

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
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IHS Markit France Manufacturing PMI[®] – final data

Manufacturing PMI drops to 16-month low in June

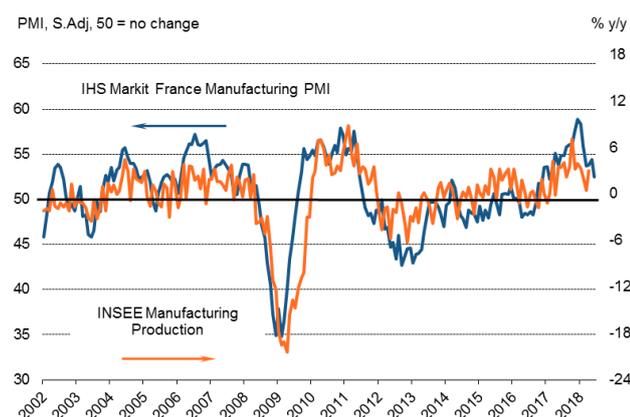
Key findings:

- Slower rates of output and new business growth
- Resilient pace of job creation indicated in June
- Input cost inflation reaches four-month high

Data collected June 12-22

Historical overview:

IHS Markit Manufacturing PMI v INSEE Manufacturing Production



Sources: IHS Markit, INSEE

Summary:

June data indicated a renewed slowdown in growth across the manufacturing sector, with overall business conditions improving at the weakest pace since February 2017. A further moderation in new business growth was the main factor weighing on the performance of manufacturing companies.

At the same time, the latest survey revealed a sharp and accelerated rise in average cost burdens, largely driven by higher prices for metals. In response to higher input costs, manufacturers indicated that factory gate price inflation picked up from May's eight-month low.

At 52.5 in June, down from 54.4 in May, the final **IHS Markit France Manufacturing Purchasing**

Managers' Index[®] (PMI[®]) signalled only a moderate improvement in overall business conditions. Moreover, the latest reading was the lowest for 16 months and pointed to a substantial loss of growth momentum since the end of 2017.

Manufacturing output expanded only marginally in June, with the rate of growth the weakest achieved since November 2016. Survey respondents generally noted that more subdued client demand had acted as a brake on production schedules. Reflecting this, the latest rise in new work was the least marked for just under two years in June. Some manufacturers cited slower demand growth in key export markets, with China the main exception.

Despite a soft patch for new order books, manufacturers signalled another solid increase in employment numbers in June. Efforts to boost operating capacity helped alleviate the rate of backlog accumulation across the manufacturing sector. The latest rise in work-in-hand (but not yet completed) was the slowest since February 2017.

Intense supply chain pressures continued in June, as highlighted by another sharp deterioration in vendor performance. A number of firms commented that stock shortages and reduced availability of materials from suppliers had acted as a headwind to inventory building.

Meanwhile, input cost inflation was the highest for four months in June, with survey respondents generally citing greater steel and aluminium prices in particular. Efforts to protect margins led to another robust rise in factory gate charges.

Comment:

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

"June data revealed that manufacturing growth continued to lose momentum in France, with overall business conditions improving at the slowest pace for almost a year-and-a-half. It seems that the

source of the slowdown in production growth has shifted from capacity constraints and supply chain bottlenecks to a general soft patch for new order books. Export sales increased only marginally in June, which contributed to the weakest upturn in total new work since the autumn of 2016.

“Most worryingly, the latest slowdown in new business growth was accompanied by a sharp and accelerated rise in manufacturing input costs. Survey respondents widely commented on increased prices for steel and aluminium. Operating margins remained under pressure, although the rate of output price inflation picked up from the eight-month low seen in May.”

-Ends-

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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 June 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.

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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>

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