

# News Release

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## S&P Global France Services PMI®

### Business activity growth accelerates to 51-month high in April as COVID-19 recovery continues

#### Key findings

Firms enjoy sustained boost to demand amid fewer restrictions

Operating capacities remain stretched; employment rises

Prices charged increase at survey-record rate in April

France's service sector began the second quarter with its sharpest increase in business activity for over four years, latest PMI® data from S&P Global showed, as survey respondents remarked on a sustained boost to demand due to the easing of pandemic restrictions. New business intakes rose at the fastest pace since January 2018, while jobs growth quickened to a six-month high.

Meanwhile, signs of intense inflationary pressures remained a key feature of the latest survey. Amid surging operating costs, prices charged for the provision of French services rose at a record rate in April.

The seasonally adjusted S&P Global France Services PMI® Business Activity Index rose to 58.9 in April, up from 57.4 in March and marked a third successive increase in the headline figure. Furthermore, the latest data was indicative of a sharp expansion in services activity and one that was also the strongest since the beginning of 2018. Overall, output across the service sector has now risen in every month since April 2021.

Where an increase in business activity was reported, a number of firms commented on a sustained boost in their order books due to the removal of COVID-19 restrictions. Indeed, latest survey data signalled a sharp increase in new business intakes at the beginning of the second quarter. The rate of expansion accelerated for a third month in succession to the fastest since January 2018.

Support for demand was also received from overseas customers during April, as evidenced by an increase in new export business. The latest expansion was the third in as many months and stronger than that seen previously. Some panellists attributed the upturn in foreign client demand to the recovery from COVID-19.

However, sharp growth in new business applied strong pressures on operating capacities within the French service sector. Consequently, backlogs of work increased further

S&P Global France Services Business Activity Index  
sa, >50 = growth since previous month



Source: S&P Global.  
Data were collected 08-26 April 2022.

#### Comment

Joe Hayes, Senior Economist at S&P Global, said:

*"It was another positive month for France's services firms in April as business activity in the largest sector of the economy increased at the fastest rate in over four years. The economy is still reaping the benefit of reduced COVID-19 restrictions as many companies linked strong and sustained growth in their order books to the pandemic recovery.*

*"Employment data was also a testament to the strength of the sector at the beginning of the second quarter as jobs growth accelerated to a six-month high. Additional staff were recruited to accommodate for demand growth, but also to help improve operating capacities.*

*"Services expansion is absolutely crucial for the French economy right now as the weakness in the manufacturing sector looks set to persist. That said, once the post-COVID catch-up fades, momentum is likely to slow.*

*"Rising prices also pose a risk to the outlook for the sector. Output charges rose at the fastest rate on record in April, and some panellists were concerned about the impact of rising inflation on activity levels."*

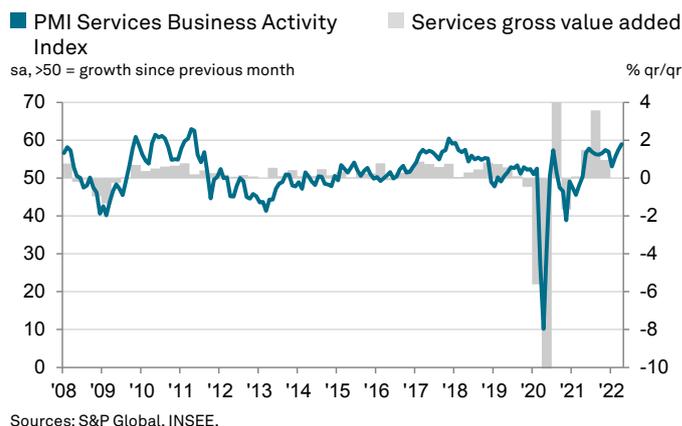
in April, with the rate of accumulation quickening to a nine-month high.

In an effort to accommodate for greater client demand, French service providers hired additional staff at the beginning of the second quarter. In fact, the rate of jobs growth accelerated fractionally and was the strongest since October 2021.

Meanwhile, April survey data continued to highlight substantial inflationary pressures across the French service sector. Input costs rose at a steep pace at the beginning of the second quarter as rising prices set by suppliers were compounded by soaring fuel and energy costs. Some companies also reported greater wage bills. Overall, the rate of input cost inflation was the second-fastest on record, slowing slightly from March's all-time high.

To combat pressures on their margins, surveyed businesses charged higher prices for the services in April. In fact, the rate of output price inflation was the strongest recorded in 24 years of data collection.

Finally, latest survey data signalled a slight improvement in business confidence, albeit coming from the 14-month low seen in March. Many firms perceived the risk of future pandemic-related disruptions to their businesses had fallen and were therefore more optimistic towards the outlook. That said, the overall level of confidence was the second-weakest since March 2021 as some firms were concerned due to increasing cost burdens and the war in Ukraine.



## S&P Global France Composite PMI®

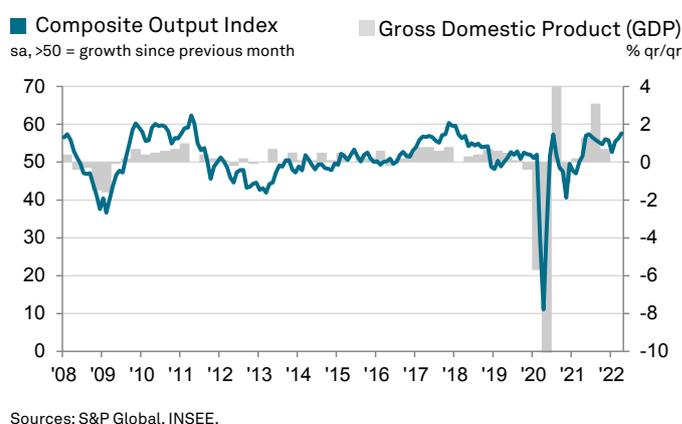
### Strong service sector performance drives sharpest rise in activity since January 2018

The S&P Global France Composite PMI Output Index\* rose to 57.6 in April, up from 56.3 in March and its highest mark since the beginning of 2018. Driving the latest expansion was the service sector as growth here accelerated for a third month in succession. Manufacturing growth also improved, but was only modest overall.

A similar trend was also seen with regards to new business in April. Growth in demand for services outpaced that of goods by a notable margin amid challenging conditions across the manufacturing sector. Amid higher intakes of new work, the level of outstanding business across the French private sector continued to rise at a sharp pace.

As a consequence, additional workers were recruited in April as firms sought to bolster their capacities. The rate of job creation accelerated to a six-month high.

On the prices front, input costs rose at the second-fastest rate on record, while the rate of output price inflation quickened to a survey high.



\*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

■ Manufacturing PMI Output Index  
■ Services PMI Business Activity Index  
 sa, >50 = growth since previous month



Source: S&P Global.

### France Services PMI Input Prices Index

sa, >50 = inflation since previous month



Source: S&P Global.

### Survey methodology

The S&P Global France Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in May 1998.

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 Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

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.

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

### Flash vs. final data

Flash services data were calculated from 77% of final responses. Flash composite data were calculated from 84% of final responses.

Since January 2006 the average difference between final and flash Services Business Activity Index values is -0.1 (0.5 in absolute terms). Since January 2006 the average difference between final and flash Composite Output Index values is -0.1 (0.4 in absolute terms).

### 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. [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html).

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