

## News Release

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0800 (UK Time) 22 August 2013**

### Markit Flash France PMI®

#### Faster drop in French private sector output

##### Key points:

- Flash France Composite Output Index<sup>(1)</sup> falls to 47.9 (49.1 in July), 2-month low
- Flash France Services Activity Index<sup>(2)</sup> slips to 47.7 (48.6 in July), 2-month low
- Flash France Manufacturing Output Index<sup>(4)</sup> drops to 48.6 (51.4 in July), 2-month low
- Flash France Manufacturing PMI<sup>(3)</sup> unchanged at 49.7

Data collected 12-21 August

##### Summary:

Output in the French private sector fell at a sharper rate in August. The **Markit Flash France Composite Output Index**, based on around 85% of normal monthly survey replies, slipped to 47.9 from July's 17-month high of 49.1.

Lower output was recorded in both the **services** and **manufacturing** sectors during August. In the former, business activity decreased for the thirteenth consecutive month, and at a sharper pace than in July. In the latter, output fell following a rise in the previous survey period.

**New business** received by private sector companies in France continued to fall in August, and at a faster pace than one month previously. The drop was centred on the service sector, where incoming work contracted at the sharpest rate in three months. In contrast, manufacturers reported a marginal increase in new orders for the first time in 26 months.

August data signalled a rise in **backlogs of work** at French private sector firms for the first time since December 2011. That said, the rate of growth was only slight. Whereas unfinished work was up marginally at service providers, manufacturers registered a fractional decline.

**Employment** in the French private sector fell further in August, extending the current period of contraction to one-and-a-half years. The pace of job shedding was little-changed from the moderate pace seen in July. Staffing levels fell at similar rates in services and manufacturing.

The rate of **input price** inflation faced by French private sector companies quickened to an eight-month high in August. This mainly reflected a stronger increase in service providers' costs, as manufacturers signalled broadly no change.

In contrast, **output prices** decreased further, in line with the trend seen since May 2012. Again, trends varied at the sector level, with a marked reduction in service providers' tariffs contrasting with broadly stable charges at manufacturers.

**Activity expectations** in the French service sector remained positive in August. The index measuring confidence was unchanged from July's 11-month high, although it remained well below the survey's historical average. Those panellists anticipating growth of activity over the next year cited business expansion plans, increased investment and new product launches.

##### Comment:

**Jack Kennedy, Senior Economist at Markit** and author of the Flash France PMI®, said:

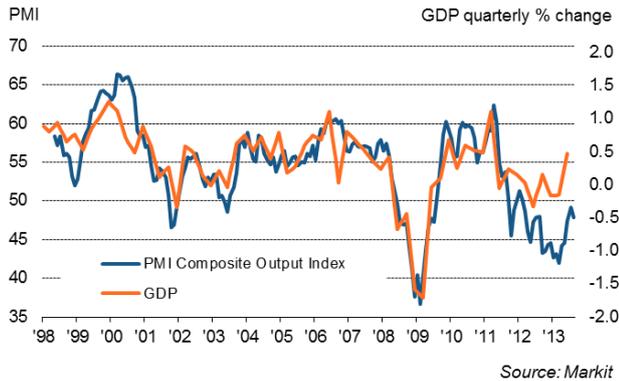
*"Although output fell at a sharper pace in August, the rate of decline remained much slower than seen earlier in the year. Weakness in activity and employment was broad-based across the services and manufacturing sectors, with moderate falls signalled in each case. However, there were encouraging signs from some of the more forward-looking indicators, such as a slight rise in manufacturing new orders for the first time in over two years and service providers' confidence holding steady on July's 11-month high."*

In conjunction with



-Ends-

### Economic output



### Employment



### For further information, please contact:

#### Markit

Jack Kennedy, Senior Economist  
 Telephone 44-1491-461-087  
 Email [jack.kennedy@markit.com](mailto:jack.kennedy@markit.com)

Caroline Lumley, Corporate Communications  
 Telephone +44-20-7260-2047  
 Mobile +44-78-1581-2162  
 Email [caroline.lumley@markit.com](mailto:caroline.lumley@markit.com)

### Note to Editors:

Final August data are published on 2 September for manufacturing and 4 September for services and composite indicators.

The France PMI (Purchasing Managers' Index) is produced by Markit Economics and is based on original survey data collected from a representative panel of 750 companies based in the French manufacturing and service sectors. The **flash** estimate is based on around 85% of total PMI survey responses each month and is designed to provide an accurate advance indication of the final PMI 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 Composite Output Index <sup>(1)</sup>	-0.1	0.5
France Manufacturing PMI <sup>(3)</sup>	0.0	0.4
France Services Business Activity PMI Index <sup>(2)</sup>	-0.2	0.6

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.

#### Notes

- The Composite Output PMI is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
- The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
- 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.
- The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"

In conjunction with



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).

#### **About Markit**

Markit is a leading, global financial information services company with over 3,000 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information, see [www.markit.com](http://www.markit.com)

#### **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 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).

The intellectual property rights to the Flash France PMI provided herein is owned by Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index*® and *PMI*® are registered trade marks of Markit Economics Limited. Markit and the Markit logo are registered trade marks of Markit Group Limited.

In conjunction with

