

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

Growth in French private sector strengthens in February

Key findings:

- Flash France Composite Output Index⁽¹⁾ rises to 56.2 (54.1 in January), 69-month high
- Flash France Services Activity Index⁽²⁾ increases to 56.7 (54.1 in January), 66-month high
- Flash France Manufacturing Output Index⁽³⁾ at 53.8 (unchanged from January)
- Flash France Manufacturing PMI⁽⁴⁾ falls to 52.3 (53.6 in January), 3-month low

Data collected February 10-20

February's flash France PMI® data highlighted an eighth successive month of growth in the French private sector. The **Markit Flash France Composite Output Index**, based on around 85% of normal monthly survey replies, registered 56.2, compared to January's reading of 54.1. The latest figure pointed to the sharpest rate of growth since May 2011.

Service providers continued to raise their activity levels in February, thereby extending the latest sequence of expansion to eight months. Furthermore, the rate of increase was the most marked in five-and-a-half years. **Manufacturing** output also increased markedly, albeit to a slightly lesser extent than their service sector counterparts.

In line with the trend for output, private sector companies in France recorded an eighth successive rise in **new business** during February. Moreover, the rate of growth was sharp and at a 69-month peak. An increase in client demand was evident in both sectors monitored by this survey. However, the rate of growth at service companies far outweighed that in manufacturing, where only marginal growth was registered.

Staffing numbers rose for the fourth consecutive month during February. The increase was underpinned by a solid rate of growth in the service sector, the strongest in five-and-a-half years. Job creation was also evident in the manufacturing

sector, but at a relatively modest pace.

The level of **unfinished work** at French private sector companies rose for the twelfth time in as many months in February. Capacity pressures were recorded at both service providers and manufacturers. Given the much sharper increase in new work during February, the rate of backlog accumulation was particularly strong at service providers.

Input prices faced by companies operating in the French private sector further increased during February, thereby continuing a trend that has been evident since March last year. Moreover, the rate of inflation was the most marked in 68 months. Price pressures eased marginally at goods producers but intensified at service providers.

Meanwhile, average **selling prices** fell for the fifty-eighth consecutive month as competitive pressures persisted. The rate of decline accelerated from January, but was only slight overall. Price-cuts were recorded in the service sector, but charges continued to rise markedly in manufacturing (strongest pace for 67 months).

Finally, private sector companies maintained a positive **outlook** towards activity over the coming 12 months. Moreover, the degree of optimism strengthened from January and was the highest in over four-and-a-half years of data collection. Confident panel members commented on favourable economic conditions and positive sales forecasts.

Comment

Commenting on the Flash PMI data, Alex Gill, Economist at IHS Markit said:

"The latest PMI data highlighted a further marked improvement in private sector conditions in France. Output continued to rise in both monitored sectors."

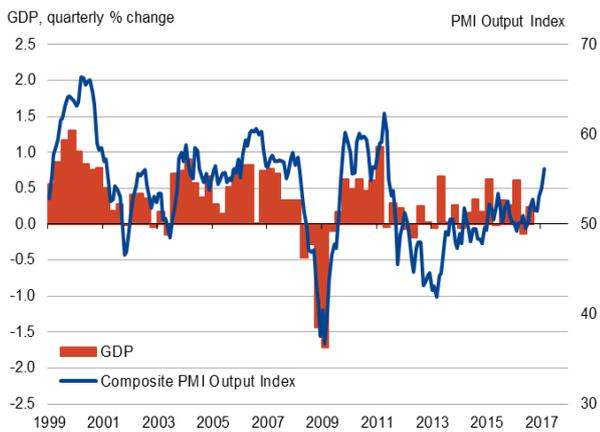
"Service providers remained the driver of overall growth, as evidenced by further sharp expansions"

in new orders and employment, the sharpest in five-and-a-half years in each case.

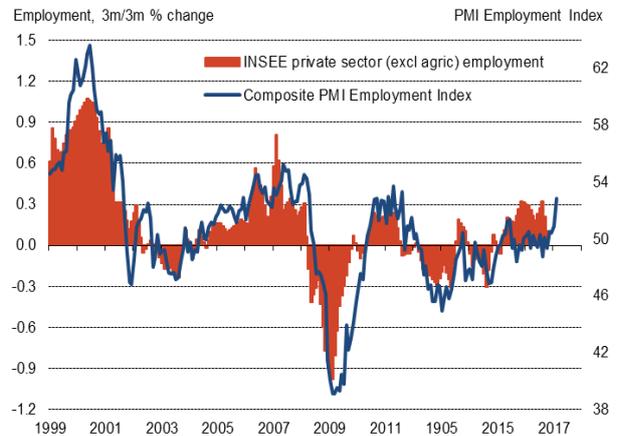
“The picture was also positive for manufacturers, albeit slightly less rosy. Rates of increase in client demand and staffing numbers eased from January as the sector continues to be weighed down by marked cost pressures.”

-Ends-

Economic output



Employment



Sources: IHS Markit, INSEE via Datastream.

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Note to Editors:

Final February data are published on March 1st for manufacturing and March 3rd for services and composite indicators.

The France PMI (Purchasing Managers' Index) is produced by 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⁾	0.1	0.4
France Services Business Activity Index ⁽²⁾	-0.2	0.6

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.

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 Markit. Please contact economics@ihsmarkit.com.

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