

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 0950 (CEST) / 0750 (UTC) September 3rd 2018

IHS Markit France Manufacturing PMI[®] – final data

Manufacturing output growth picks up in August

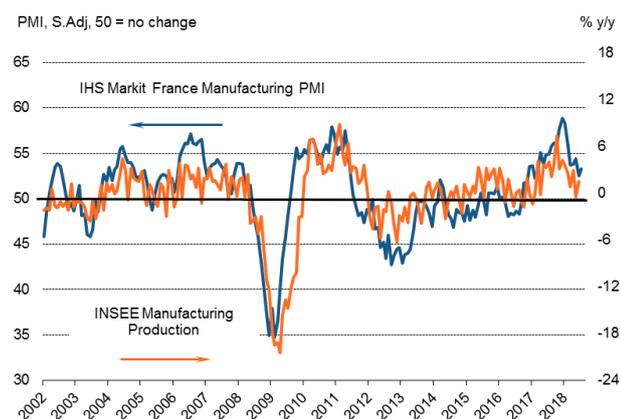
Key findings:

- Strongest rise in production volumes since May
- Solid upturn in new order books
- Job creation eases to 15-month low

Data collected August 13-23

Historical overview:

IHS Markit Manufacturing PMI v INSEE Manufacturing Production



Sources: IHS Markit, INSEE

Summary:

August data revealed an improvement in growth momentum across the manufacturing sector, led by faster rises in output and new business volumes. The upturn in order books was largely driven by domestic demand as export sales picked up only slightly since the previous month.

There were signs of caution in terms of staff hiring, as signalled by the slowest upturn in employment since May 2017. Softer job creation reflected subdued optimism about the business outlook, with manufacturers indicating the weakest expectations for production growth since December 2016.

Adjusted for seasonal influences, the **IHS Markit France Manufacturing Purchasing Managers' Index[®] (PMI[®])** posted 53.5 in August, up from 53.3 in July, to signal the strongest improvement in

manufacturing business conditions for three months. Nonetheless, the headline PMI was down from the earlier 'flash' reading (53.7 in August) and much weaker than the peak seen at the end of 2017.

Stronger output and new business growth were the main factors behind the improved headline PMI figure in August. Production volumes expanded at the sharpest pace since May, helped by a sustained upturn in order books. Export sales returned to growth in August, but the pace of expansion was only marginal and much softer than that seen for total new work.

Higher levels of production underpinned another solid rise in input buying across the manufacturing sector in August. Moreover, survey respondents continued to increase their pre-production inventories in response to longer delivery times for raw materials. There were again widespread reports citing capacity issues and low stock at suppliers.

Stronger demand for manufacturing inputs resulted in a sharp rise in average cost burdens in August. The overall rate of input price inflation was little-changed from July's five-month high. Output charges continued to increase at a softer pace than seen in the first half of 2018, partly reflecting intense competition for new work.

Heightened concern about global trade tensions and subdued export demand appeared to curtail business confidence across the manufacturing sector in August. The degree of positive sentiment eased markedly since July and was the lowest for more than a year-and-a-half.

Comment:

Tim Moore, Associate Director at IHS Markit, which compiles the France Manufacturing PMI[®] survey, said:

"French manufacturing firms experienced a modest recovery in production growth during August, helped by the strongest upturn in new work for six months. Improving domestic order books were the

main factor behind the growth rebound as export sales remained subdued in August.

“Despite an upturn in client spending this summer, manufacturers are still cautious about adding to their payroll numbers. The rate of job creation slipped to its weakest since May 2017, reflecting squeezed operating margins and heightened concerns about the demand outlook.

“Business confidence in the manufacturing sector dropped to its lowest since the end of 2016. Survey respondents noted that global trade tensions and underwhelming export demand are likely to hold back output growth in the next 12 months.”

-Ends-

For further information, please contact:

IHS Markit

Tim Moore, Associate Director
Telephone +44-1491-461-067
Email tim.moore@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44-207-260-2234
E-mail joanna.vickers@ihsmarkit.com

Note to Editors:

The France Manufacturing PMI (Purchasing Managers' Index) is produced by IHS Markit and is based on original survey data collected from a representative panel of over 400 companies based in the French manufacturing sector. confirmed

The **final** France Manufacturing PMI follows on from the **flash** estimate which is released a week earlier and is typically based on at least 75% of total PMI survey responses each month. The August flash was based on 95% of the replies used in the final 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 Manufacturing PMI ⁽¹⁾	0.0	0.3

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.

1. 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 © 2018 IHS Markit Ltd. All rights reserved.

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 <https://ihsmarkit.com/products/pmi.html>

The intellectual property rights to the France Manufacturing 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](#).