

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
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IHS Markit Flash France PMI[®]

Private sector output stabilises in February

Key findings:

- Flash France Composite Output Index⁽¹⁾ at 49.9 in February from 48.2 in January (3-month high)
- Flash France Services Activity Index⁽²⁾ at 49.8 in February (47.8 in January), 3-month high
- Flash France Manufacturing Output Index⁽³⁾ at 50.1 in February (49.8 in January), 5-month high
- Flash France Manufacturing PMI⁽⁴⁾ at 51.4 in February (51.2 in January), 5-month high

Data collected February 12-20

At 49.9 in February, the **IHS Markit Flash France Composite Output Index** rose from 48.2 in January, pointing to a broad stabilisation in output after successive contractions in December and January.

At the sector level, **service providers** reported only a fractional decline in business activity and their slowest in three months of contraction. Some panellists that recorded a fall in activity cited on-going disruption caused by the 'gilets jaunes' protests. Meanwhile, **manufacturers** saw production broadly stabilise in February. Growing order books for some survey respondents counterbalanced the negative impact of the 'gilets jaunes' at others.

The rate of **new order** decline at French private sector firms eased in February. Although new business contracted for the third month in a row, the reduction was only marginal overall. The result was driven by a softer fall in the services sector and a first rise in orders for four months at manufacturers.

Meanwhile, private sector firms increased their **staff numbers** at a quicker pace in February. This was underpinned by a faster rate of job creation at service providers, while manufacturers posted another modest workforce expansion.

February data also pointed to a fractional increase in

incomplete business. The result represented a slight recovery after January's contraction, although the rate of increase was slower than the historical average. A moderate rise in manufacturing backlogs contrasted with a fractional decline at services firms.

Input price inflation faced by French private sector firms eased for the second month in a row during February. Overall cost burdens increased at the slowest pace for ten months, as manufacturers recorded their softest rise for just over a year-and-half. Meanwhile, services firms reported a rate of inflation broadly in line with January.

Similar to the trend for input costs, **average output charges** rose at a softer pace than in January. In fact, the latest increase was only fractional overall and the slowest since a decline in August 2017. At the sector level, there were contrasting results with a marginal fall registered in services and a solid rise at manufacturers.

Consistent with the broad stabilisation in output during February, private sector firms remained **optimistic towards the business outlook**. The level of confidence was broadly in line with January, despite a slight fall in sentiment among manufacturers.

Comment

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

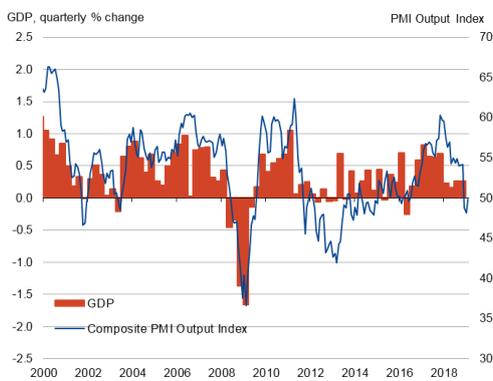
"February flash data pointed to a broad-stabilisation in output at private sector firms in France, offering relatively positive news after the weak performances of December and January.

"Although the 'gilets jaunes' protests are still ongoing and panellists have suggested that these are still causing disruption, the economy showed resilience in the latest survey period. Encouragingly, the rate of job creation accelerated and new orders declined only marginally, arresting the downward momentum seen over the past couple of months.

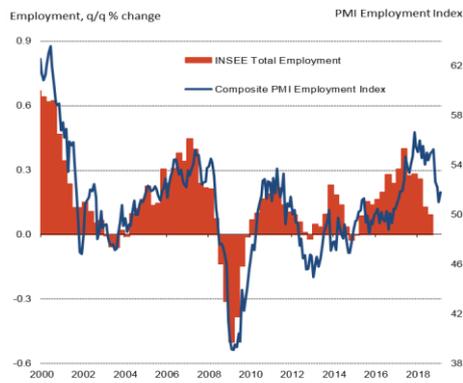
“That said, the economy will continue to post below its potential as long as social unrest continues. And amid the current uncertainty in the global economy, domestic issues weighing on activity are likely to remain detrimental.”

-Ends-

Economic Output



Employment



Sources: IHS Markit, INSEE via Datastream.

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Note to Editors:

Final February data are published on March 1st for manufacturing and March 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.

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