

## Purchasing Managers' Index<sup>®</sup> MARKET SENSITIVE INFORMATION

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## IHS Markit Flash France PMI<sup>®</sup>

### Private sector activity expansion eases in September

#### Key findings:

- Flash France Composite Output Index<sup>(1)</sup> at 51.3 in September from 52.9 in August (4-month low)
- Flash France Services Activity Index<sup>(2)</sup> at 51.6 in September (53.4 in August), 4-month low
- Flash France Manufacturing Output Index<sup>(3)</sup> at 49.7 in September (50.7 in August), 2-month low
- Flash France Manufacturing PMI<sup>(4)</sup> at 50.3 in September (51.1 in August), 2-month low

Data collected September 12-20

At 51.3 in September, the **IHS Markit Flash France Composite Output Index** fell from 52.9 in August, and pointed to the softest expansion in private sector activity for four months.

Moderate growth was underpinned by a rise of activity in the **service sector**. That said, the rate of growth recorded by service providers decelerated to the slowest since May and was only modest overall. Meanwhile, there was a return to contraction territory for **manufacturers**, although the latest reduction was only slight overall.

In line with the further rise in output, **volumes of new orders** placed with French businesses expanded in September. However, the rate of increase eased to the softest for four months and was only marginal overall. At the sector level, a further rise in new work at services firms more than offset a renewed decline in manufacturing.

September data revealed a fall in **new export business** across the French private sector for the first time since May. The pace of reduction was marginal overall, but the decline was broad-based at the sector level. Service providers registered their first decrease in international sales for four months.

French businesses continued to increase their **staff numbers** at the end of the third quarter, extending the current sequence of workforce expansion to just

under three years. However, the rate of job creation eased from August to reach the softest since April. The latest rise in employment was broad-based at the sector level, with service providers recording a sharper increase than manufacturers.

Capacity pressures at private sector firms increased for the fifth time in as many months during September, as **backlogs of work** continued to rise. That said, the rate of growth decelerated to the slowest in the current run of expansion and was only marginal overall. Sector data pointed to increases at both manufacturers and service providers, with the former registering the faster rise.

On the price front, **cost burdens** faced by French private sector companies continued to rise at the end of the third quarter. Although the rate of inflation eased to the softest for just over two years, it remained solid overall. For the second time in three months, manufacturers recorded a fall in input prices, in contrast to service providers, who recorded a sharp increase.

Despite a further rise in input prices, **average output charges** were broadly unchanged in September. At the sector level, a slight decline in prices set by service providers roughly offset a modest increase at manufacturers.

Finally, private sector firms in France remained **optimistic towards the one-year business outlook** in September. The degree of positivity increased from August and was slightly stronger than the historical average.

#### Comment

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

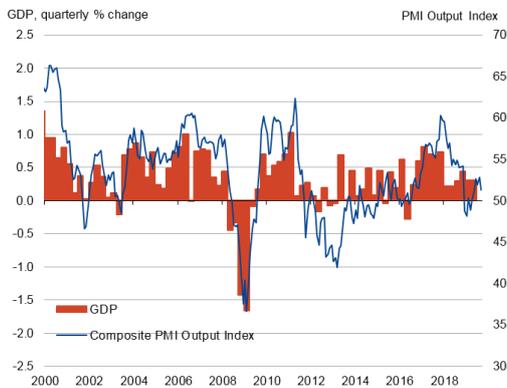
*"The disparity between France's manufacturing and service sectors persisted in September, as service providers continued to record activity expansion, while there was a renewed contraction in manufacturing output. As has been the trend in*

recent months, service sector resilience is supporting growth in the wider economy.

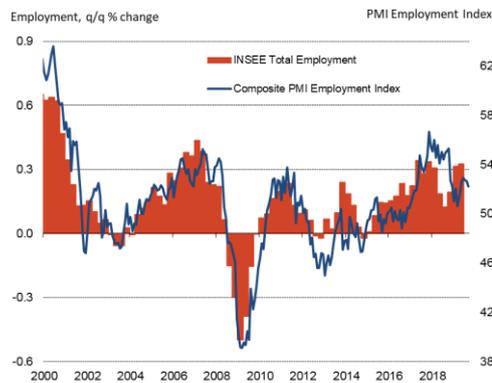
“However, with services firms registering their slowest rise in activity since May, fears of negative spill over effects from the manufacturing sector are coming to fruition. Any intensification of such effects would likely dampen economic growth going forward.”

-Ends-

### Economic Output



### Employment



Sources: IHS Markit, INSEE via Datastream.

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**Note to Editors:**

Final August data are published on October 1st for manufacturing and October 3rd 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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