

## IHS MARKIT FRANCE MANUFACTURING PMI®

### French manufacturing sector stabilises in April

#### KEY FINDINGS

Output and new orders contract at slower rates

Employment growth accelerates slightly

Input price inflation decelerates again

Following a slight deterioration in March, business conditions in the French manufacturing sector stabilised at the start of the second quarter. Although firms recorded further declines in output and new orders, rates of contraction eased in both cases. Supporting the stabilisation in operating conditions, employment growth ticked up from March. On the price front, input cost inflation eased for the fifth consecutive month.

The headline IHS Markit France Manufacturing Purchasing Managers' Index® (PMI®) – a single figure measure of developments in overall business conditions – rose to 50.0 in April, up from 49.7 in March. This pointed to a stabilisation in business conditions across the French manufacturing sector.

French goods producers recorded a contraction in output during April. Survey respondents often noted softening demand when explaining the latest reduction. That said, the rate of decline was softer than in March.

A key factor behind the contraction in production was a second successive deterioration in new orders. However, similar to the trend for output, the pace of reduction eased from March. Two of the three monitored sub-sectors recorded solid declines in sales, the exception being consumer goods.

There was another fall in new business from abroad at the start of the second quarter. The latest result extended the current run of deterioration to eight months, with all three monitored product groups recording contractions in exports. That said, the overall pace of decline softened from March and was only moderate overall.

Manufacturing PMI

sa, >50 = improvement since previous month



Contributing to the upward movement in the PMI was a further increase in staff numbers during April. French manufacturers have now recorded employment growth in every month of 2019 so far. Moreover, the rate of job creation accelerated from March as all three covered sub-sectors reported workforce expansions.

For the second month in a row, post-production inventories grew. The rise in stocks of finished goods was driven by a solid increase in the consumer goods sector. However, the overall expansion was only moderate. Some panellists associated stockpiling with a slowdown in sales.

On the price front, despite remaining sharp, the rate of cost inflation eased for the fifth month in a row. Input prices increased at the softest since October 2016. All three monitored sub-sectors recorded slower rises than in March.

Finally, optimism towards output growth over the coming year prevailed during April. Positivity was supported by expectations of a rise in sales. Notably, the degree of confidence was the strongest for three months, with all three monitored sub-sectors recording improved sentiment.

## COMMENT

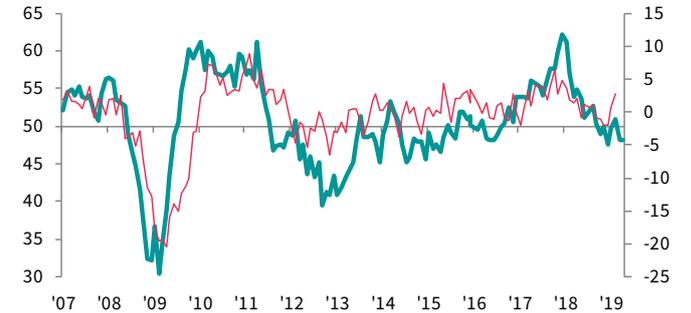
Eliot Kerr, Economist at IHS Markit, which compiles the France Manufacturing PMI® survey, said:

*"The final data for the French manufacturing sector revealed a more positive reading than indicated by the earlier flash release. Flash data pointed to the fastest contraction in output for four years, while the final results showed a slower contraction than in March. This saw business conditions stabilise as opposed to the previously projected deterioration.*

*"The slower reduction in output will be welcomed by goods producers, following the recent manufacturing weakness in both France and Germany. That said, another decline in new orders, driven by exports, pointed to a prolonged slowdown in demand that has stifled output in recent months."*

## Output Index

sa, >50 = growth since previous month



Source: IHS Markit, INSEE.

## CONTACT

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### 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.

April 2019 data were collected 10-23 April 2019.

### 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](https://www.ihsmarkit.com/products/pmi.html).

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