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## IHS MARKIT FRANCE MANUFACTURING PMI®

### Business conditions broadly stable in September

#### KEY FINDINGS

Return to contraction in both output and new orders

New export business stagnates

Rate of job creation eases slightly

French manufacturing firms reported broadly stable business conditions in September, as reductions in output, new orders and pre-production inventories roughly offset a rise in employment and longer supplier delivery times. The contractions in output and new orders were both only slight overall, but represented the fifth respective declines in the past seven months.

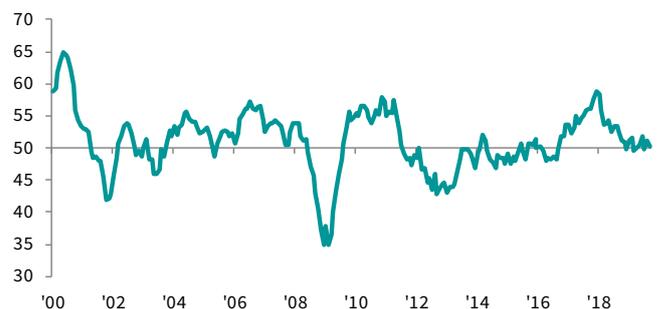
On the cost front, following a brief return to inflation in August, there was a renewed decline in input prices at the end of the third quarter.

The seasonally adjusted IHS Markit France Manufacturing Purchasing Managers' Index® (PMI®) – a single figure measure of developments in overall business conditions – fell to 50.1 in September, from 51.1 in August. The reading pointed to broadly stable business conditions faced by French manufacturing firms.

The stagnation in operating conditions was partially driven by a slight contraction in output at the end of the third quarter. The reduction was the fifth in the past seven months. Survey participants often cited a subdued demand environment when explaining the latest decline in production.

Following a modest recovery in August, new business placed with goods producers in France fell during September. That said, the latest contraction was only marginal overall. Underlying data suggested that the decline in aggregate new business was driven by weakness in the domestic market, as international sales were unchanged in the latest survey period. Anecdotal evidence suggested that fewer orders from

Manufacturing PMI  
sa, >50 = improvement since previous month



both Germany and the UK were offset by greater inflows of new work from other international markets.

September data pointed to a moderate decline in stocks of inputs. The result extended the current sequence of contraction to nine months. The rate of depletion was moderate overall, though faster than in August.

Meanwhile, French manufacturers increase their staff numbers for the second month in a row during September. The rate of job creation eased slightly from August, remaining marginal overall. Employment has now risen in eight of the past nine months.

On the cost front, input prices faced by French goods producers fell at the end of the third quarter. Although the rate of decline was only slight overall, the reduction was the second in the past 40 months. Panellists often associated the decrease with lower prices for steel and raw materials.

Despite the fall in cost burdens, firms continued to raise their average output charges in September. The result extended the current sequence of increase to almost three years. The rate of inflation decelerated slightly from August and was marginal overall.

COMMENT

Eliot Kerr, Economist at IHS Markit, which compiles the France Manufacturing PMI® survey, said:

*"Following another brief recovery during August, output at manufacturers returned to contraction during September, continuing the subdued performance of the sector seen over the past year.*

*"The trend for new orders remained similar, signalling further weakness in demand. The latest contraction in new business was centred on the domestic market, with international sales unchanged from August."*

Output Index Manufacturing production  
sa, >50 = growth since previous month sa, %ytr/yr



Source: IHS Markit, INSEE.

CONTACT

IHS Markit

Eliot Kerr  
 Economist  
 T: +44-203-159-3381  
[eliot.kerr@ihsmarkit.com](mailto:eliot.kerr@ihsmarkit.com)

Joanna Vickers  
 Corporate Communications  
 T: +44-207-260-2234  
[joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

Methodology

The IHS Markit France Manufacturing PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index® (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

September 2019 data were collected 12-23 September 2019.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 40 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 [ihsmarkit.com/products/pmi.html](https://www.ihsmarkit.com/products/pmi.html).

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