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## IHS MARKIT FRANCE MANUFACTURING PMI®

### Fastest rise in output since last August

#### KEY FINDINGS

New orders recover, supported by exports growth

Quickest increase in employment for nearly a year

Input price inflation eases

June data pointed to the fastest improvement in operating conditions faced by French manufacturers for nine months. The result was driven by the first expansion in output since February and a modest increase in new orders. Meanwhile, stocks of purchases fell at the slowest pace for four months and employment rose at the sharpest rate for almost a year.

On the cost front, input prices continued to rise, but the rate of inflation eased to the softest since August 2016.

The seasonally adjusted IHS Markit France Manufacturing Purchasing Managers' Index® (PMI®) – a single figure measure of developments in overall business conditions – rose to 51.9 in June, up from 50.6 in May. The reading signalled back-to-back improvements in business conditions, with the PMI reaching a nine-month high.

Underpinning the stronger performance was a renewed expansion in production. The increase in output was the first for four months and the fastest since last August. Panellists often attributed growth to a rise new business.

New orders also increased for the first time since February at the end of the second quarter. Moreover, the rate of growth was the fastest for nine months, with survey participants citing an improvement in demand conditions.

The rise in new business was in part supported by a return to growth of international sales. New export orders increased for the first time in ten months and at the fastest pace for a year. When explaining the modest expansion, firms mentioned higher inflows from Asia, the US, Italy, Switzerland and Spain.

Manufacturing PMI  
sa, >50 = improvement since previous month



French manufacturing firms continued to increase their staff numbers in June, extending the current sequence of workforce expansion to six months. Notably, the rate of job creation accelerated to the fastest for nearly a year.

Amid improving demand conditions, goods producers increased their purchasing activity in June. Though only marginal overall, the rise in input buying was the first since February. Concurrently, stocks of purchases fell at the slowest rate for four months.

Capacity pressures remained evident at suppliers in June, with vendor performance deteriorating for the eighty-second month in a row. Moreover, the extent to which average lead times lengthened was greater than in May.

On the price front, cost burdens faced by French manufacturers continued to rise. However, the rate of inflation eased to the softest since August 2016. Where survey respondents recorded an increase in input prices, some noted higher raw material costs.

Firms passed on higher input prices to their clients, with a moderate increase in average output charges registered during June. The rate of inflation was softer than in May, but broadly in line with the historical average.

COMMENT

Eliot Kerr, Economist at IHS Markit, which compiles the France Manufacturing PMI® survey, said:

*"June data pointed to a much improved performance in the French manufacturing sector. Output and new orders both rose for the first time since February, which helped operating conditions strengthen at the quickest rate for nine months."*

*"When explaining stronger performances, panellists often commented on an improvement in demand conditions. Such a trend points to a sustained rise in orders and firms responded by increasing both employment and purchasing activity."*



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Methodology

The IHS Markit France Manufacturing PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index® (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

June 2019 data were collected 12-21 June 2019.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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 [ihsmarkit.com/products/pmi.html](https://www.ihsmarkit.com/products/pmi.html).

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