

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0800 (UK Time) 24 October 2013

Markit Flash France PMI®

French private sector output remains broadly unchanged in October

Key points:

- Flash France Composite Output Index⁽¹⁾ falls to 50.1 (50.5 in September), 2-month low
- Flash France Services Activity Index⁽²⁾ slips to 50.2 (51.0 in September), 2-month low
- Flash France Manufacturing Output Index⁽³⁾ rises to 49.5 (48.5 in September), 3-month high
- Flash France Manufacturing PMI⁽⁴⁾ falls to 49.4 (49.8 in September), 4-month low

Data collected 12-23 October

Summary:

French private sector output was stable at the start of the fourth quarter of 2013. The **Markit Flash France Composite Output Index**, based on around 85% of normal monthly survey replies, posted 50.1 in October, down slightly from 50.5 in September, signalling broadly no change.

Growth of business activity in the **service sector** eased to a fractional pace in the latest survey period. This was counterbalanced by a slower fall in **manufacturing** output, with the latest drop being only marginal.

Overall activity in the French private sector was unchanged despite a renewed fall in incoming **new business**. Service providers and manufacturers both signalled lower new orders. A number of panellists commented on a wait-and-see attitude among clients.

With new work down, activity levels were supported by companies running down their **backlogs** of existing orders. Outstanding business decreased modestly following a fractional rise in the previous month. Falls in backlogs were recorded in both services and manufacturing.

Employment in the French private sector rose in

October, ending a 19-month period of contraction. That said, the pace of expansion was negligible. A slight increase in staffing levels at service providers offset job shedding at manufacturers.

Input price inflation in the French private sector quickened slightly in October, but remained modest and much weaker than the survey's long-run average. Service providers reported the slowest increase in costs for three months, while manufacturers signalled the sharpest rise in input prices for one-and-a-half years.

Prices charged by service providers in France continued to fall in October, extending the current period of decline to 18 months. Service providers signalled a sharper drop in charges, while manufacturers indicated a slight reduction following an increase one month previously.

Business expectations in the French service sector remained positive in October. The degree of optimism improved to its highest level since May 2012. Respondents cited tentative signs of recovery and improving confidence among clients.

Comment:

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

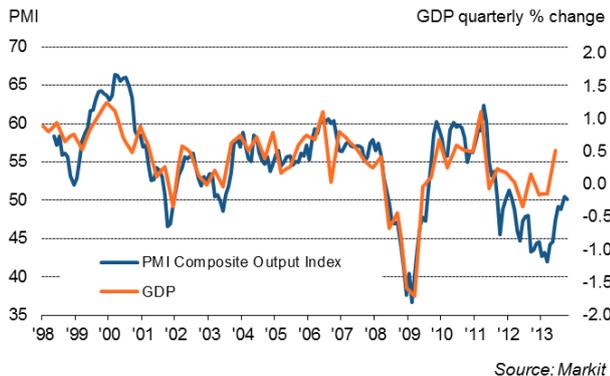
"The French private sector economy delivered a flat performance at the start of Q4, as a slower fall in manufacturing output offset a softer showing from the service sector. Although new business slipped back into contraction, stabilising employment and improved service sector business expectations provide some signs of encouragement as we move towards the end of the year."

-Ends-

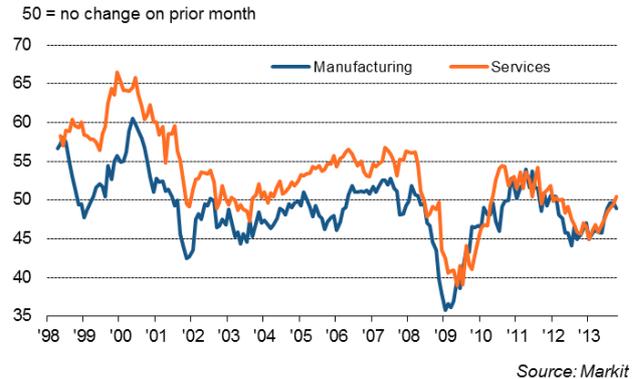
In conjunction with



Economic output



Employment



For further information, please contact:

Markit

Jack Kennedy, Senior Economist
 Telephone 44-1491-461-087
 Email jack.kennedy@markit.com

Caroline Lumley, Corporate Communications
 Telephone +44-20-7260-2047
 Mobile +44-78-1581-2162
 Email caroline.lumley@markit.com

Note to Editors:

Final October data are published on 4 November for manufacturing and 6 November 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 ⁽¹⁾	-0.1	0.5
France Manufacturing PMI ⁽³⁾	0.0	0.4
France Services Business Activity PMI Index ⁽²⁾	-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

1. The Composite Output PMI is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. 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?"
3. 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?"
4. 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.

In conjunction with



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

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.

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

