News Release

Embargoed until 0950 CEST (0750 UTC) 5 June 2019

IHS MARKIT FRANCE SERVICES PMI®

INCLUDING IHS MARKIT FRANCE COMPOSITE PMI®

Fastest growth in service sector activity since last November

KEY FINDINGS

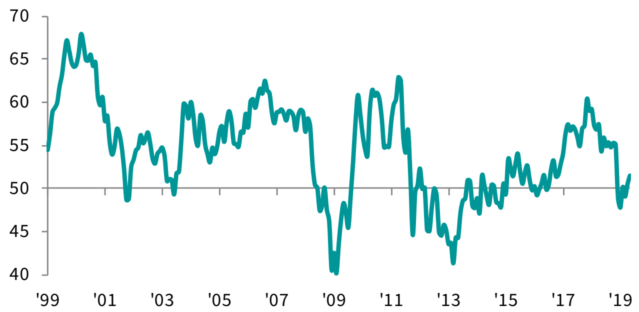
Moderate rise in business activity

New business increases, despite fall in exports

Quickest rate of job creation for six months

Services Business Activity Index

sa, >50 = growth since previous month



Source: IHS Markit

May data pointed to the fastest expansion in business activity at French services firms for six months, supported by a quicker rise in new orders. As has been the case in each month since last December, new export orders continued to decline. Meanwhile, service providers increased their staff numbers at the fastest pace since last November and volumes of outstanding business expanded for the first time in three months.

On the price front, cost burdens rose at a steeper rate, but firms were unable to pass on higher prices to their clients, with output charges broadly stagnating.

The headline seasonally adjusted IHS Markit France Services Business Activity Index – which is based on a single question asking respondents to report on their actual change in business activity at their companies compared to one month ago – rose to 51.5 in May, up from 50.5 in April. The result pointed to the fastest rise in service sector activity since last November. At the sub-sector level, growth was recorded in four of the six monitored market groups, led by Financial Intermediation.

Underpinning the latest expansion in overall business activity was a quicker rise in new orders. In fact, the increase in sales was the fastest in the past six months, despite being only modest overall. Financial Intermediation firms saw the quickest growth in new business.

Underlying data suggested that new order growth was driven by domestic demand, with international sales falling for the sixth month in a row. The rate of contraction was unchanged from April and solid overall. Each of the six covered categories saw exports fall in May.

Meanwhile, French service providers increased their staff numbers midway through the second quarter, extending the current sequence of workforce expansion to nearly two-and-a-half years. Moreover, the rate of job creation accelerated to the fastest since last November and was solid overall.

Higher inflows of new work saw outstanding business grow for the first time in three months during May. The rise in backlogs was primarily driven by increases at both Financial Intermediation and Transport & Storage firms. That said, overall growth was historically subdued and only marginal.

Cost burdens faced by service sector businesses in France continued to rise sharply during May. Moreover, the rate of inflation accelerated to the quickest for five months, with panellists mentioning higher wages and fuel costs. Firms were unable to pass on increased expenses to their clients, however, with output prices broadly stagnating.

Finally, service providers maintained their optimism towards the business outlook, supported by expectations for an increase in demand. That said, the degree of confidence was weaker than in April when it reached a seven-month high.

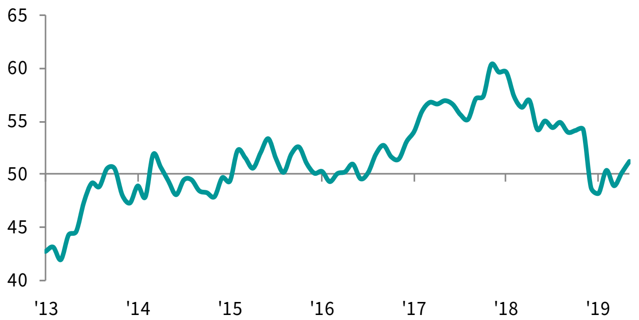
PMI® By IHS Markit

IHS MARKIT FRANCE COMPOSITE PMI®

Composite output expands at quicker rate in May

Composite Output Index

sa, >50 = growth since previous month



Source: IHS Markit

Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

The France Composite Output Index is a weighted average of the France Manufacturing Output Index and the France Services Business Activity Index. The Composite Output Index posted at 51.2 in May, up from 50.1 in April. The latest reading pointed to a modest rise in private sector output that was the fastest since last November.

The expansion in overall activity was primarily driven by the service sector, where firms recorded their sharpest rise for six months. Meanwhile, manufacturers registered a third successive decline, although the latest was the slowest in that sequence and only fractional overall.

The rise in total business activity was supported by a second successive monthly increase in new business during May. The rate of growth was slightly faster than in April but remained only marginal overall. Similar to the trend for output, manufacturing firms recorded a fractional decline and services firms saw a modest rise.

Private sector firms in France increased there staff numbers in May, extending the current sequence of workforce expansion to just over two-and-a-half years. Moreover, the rate of job creation accelerated to the quickest for six months and was solid overall. At the sector level, services firms recorded the sharpest growth.

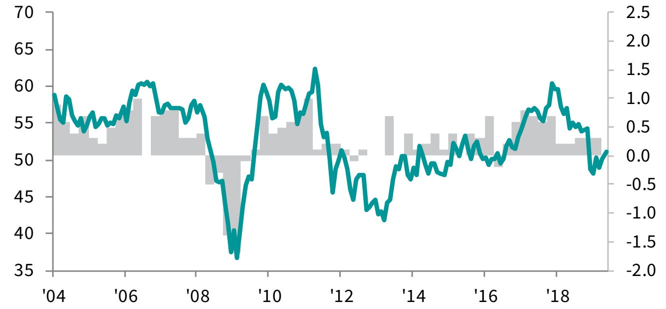
Finally, input price inflation accelerated to the fastest for five months in May. A quicker rise in cost burdens was recorded in both the manufacturing and service sectors, with the former seeing the sharper increase. Prices charged for goods and services rose only modestly.

COMMENT

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

"May's PMI results pointed to the strongest private sector activity growth since protests began last November, highlighting the dwindling impact of the 'gilets jaunes' movement. The improved performance was primarily driven by the service sector, where the pace of both output and new order expansion accelerated. However, downward pressure from the manufacturing sector also eased, with production falling at the softest rate since a rise in February.

"The latest data also revealed stronger labour market conditions, with employment rising at the quickest pace for six months. Workforce expansion was broad-based, with both service providers and manufacturers adding jobs in May."



Sources: IHS Markit, INSEE.

CONTACT

IHS Markit

Eliot Kerr
Economist
T: +44-2031-593-381
eliot.kerr@ihsmarkit.com

Joanna Vickers
Corporate Communications
T: +44-207-260-2234
joanna.vickers@ihsmarkit.com

Methodology

The IHS Markit France Services PMI® is compiled by IHS Markit from responses to questionnaires sent to a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. 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 Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

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 13-28 May 2019.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

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 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 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.