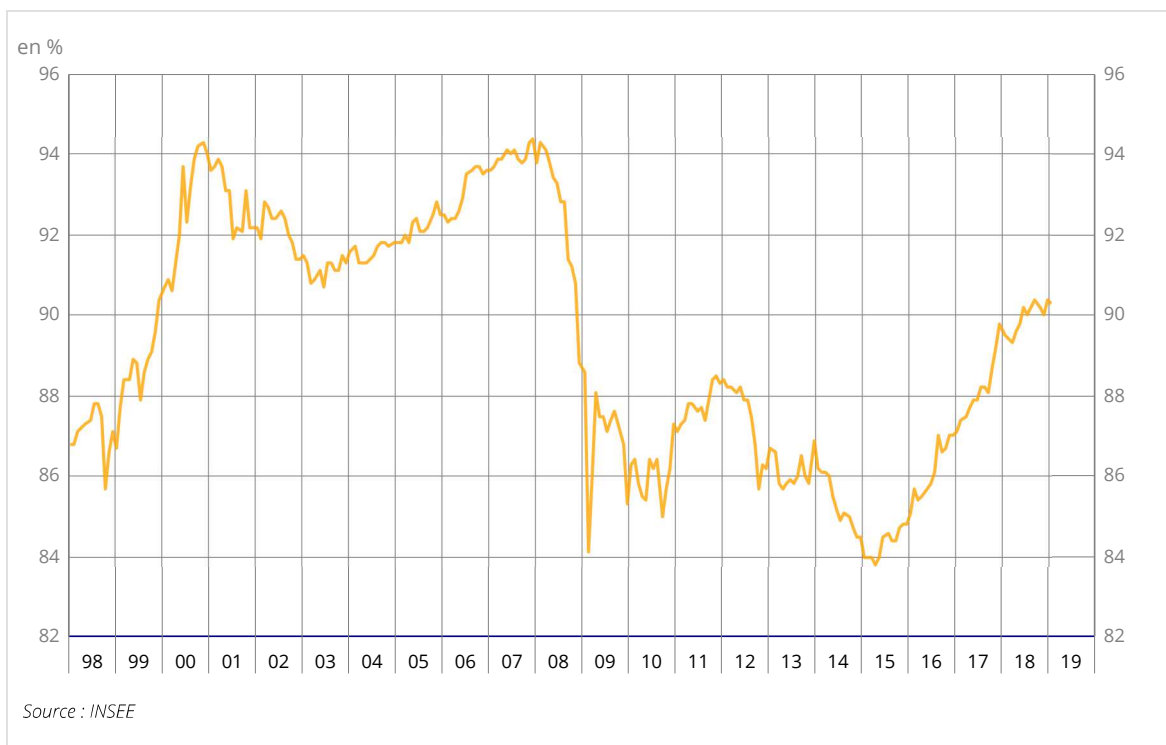
Turning-point indicator



Pressure on production capacity remains intense

In January 2019, the production capacity utilisation rate is virtually stable after having increased in the previous month. At 90.3%, it stands above its long-term average (88.5%), as since October 2017. At the same time, 38% of business managers have reported production bottlenecks, with a higher-than-average share due to workforce shortage. Three out of four business managers have encountered recruiting problems; however, this share has slipped back for the first time since July 2015 while remaining high (74%), sharply higher than on long-term average (58%).

Production capacity utilisation rate



Many more business managers report lengthening repayment periods

In January 2019, practically as many business managers as in October 2018 have indicated a deterioration in their cash-flow position. The corresponding balance, virtually stable, stands below its long-term average. At the same time, many more business managers have reported that their customers' repayment period has been lengthened. The corresponding balance has bounced back markedly after a sharp decrease in the previous quarter. It has returned to its July 2018 level, above its long-term average.

Otherwise, more business managers than in December 2018 have announced that they will increase their prices over the next three months. The corresponding balance has increased again and stands well above its long-term average.

For further information

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