

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 09:15 (CEST) / 07:15 (UTC) May 23rd 2019

IHS Markit Flash France PMI[®]

Private sector activity grows at quickest pace for six months

Key findings:

- Flash France Composite Output Index⁽¹⁾ at 51.3 in May from 50.1 in April (6-month high)
- Flash France Services Activity Index⁽²⁾ at 51.7 in May (50.5 in April), 6-month high
- Flash France Manufacturing Output Index⁽³⁾ at 49.8 in May (48.3 in April), 3-month high
- Flash France Manufacturing PMI⁽⁴⁾ at 50.6 in May (50.0 in April), 3-month high

Data collected May 13-22

At 51.3 in May, the **IHS Markit Flash France Composite Output Index** rose from 50.1 in April, pointing to the fastest rise in private sector business activity for six months.

Modest growth was driven by the **service sector**, which posted its quickest expansion since last November. Meanwhile, **manufacturers** saw another fall in production, although the rate of decline eased and was only fractional overall.

Faster output expansion was supported by a quicker increase in **new orders** during May. Although the rise was only marginal overall, it was the sharpest for the past six months. At the sector level, modest growth for service providers contrasted with a fractional contraction at manufacturers.

New business from abroad continued to fall in May. The result extended the current sequence of reduction to seven months, although the latest decline was marginal and the slowest since last November. The contraction was broad-based, but slightly sharper at services firms.

Volumes of outstanding business rose for the first time in three months during May. The rate of growth was the fastest since November 2018, albeit only moderate overall. The faster expansion was primarily driven by the quickest rise for six months at service providers. There was a slower fall in

backlogs recorded for goods producers.

Private sector firms in France recorded another increase in **staff numbers** during May, extending the current sequence of workforce expansion to just over two-and-a-half years. Moreover, the rate of job creation accelerated to its quickest for six months and was solid overall. Both manufacturers and service providers reported further employment growth, with the latter seeing the sharper rise.

On the price front, **input costs** faced by French private sector firms continued to rise sharply. The rate of inflation accelerated from April to reach its fastest since January. When explaining increased cost burdens, panellists often mentioned higher raw material prices.

Meanwhile, the rate of **output price** inflation eased during May, as a quicker increase at manufacturing firms was more than offset by a slower rise at service providers. That said, the pace of inflation remained historically elevated.

Finally, private sector firms remained **confident of a rise in output** over the coming year, supported by expectations for new order growth. That said, the degree of optimism eased sharply from April's nine-month high, with both service providers and manufacturers signalling weaker confidence.

Comment

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

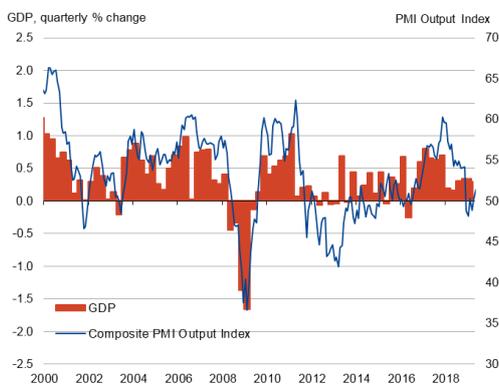
"The latest PMI results pointed to an improved performance by the French private sector. Although growth remained subdued compared to 2017 and 2018, the fastest rise in business activity for six months comes as welcome news, following a period of weakness since disruptions began last November.

"Moreover, a further recovery in new orders and business expectations point to a sustained rise in activity. Such growth would help to drive improving

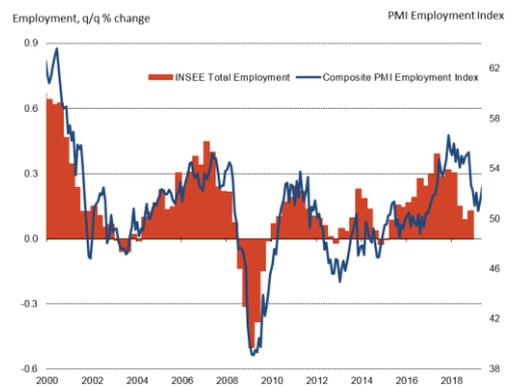
labour market conditions, and further build upon the recently achieved 10-year low for unemployment.”

-Ends-

Economic Output



Employment



Sources: IHS Markit, INSEE via Datastream.

For further information, please contact:

IHS Markit

Eliot Kerr, Economist
Telephone +44-203-159-3381
Email eliot.kerr@ihsmarkit.com

Joanna Vickers
Telephone +44-207-260-2234
Email joanna.vickers@ihsmarkit.com

Note to Editors:

Final May data are published on June 3rd for manufacturing and June 5th 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 ⁽¹⁾	-0.1	0.4
France Manufacturing PMI ⁽³⁾	0.0	0.3
France Services Business Activity Index ⁽²⁾	-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.

About IHS Markit (www.ihsmarkit.com)

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.

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 © 2019 IHS Markit Ltd. All rights reserved.

About PMI

Purchasing Managers' Index[®] (PMI[®]) surveys are now available for over 30 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 www.markit.com/product/pmi

The intellectual property rights to the Flash France PMI[®] 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 trademarks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

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