News Release

Embargoed until 0950 CEST (0750 UTC) 3 June 2019

IHS MARKIT FRANCE MANUFACTURING PMI®

Employment growth supports improvement in business conditions

KEY FINDINGS

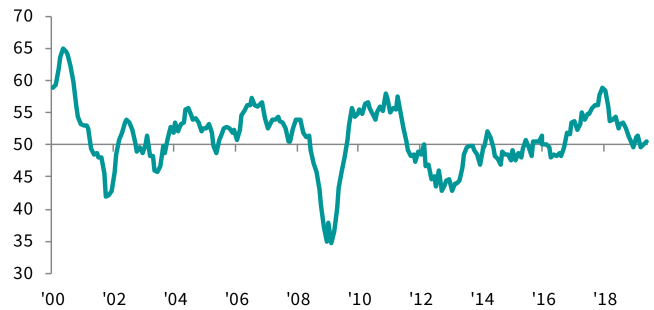
Quickest increase in staff numbers for three months

Softer declines in both output and new orders

Input prices rise markedly

Manufacturing PMI

sa, >50 = improvement since previous month



May saw a renewed improvement in operating conditions at French manufacturing firms. Slower falls in both production and sales, as well as a rise in employment, saw the headline PMI reach its highest level in three months. Moreover, purchasing activity contracted at the softest pace in the current three-month sequence of reduction. Meanwhile, input cost inflation accelerated markedly to the fastest for four months.

The seasonally adjusted IHS Markit France Manufacturing Purchasing Managers' Index® (PMI®) – a single figure measure of developments in overall business conditions – rose to 50.6 in May, up from 50.0 in April. The result signalled the first improvement in the health of the sector since February, although one that was only marginal overall. Business conditions strengthened to the greatest extent in the consumer goods market group, but growth was also evident in the investment goods category. Intermediate goods producers, meanwhile, saw a broad stabilisation in operating conditions.

Despite the overall improvement in business conditions, production at French manufacturing firms fell for the third month in a row during May. However, the latest reduction was the slowest in this sequence and only fractional overall.

Similarly, new business contracted for the third straight month, although the decline was only fractional overall. Some panellists associated the latest decrease in sales to weak automotive sector demand.

Contributing to the continued reduction in sales was a further fall in new export business. The latest result extended the current run of contraction to nine months. That said, the rate of decline eased from April to the softest since January.

French goods producers increased their staff numbers for the fifth month in a row during May. Moreover, the rate of job creation accelerated to the quickest since February. Intermediate goods was the only monitored sub-sector to report a decrease in employment.

Meanwhile, purchasing activity continued to fall midway through the second quarter. That said, the pace of contraction decelerated for the second month in succession and was only marginal overall. The reduction in input buying saw stocks of purchases fall at the fastest rate for two years.

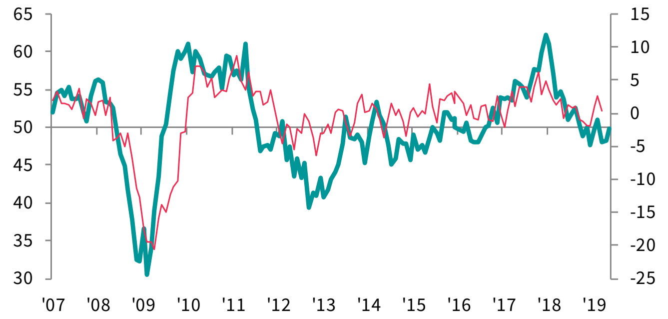
On the price front, cost burdens faced by French manufacturers continued to rise sharply, extending the current sequence of inflation to three years. Moreover, the increase in input prices was the fastest since January, with survey respondents often noting higher raw material costs. Firms passed on elevated input costs to their clients, with output charges rising at the quickest rate for three months.

COMMENT

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

"Although output and new orders continued to fall midway through the second quarter, rates of decline eased, resulting in only fractional contractions overall. This, coupled with the fastest rise in employment for three months, saw business conditions at French manufacturers improve for the first time since February.

"The strongest performing sub-sector was again consumer goods, despite registering its first decline in output since July 2016. However, investment goods producers closely followed, with a slight improvement in operating conditions. Meanwhile, the health of the intermediate goods category broadly stabilised, following two months of deterioration."



Source: IHS Markit, INSEE.

CONTACT

IHS Markit

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

Joanna Vickers
Corporate Communications
T: +44-207-260-2234
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.

May 2019 data were collected 13-23 May 2019.

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. To learn more go to ihsmarkit.com/products/pmi.html.

About IHS Markit

IHS Markit (Nasdaq: 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.

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.