

## News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 08:50 (UK Time), 2 January 2014**

## Markit France Manufacturing PMI<sup>®</sup> – final data

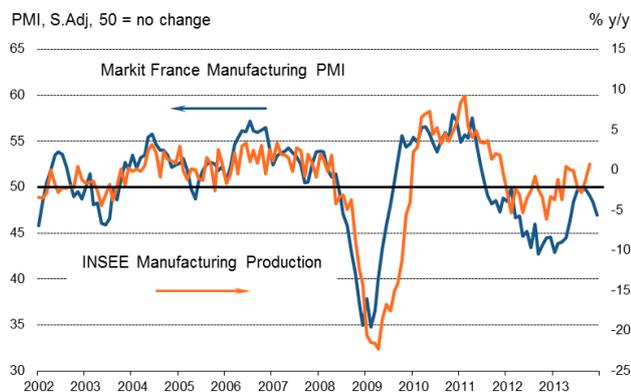
### French manufacturing downturn intensifies in December

#### Key points:

- PMI sinks to seven-month low
- Sharper declines in output and new orders
- Rate of job losses accelerates

#### Historical overview:

#### Markit Manufacturing PMI v INSEE Manufacturing Production



Sources: Markit, INSEE

#### Summary:

French manufacturers signalled a further deterioration in operating conditions during December. The headline **Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>)** – a seasonally adjusted index designed to measure the performance of the manufacturing economy – dropped from 48.4 in November to 47.0, its lowest level in seven months.

The PMI was dragged down by four of its five components in the latest survey period, as output, new orders, employment and stocks of purchases all decreased at sharper rates. Only suppliers' delivery times (inverted in the calculation of the PMI) acted to boost the level of the headline index, lengthening to a greater extent in December.

**New orders** received by French manufacturers fell for a third consecutive month in December, with the rate of decline accelerating to the fastest since April. Anecdotal evidence suggested that clients had been reluctant to commit to new contracts amid continuing economic uncertainty. **New export orders** were down, falling at the fastest pace since June. Correspondingly, **output** fell at a sharper pace, with the latest drop the most marked in seven months.

**Stocks of finished goods** declined further, albeit at the slowest pace in four months.

Lower new inflows of new work allowed French manufacturers to clear their **backlogs of outstanding orders** in December. The rate of contraction in unfinished work accelerated to the sharpest since April.

French manufacturers responded to lower workloads by cutting their **staffing levels** further in December, extending the current period of contraction to 22 months. Employment decreased at the sharpest rate since May.

**Purchasing activity** continued to fall in December. The latest drop in input buying volumes was the greatest in nine months. Correspondingly, stocks of purchases held by French manufacturers declined again, and at a marked pace that was sharper than in November.

**Suppliers' delivery times** nevertheless lengthened further in December, with panellists generally attributing this to low stock levels at vendors' units.

**Input price** inflation in the French manufacturing sector remained marked in December, despite easing slightly since the previous month. Panellists commented on higher prices paid for a range of raw materials.

Weak pricing power, amid an intense competitive environment, prevented the pass-through of higher input costs to clients. **Output charges** were unchanged in December, in line with the broad trend shown throughout the fourth quarter.

**Comment:**

**Jack Kennedy, Senior Economist at Markit** and author of the France Manufacturing PMI<sup>®</sup>, said:

*“The French manufacturing sector ended the year in disappointing fashion. Sharper falls in both output*

*and new orders drove the PMI down to its lowest level in seven months, as a weak demand climate continued to weigh heavily. Anecdotal evidence suggested that lingering uncertainties continue to hold back the spending and investment that are necessary to support a recovery in the sector. Instead, most key variables in the latest PMI survey showed deteriorating trends to suggest that no such turnaround is in sight.”*

-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 December flash was based on 95% 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 <sup>(1)</sup>	0.0	0.4

The **Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>)** 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](mailto:economics@markit.com).

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**About PMI**

**Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>)** 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](http://www.markit.com/economics).

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