

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

Fastest rise in private sector output for seven months

Key findings:

- Flash France Composite Output Index⁽¹⁾ at 52.9 in June from 51.2 in May (7-month high)
- Flash France Services Activity Index⁽²⁾ at 53.1 in June (51.5 in May), 7-month high
- Flash France Manufacturing Output Index⁽³⁾ at 52.0 in June (49.8 in May), 10-month high
- Flash France Manufacturing PMI⁽⁴⁾ at 52.0 in June (50.6 in May), 9-month high

Data collected June 12-20

At 52.9 in June, the **IHS Markit Flash France Composite Output Index** rose from 51.2 in May, signalling the quickest growth in private sector business activity since last November.

The solid expansion was driven by both the manufacturing and service sectors. **Goods producers** recorded a modest recovery in output, posting their first growth for four months. Meanwhile, **service providers** saw activity increase at the fastest pace since November 2018, with panellists often citing an increase in demand.

New orders placed with private sector companies in France rose for the third month in row during June. The rate of growth accelerated to the quickest since November 2018 and was solid overall. The increase was supported by a moderate recovery for manufacturers and a solid expansion at services firms.

Contributing to the latest increase in new business was the first rise in **international sales** for eight months. New export orders increased solidly and at the sharpest rate since February 2018. Growth was recorded concurrently in the manufacturing and service sectors for the first time in ten months.

June data pointed to a further increase in **staff numbers** at French private sector firms, extending the current run of workforce expansion to 32 months.

Moreover, the rate of job creation accelerated to the fastest since October 2018 and was solid overall. Survey participants commonly associated the rise in employment with improving demand. At the sector level, both service providers and manufacturers reported solid growth.

Amid improving demand conditions, **volumes of incomplete business** rose for the second month in a row during June. The rate of expansion quickened to the sharpest for eight months, driven by broad-based growth at the sector level. Manufacturers posted their first increase since February, while services firms saw the fastest growth for seven months.

On the price front, **input costs** faced by French private sector firms rose further at the end of the second quarter. Although marked overall, the rate of inflation decelerated to the softest since August 2017. Where panellists reported increased cost burdens, some mentioned higher raw material prices.

Meanwhile, **output prices** rose marginally in June, extending the current sequence of inflation to 22 months. The rate of inflation was unchanged from May, with a slower rise at manufacturers offsetting a quicker increase at service providers.

Finally, private sector firms maintained their **optimism towards the business outlook** in June. Confidence was supported by expectations of an improvement in demand. However, the degree of positivity fell from May, reaching the lowest level for six months.

Comment

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

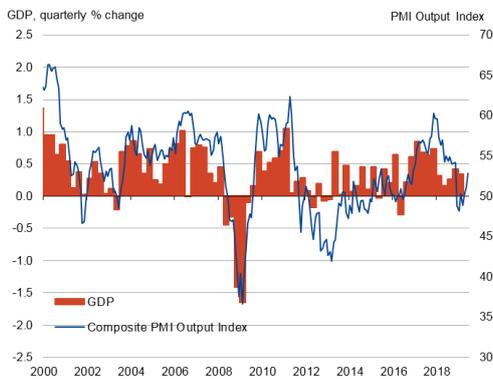
"The French private sector maintained upward momentum at the end of the second quarter, recording a third successive monthly rise in business activity. Moreover, the rate of expansion accelerated

for the second month in a row, reaching the quickest since last November. Taking into account the strong finish to the quarter, PMI data now points to around 0.3% QoQ GDP growth.

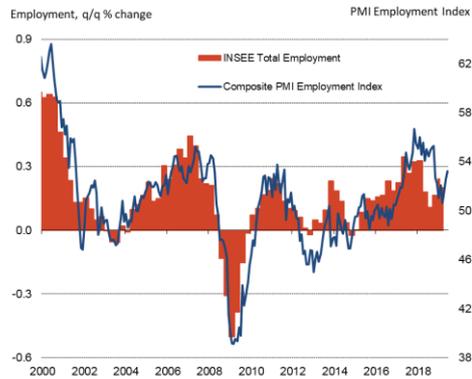
“The latest data also revealed a further improvement in labour market conditions, with staff numbers rising at the fastest rate for eight months. Service providers continued to record solid employment growth, while manufacturers recorded their sharpest workforce expansion for almost a year.”

-Ends-

Economic Output



Employment



Sources: IHS Markit, INSEE via Datastream.

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Note to Editors:

Final May data are published on July 1st for manufacturing and July 3rd 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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