

Friday, 07 October 2016

## Swing in Sentiment as Construction Product Manufacturers Report a Fourteenth Quarter of Growth

The Construction Product Association's latest State of Trade Survey reports continued growth in sales of construction products in the third quarter of 2016. Sales increased for a fourteenth consecutive quarter, and in the first survey after the EU referendum, manufacturers moved from a pessimistic stance to an optimistic one regarding near-term prospects.

Rebecca Larkin, CPA Senior Economist, said: "Construction product manufacturers reported an increase in sales during Q3, suggesting that construction activity remained resilient following initial uncertainty in the run-up to, and immediately after, the EU referendum in June.

"A balance of 26% of heavy side firms reported a quarter-on-quarter rise in sales in Q3, although this was lower than the balance of 52% recorded in Q2. Quarterly sales rose according to half of manufacturers on the light side, which was the highest balance since 2015 Q1 and an increase from 38% in Q2.

"In contrast to pre-referendum pessimism evident in manufacturers' forward-looking views in last quarter's survey, expectations for near-term sales turned markedly higher in Q3. On balance, 45% of heavy side firms and 67% of those on the light side anticipated rising sales over the next three months and this optimism extends for performance over the next 12 months.

"Interestingly, the sharp depreciation in Sterling does not appear to have translated into an increase in export sales in our sector. Instead, the effect of the weak currency has been manifested in rising costs for imported raw materials and higher fuel bills, adding to the existing inflationary pressures on wages created by skills shortages. Nevertheless, manufacturers anticipated a pickup in overseas sales over the next 12 months."

Key survey findings include:

- A balance of 26% of heavy side firms and 50% of light side firms reported that construction product sales rose in the third quarter of 2016 compared with Q2
- On an annual basis, sales rose for 68% of heavy side firms and 60% of firms on the light side, on balance
- On balance, 45% of heavy side manufacturers anticipated a rise in sales in Q4, improving from a balance of -13% in Q2
- On the light side, 67% of firms expected an increase in product sales in the next quarter, compared to a zero balance in Q2
- 42% of heavy side firms and 40% of light side firms anticipated an increase in export sales over the next year
- Annual cost increases were reported by 57% of heavy side manufacturers and 56% of those on the light side

**ENDS**

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**NOTE TO EDITORS:**

The [Construction Products Association](#) represents the UK's manufacturers and distributors of construction products and materials. We are committed to raising the profile of our industry and members' businesses, helping grow the market and reducing regulatory risk. The sector directly provides jobs for 313,000 people across 21,000 companies and has an annual turnover of more than £50 billion. The CPA is the leading voice to promote and campaign for this vital UK industry.

The CPA produces a range of economic reports including the quarterly Construction Industry Forecasts, Construction Trade Surveys and the State of Trade Surveys. All are available to members or subscribers via our website.

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