

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 09:15 (CET) / 08:15 (UTC) January 24th 2019

IHS Markit Flash France PMI[®]

Fastest fall in private sector output for over four years

Key findings:

- Flash France Composite Output Index⁽¹⁾ at 47.9 in January from 48.7 in December (50-month low)
- Flash France Services Activity Index⁽²⁾ at 47.5 in January (49.0 in December), 59-month low
- Flash France Manufacturing Output Index⁽³⁾ at 49.9 in January (47.6 in December), 2-month high
- Flash France Manufacturing PMI⁽⁴⁾ at 51.2 in January (49.7 in December), 3-month high

Data collected January 11-23

At 47.9 in January, the **IHS Markit Flash France Composite Output Index** fell from 48.7 in December, and pointed to the quickest contraction in French private sector output for over four years.

At the sector level, the latest decline was driven by **service providers**, as firms reported a moderate fall in **activity**. Moreover, the pace of contraction accelerated compared to December to reach its fastest for nearly five years.

In contrast to the recent trend, **manufacturers** outperformed their service providing counterparts. Goods producers recorded broadly-unchanged output in the first month of 2019, stabilising after the contraction in December.

Meanwhile, **new orders** fell for the second month in a row during January. The rate of contraction accelerated compared to December, with firms registering a solid reduction overall. At the sector level, the decline was driven by services companies, who reported their sharpest deterioration in new business for 67 months. On the other hand, manufacturers recorded only a fractional decline.

Employment growth decelerated further in January, easing to its slowest rate for just over two years. Services providers reported a deceleration in the pace of hiring, registering only a marginal increase in staff numbers. Meanwhile, manufacturers

recorded their fastest expansion in jobs since September 2018.

January data also pointed to the first fall in **backlogs of work** for nearly three years. The decline was driven by services providers who reported their first contraction over the same period. Meanwhile, manufacturers registered solid growth in outstanding business following no change in November and December.

Input price inflation faced by French private sector firms eased to a nine-month low in January. That said, the rise in cost burdens remained sharp overall. At the sector level, the latest inflation was driven primarily by manufacturing.

Meanwhile, average **output charges** rose solidly in the first month of the year. Firms increased output prices at the quickest pace since June 2018. Rates of increase were the same across both the manufacturing and services sectors.

Finally, despite the further downturn in January, firms reported higher **optimism towards the business** outlook. In fact, confidence was at its strongest since October 2018. Both manufacturers and service providers recorded an improvement in sentiment.

Comment

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

"Private sector firms in France reported a further contraction in output during the opening month of 2019. The latest decline was the fastest for over four years, even quicker than the fall in protest-hit December. The strong service sector that had supported a weak manufacturing sector in the second half 2018 declined at a faster rate in January. Meanwhile, manufacturers recovered to register broadly-unchanged production.

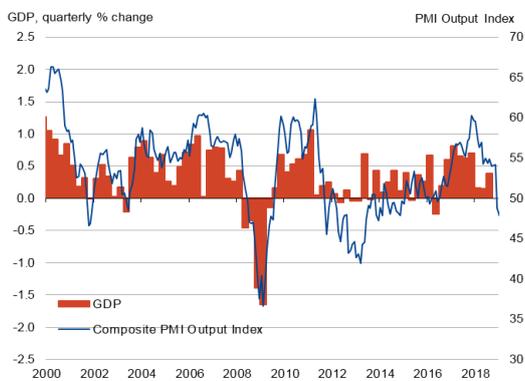
"Despite the continuation of 'gilets jaunes' protests,

it is unclear whether the latest weak performance was caused by the resulting disruption, or whether the anticipated global economic slowdown for 2019 is already beginning to take hold.

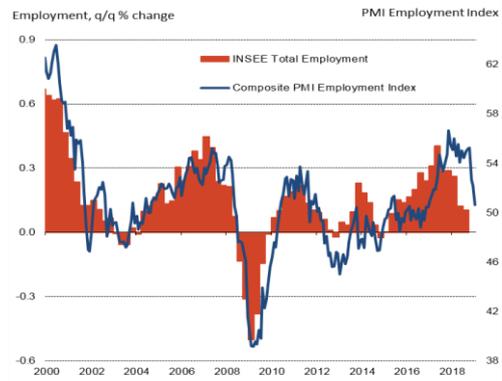
“Although firms reported higher confidence in January, other forward looking indicators such as new orders fell at the fastest pace for over four years. This suggests further weak performance for France in the coming months.”

-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 January data are published on February 1st for manufacturing and February 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	0.6

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 trade marks 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](#).