

Embargoed until 0950 CEST (0750 UTC) 1 April 2020

IHS MARKIT FRANCE MANUFACTURING PMI®

Fastest deterioration in business conditions since January 2013

KEY FINDINGS

Sharpest output contraction for 11 years

New business tumbles

Vendor performance deteriorates drastically

The French manufacturing sector was severely impacted by the coronavirus outbreak in March, as business conditions deteriorated at the fastest pace for over seven years. Both output and new orders contracted at the sharpest rates since early 2009, leading to a marked reduction in staff numbers. Meanwhile, suppliers' delivery times lengthened to the greatest extent since July 2000, with factory closures halting the production of many inputs.

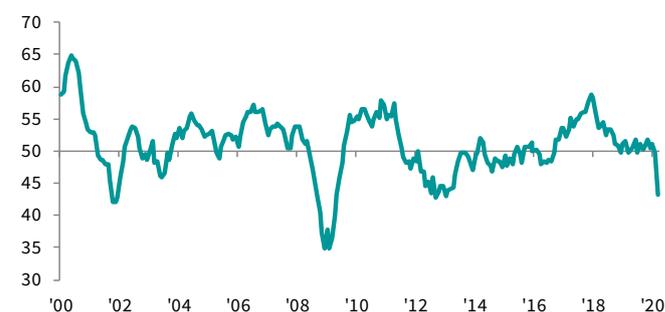
The seasonally adjusted IHS Markit France Manufacturing Purchasing Managers' Index® (PMI®) – a single figure measure of developments in overall business conditions – fell to 43.2 in March, down from 49.8 in February. The reading pointed to the sharpest decline in operating conditions across the French manufacturing sector since January 2013. The decline was evident across each of the three monitored sub-sectors, although quicker in the investment and intermediate categories compared to that in consumer goods.

A key factor in the overall deterioration was a marked contraction in production during March. Widespread reports of factory closures due to the covid-19 outbreak saw output fall at the fastest pace since March 2009.

Declining output came amid a collapse in demand at the end of the first quarter, with new business falling sharply. In fact, the latest contraction was the quickest recorded for just over 11 years. The overall trend was partially driven by a marked reduction in international sales, where firms noted significantly softer demand, particularly from China and Germany.

Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

March data also pointed to severe supply-side disruption, with average lead times lengthening markedly. Vendor performance deteriorated to the greatest extent for over 19 years, with product shortages leading to widespread delivery delays.

Amid softer inflows of new orders and reduced production requirements, staff numbers in the French manufacturing sector fell in March. Moreover, the rate of workforce contraction was the fastest since January 2013 and sharp overall.

Despite reduced employment, softer inflows of new orders allowed firms to alleviate backlogs of work in March. The result marked the first decrease in outstanding business for ten months. The pace of contraction was the quickest since January 2013.

On the cost front, input prices faced by French manufacturers fell in March. Moreover, the rate of reduction was the quickest for five months. Panellists noted lower prices for oil, steel, aluminium and paper.

Finally, firms were pessimistic towards the one-year business outlook, driven by expectations for a global economic recession. Notably, sentiment fell to the weakest level since the series began in July 2012.

COMMENT

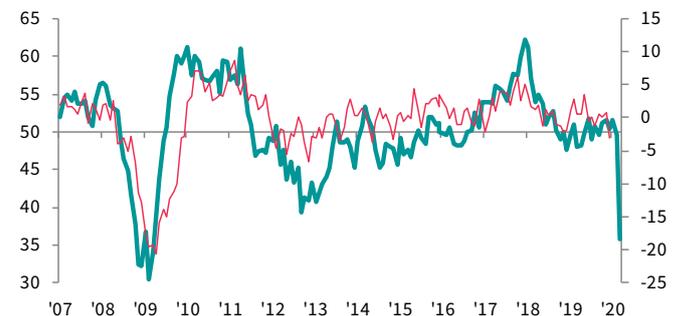
Eliot Kerr, Economist at IHS Markit, which compiles the France Manufacturing PMI® survey, said:

"Amid the coronavirus pandemic and subsequent business shutdowns, the French manufacturing sector was severely hampered in March. The extent of declines in output and new orders have not been seen since the global financial crisis, highlighting the devastating impact that the virus is having on economic conditions.

"The disruption has been two-fold, causing havoc on both the demand and the supply-side. The supply of goods is diminished, with supplier delivery times lengthening sharply and staff unable to work amid factory closures. Meanwhile, restricted movement of people and social distancing has acted to stifle demand, delivering a double-barrelled blow to the economy."

Output Index

sa, >50 = growth since previous month



Source: IHS Markit, INSEE.

CONTACT

IHS Markit

Eliot Kerr
Economist
T: +44-203-159-3381
eliot.kerr@ihsmarkit.com

Katherine Smith
Public Relations
T: +1-781-301-9311
katherine.smith@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.

March 2020 data were collected 12-24 March 2020.

For further information on the PMI survey methodology, please contact 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.
ihsmarkit.com/products/pmi.html

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS 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 IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2020 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email katherine.smith@ihsmarkit.com. To read our privacy policy, [click here](#).

About CNA

CNA (Conseil national des achats – National Purchasing Council), is a non-profit making, non union trade association, gathering individuals, and people actually involved in the purchasing activity of companies or public services. Its aim is to increase the efficiency of the purchasing function in the economy by training and informing those concerned, defining and applying a professional ethic, providing studies, research, surveys, and all actions of general interest in any field directly or non directly related to purchasing and subsidiary functions.