

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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Markit France Manufacturing PMI® – final data

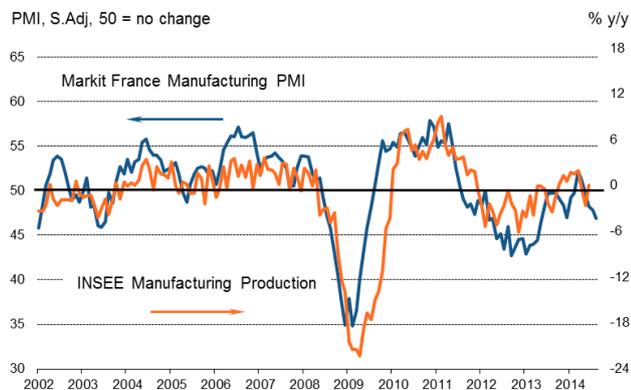
PMI drops to 15-month low as new orders fall at sharper rate

Key points:

- Incoming new work declines at fastest pace since April 2013
- Further marked drop in production
- Rate of job shedding sharpest for 15 months

Historical overview:

Markit Manufacturing PMI v INSEE Manufacturing Production



Sources: Markit, INSEE

Summary:

French manufacturers reported a further deterioration in business conditions during August. The headline Markit **France Manufacturing Purchasing Managers' Index® (PMI®)** – a seasonally adjusted index designed to measure the performance of the manufacturing economy – dropped to 46.9, from 47.8 in July, its lowest reading since May 2013.

Underlying the fall in the level of the PMI were sharper contractions in new orders, employment and stocks of purchases during the latest month. The headline index was cushioned by a slightly

slower fall in output and a sharper lengthening of suppliers' delivery times.

New orders decreased for a fourth successive month in August. Moreover, the rate of contraction accelerated to the sharpest since April 2013. Panellists attributed the drop in new work to a generally weak demand environment. New export orders were down for the fourth month running, and to a greater extent than in July.

In response, French manufacturers lowered their **output** again in August. The latest drop in production was the third in successive months and sharp overall, albeit slightly slower than in July.

With new orders down, French manufacturers were able to make further inroads into their **backlogs of work** during August. The rate of contraction in outstanding business was the most marked for one-and-a-half years.

Stocks of finished goods continued to fall in August, reflecting firms' anticipation that demand conditions would remain weak. The rate at which post-production inventories was depleted was the sharpest since October 2009.

Employment also decreased at a faster pace, as manufacturers cut jobs in line with lower production requirements. August's fall in staffing levels was the most marked in 15 months.

Purchasing activity continued to fall in August, as has been the case throughout the past two-and-a-half years. Correspondingly, stocks of purchases contracted, with the latest drop the sharpest in three months.

Despite lower demand for inputs, **suppliers' delivery times** lengthened further, with the rate of deterioration in vendor performance the most marked since May 2011.

Input prices rose for the third month running in August, although the latest increase was the slowest in this period. In contrast, output charges fell for a sixth consecutive month amid strong competitive pressures.

Comment:

Jack Kennedy, Senior Economist at Markit, which compiles the France Manufacturing PMI[®] survey, said:

“The latest disappointing PMI data for France’s

manufacturing sector underline its ongoing struggles, with new orders sinking further in a fragile demand environment. Sharply falling output led firms to cut back employment, purchasing and stock levels further in August. This sort of across-the-board weakness has been a common theme in recent months and there remains very little to suggest any turnaround in fortunes will be imminent.”

-Ends-

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Notes to Editors:

The France Manufacturing PMI (Purchasing Managers' Index) is produced by Markit Economics and is based on original survey data collected from a representative panel of over 400 companies based in the French manufacturing sector.

The **final** France Manufacturing PMI follows on from the **flash** estimate which is released a week earlier and is typically based on at least 75% of total PMI survey responses each month. The August flash was based on 94% of the replies used in the final data.

The average differences between the flash and final PMI index values (final minus flash) since comparisons were first available in January 2006 are as follows (differences in absolute terms provide the better indication of true variation while average differences provide a better indication of any bias):

Index	Average difference	Average difference in absolute terms
France Manufacturing PMI ⁽¹⁾	0.1	0.4

The **Purchasing Managers' Index[®] (PMI[®])** survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. PMI surveys are the *first* indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

1. The Manufacturing PMI is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from Markit. Please contact economics@markit.com.

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About PMI

Purchasing Managers' Index[®] (PMI[®]) surveys are now available for 32 countries and also for key regions including the Eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to www.markit.com/economics.

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