

News Release

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

Manufacturing downturn eases further during June

Key points:

- PMI remains below 50.0 threshold but rises to 16-month high
- Output and new orders both fall at weaker rates
- Employment decreases at slowest pace since March 2012

Historical overview:

Markit Manufacturing PMI v INSEE Manufacturing Production



Sources: Markit, INSEE

Summary:

Latest data signalled an easing of the downturn in the French manufacturing sector during June. The headline **Purchasing Managers' Index® (PMI®)** – a seasonally adjusted index designed to measure the performance of the manufacturing economy – registered 48.4, up from 46.4 in May. Although remaining below the 50.0 mark for a sixteenth consecutive month, the latest index reading was the highest in this sequence.

Boosting the level of the PMI in June were slower declines in both output and new orders. The latest drop in production was only modest, reflecting a

similar easing in the pace of contraction of new work to the weakest since February 2012. This was despite export sales decreasing at a slightly faster rate. Meanwhile, backlogs of work at French manufacturers remained broadly unchanged in June.

Staffing levels in the French manufacturing sector fell further in the latest survey period. The current period of job shedding now extends to 16 months. However, the rate of contraction eased to the slowest since March 2012.

Stocks of finished goods decreased again in June, in line with the trend observed since April 2012. That said, the latest drop was the least marked in ten months.

Stocks of purchases also fell at a slower pace during June. Although remaining sharp, the pace of decline moderated to the weakest since December 2012. Contributing to this was a less marked decrease in purchasing activity. The rate of contraction in input buying was the slowest in the current 16-month period of reduction.

Supplier delivery times nevertheless lengthened at a sharper rate in June. The latest deterioration in vendor performance was the most marked since December 2012. Lower stock levels at suppliers' units, combined with logistical difficulties, were cited by survey respondents as factors contributing to longer lead times.

Average purchasing costs faced by manufacturers in France decreased further in June, in some cases following negotiations with suppliers. The latest drop in input prices was the fourth in consecutive months, albeit the slowest since March.

Prices charged by French manufacturers for finished goods continued to fall in the latest survey period. Selling prices have declined in each of the

past six months, but the latest reduction was the weakest since January. A number of panel members reported that competitive pressures had weighed on pricing power.

Comment:

Jack Kennedy, Senior Economist at Markit and author of the France Manufacturing PMI[®], said:

“Although remaining in contraction territory, the French manufacturing sector moved closer towards stabilisation in June, with the PMI climbing to a 16-month high. A slower fall in new orders was a key contributor, with domestic demand showing signs of

steadying, offsetting a sharper drop in export sales. Indeed, the index measuring total new work was above that for export business for the first time in two years. The trend in workloads was mirrored by that for employment, with the rate of job losses easing to the slowest in 15 months.”

-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 June flash was based on 89% 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⁾	0.0	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 PMIs

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

In conjunction with



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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