

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit Flash France PMI®

### Private sector growth accelerates in August

#### Key findings:

- Flash France Composite Output Index<sup>(1)</sup> at 52.7 in August from 51.9 in July (2-month high)
- Flash France Services Activity Index<sup>(2)</sup> at 53.3 in August (52.6 in July), 9-month high
- Flash France Manufacturing Output Index<sup>(3)</sup> at 50.4 in August (49.0 in July), 2-month high
- Flash France Manufacturing PMI<sup>(4)</sup> at 51.0 in August (49.7 in July), 2-month high

Data collected August 12-21

At 52.7 in August, the **IHS Markit Flash France Composite Output Index** rose from 51.9 in July, signalling an acceleration in private sector output growth.

The solid rise was primarily supported by **service providers**, who registered a fifth successive monthly increase in business activity. Moreover, the pace of expansion quickened to the fastest since November 2018. However, **goods producers** also registered a rise in output in the middle of the third quarter. A marginal increase represented a recovery after a slight decline during July.

In line with the trend for output, **new orders** placed with private sector firms continued to increase solidly during August. The result extended the current sequence of expansion to five months, while the rate of growth accelerated to the quickest since last November. At the sector level, service providers recorded the sharper rise, but manufacturers registered the fastest increase in new work since September last year.

Following the stagnation at the start of the third quarter, **new export orders** increased in August. That said, the rise was only slight overall, with service providers recording the slowest growth since a decline in May. Meanwhile, manufacturing firms registered a slight rebound after July's decrease.

French private sector firms continued to increase their staff numbers in the middle of the third quarter, extending the current sequence of workforce expansion to almost three years. The rate of job creation was broadly unchanged from July, remaining solid overall. Both manufacturing and services firms recorded an increase in employment.

August data pointed to a further increase in capacity pressures at private sector firms in France, with **backlogs of work** rising for the fourth month in a row. However, the rate of expansion decelerated for the second month in succession and was moderate overall. At the sector level, the increase in outstanding business was broad-based, but faster at manufacturers.

On the price front, **input costs** continued to rise sharply in August, extending the current run of inflation to three-and-a-half years. Moreover, the rate of inflation ticked up to the quickest for three months, driven by a modest recovery in cost burdens faced by goods producers.

Despite the sharper rise in input prices, **average charges** set by private sector companies increased at a slower pace in August, reflecting the softest rise at service providers in three months.

Finally, private sector firms in France maintained their **optimism towards the business outlook** in August. The degree of confidence was weaker than in July, but remained slightly stronger than the historical average.

#### Comment

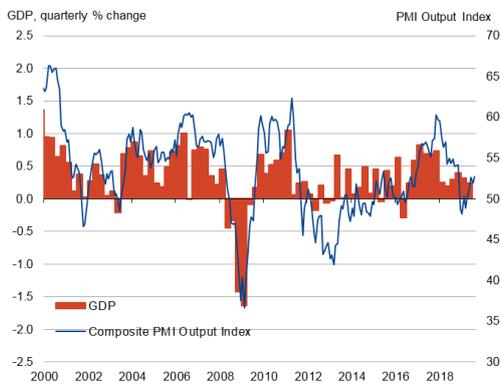
Commenting on the Flash PMI data, Eliot Kerr, Economist at IHS Markit said:

*"French private sector businesses posted another solid increase in output during August. Service sector expansion continued to surpass manufacturing growth, reflecting the broader trend seen across the eurozone in recent months."*

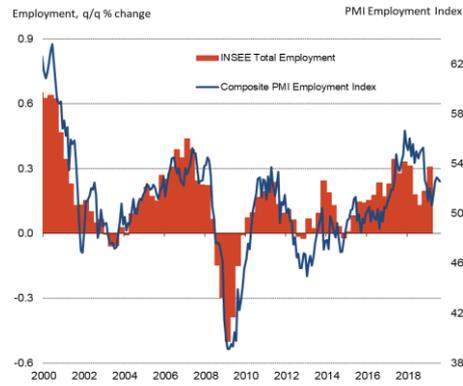
*“However, in contrast to its peers, economic growth in France has remained solid and the latest set of PMI figures only add weight to the argument that this outperformance is likely to continue in the third quarter.”*

-Ends-

### Economic Output



### Employment



Sources: IHS Markit, INSEE via Datastream.

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**Note to Editors:**

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

The France PMI (Purchasing Managers' Index) is produced by IHS Markit 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	0.4
France Manufacturing PMI <sup>(3)</sup>	0.0	0.3
France Services Business Activity Index <sup>(2)</sup>	-0.2	0.5

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.

IHS 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 IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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