

## News Release

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

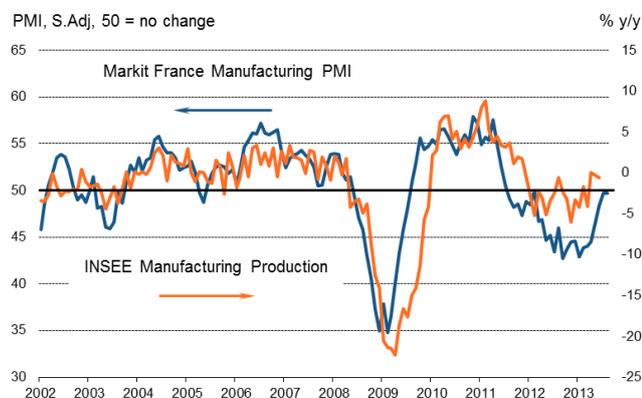
### French manufacturing output returns to contraction

#### Key points:

- Fall in production reverses July's gain
- Broadly stable new orders
- Decline in employment eases to marginal pace

#### Historical overview:

#### Markit Manufacturing PMI v INSEE Manufacturing Production



Sources: Markit, INSEE

#### Summary:

Overall business conditions in the French manufacturing sector deteriorated slightly in August. The headline **Purchasing Managers' Index® (PMI®)** – a seasonally adjusted index designed to measure the performance of the manufacturing economy – posted 49.7. Unchanged from July's reading, the PMI remained below the neutral 50.0 mark for the eighteenth consecutive month.

Of the five component indices which make up the headline PMI, four had a positive directional influence in the latest month, namely new orders, employment, stocks of purchases and suppliers' delivery times. However, this was offset by a

substantial downward movement in the output index.

Production in the French manufacturing sector decreased in August, following a rise one month previously. Falls in output at consumer and capital goods producers offset growth in the intermediate goods category.

The amount of new orders placed with manufacturers in France fell further in August, extending the current period of contraction to 26 months. That said, the rate of decline eased to a fractional pace that was the weakest in this sequence. New export orders decreased modestly, having risen in July.

August data signalled broadly stable backlogs of work in the French manufacturing sector. Employment was also little-changed, showing only a marginal fall that was the slowest in the current 18-month period of falling staffing levels.

Purchasing activity fell at a weaker rate in August. The rate of decline in input buying eased to a modest pace that was the weakest in the current downturn. Correspondingly, stocks of purchases decreased at a slower pace, with the latest drop the least marked in 16 months.

Suppliers' delivery times continued to lengthen in the latest survey period. The rate of deterioration in vendor performance was little-changed from July's solid pace. Capacity restrictions and transportation difficulties were cited by panellists as factors contributing to slower deliveries.

Data signalled stable prices in the French manufacturing sector during August. Both input and output prices were broadly unchanged from July, having fallen throughout the past five and seven months respectively.

Finally, stocks of finished goods fell further in August, in line with the trend observed since April 2012. The latest reduction was only marginal and the weakest in 15 months.

**Comment:**

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

*“French manufacturing output slipped back into contraction in August, but a broad stabilisation of*

*new orders suggests that underlying demand is moving onto a firmer footing. Similarly, employment was down only fractionally in the latest month following a sustained period of contraction, while purchasing activity fell at a slower pace. Overall, the latest data suggest that the manufacturing sector is starting to hold its ground a little better having been under the cosh in recent times.”*

-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 97% 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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**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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