

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

Further solid increase in private sector activity during November

Key findings:

- Flash France Composite Output Index⁽¹⁾ at 52.7 in November from 52.6 in October (3-month high)
- Flash France Services Activity Index⁽²⁾ at 52.9 in November (52.9 in October), unmoved
- Flash France Manufacturing Output Index⁽³⁾ at 51.6 in November (51.2 in October), 5-month high
- Flash France Manufacturing PMI⁽⁴⁾ at 51.6 in November (50.7 in October), 5-month high

Data collected November 12-21

At 52.7 in November, the **IHS Markit Flash France Composite Output Index** was little-changed from 52.6 in October, pointing to a further solid increase of business activity across the French private sector.

The result extended the current run of expansion to eight months and was driven by gains across both the manufacturing and service sectors. **Goods producers** recorded their fastest increase in output since June, while the rate of growth at **service providers** was unchanged from October.

The continued rise in private sector activity was supported by another increase in **new business** during November. The rate of growth in new work accelerated fractionally to reach the quickest for three months. At the sector level, the expansion was underpinned by a first rise in orders at manufacturers since August, albeit one that was modest overall. Meanwhile, services firms posted another solid increase.

Stronger **international demand** helped support new order growth in the middle of the fourth quarter, as new business from abroad grew for the second month in a row. Though moderate overall, the rate of increase was the quickest since June, driven by a faster expansion in the manufacturing sector.

Amid increasing business requirements, private sector firms continued to increase their **staff**

numbers in November. The result extended the current sequence of workforce expansion to just over three years. Moreover, the latest rise in employment was the quickest since October 2018 and solid overall. Both manufacturers and service providers recorded slightly quicker rates of growth.

Despite the increase in employment, **volumes of outstanding business** rose at the fastest pace for just over a year. The acceleration was primarily driven by manufacturing firms, where backlogs rose at the sharpest rate since February 2018.

On the price front, **cost burdens** faced by private sector firms in France continued to rise solidly, but the rate of inflation decelerated from October. The rise in overall input prices was driven by a solid, albeit softer, increase at service providers, while manufacturing firms recorded a third consecutive monthly decline in their purchasing prices.

Businesses continued to raise **output prices** in the middle of the fourth quarter, extending the current run of inflation that began in September 2017. The rate of increase was slight softer than in October, amid slower rises in both covered sectors. Notably, the rate of inflation at manufacturers was the slowest for just over three years.

Finally, firms remained optimistic towards the one-year **business outlook** in November, with the degree of positivity the strongest for seven months. At the sector level, confidence remained highest among service providers.

Comment

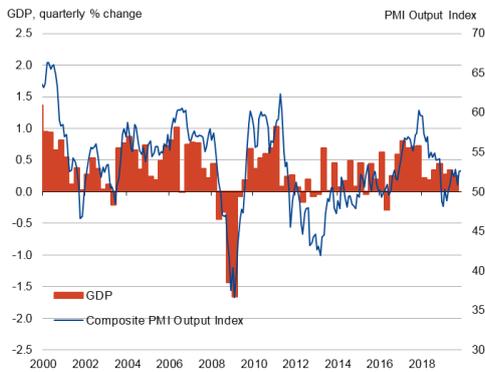
Commenting on the Flash PMI data, Eliot Kerr, Economist at IHS Markit said:

“Another solid expansion in private sector activity maintains the positive economic picture seen in France over the past few months. Moreover, another increase in new orders and a faster rise in backlogs of work points to strong underlying demand and further growth ahead.”

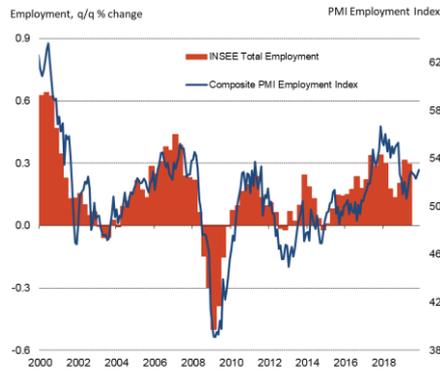
“A notable finding from the latest PMI survey was the broad improvement across the manufacturing sector. On the whole, there was a narrower disparity in performance compared to the service sector, with a particularly positive result seen in new orders. The latest data provide good news for a sector that has recorded relatively subdued growth for well over a year.”

-Ends-

Economic Output



Employment



Sources: IHS Markit, INSEE via Datastream.

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Note to Editors:

Final November data are published on December 2nd for manufacturing and December 4th 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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