

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

Resurgence continues in French manufacturing sector

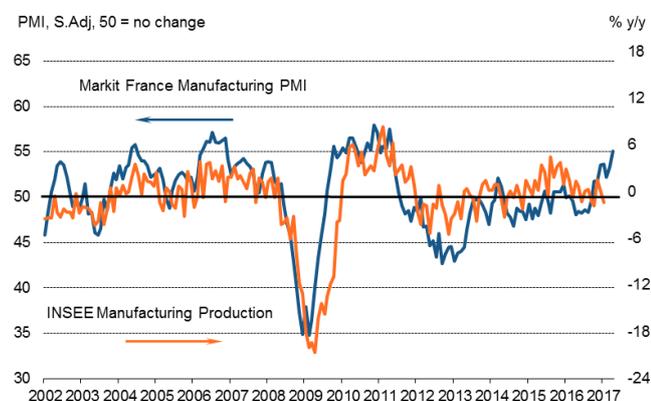
Key findings:

- Rates of increase in output and new orders at six-year highs
- New export orders rise at joint-fastest pace since April 2011
- Firms continue to take on additional staff members

Data collected April 11-21

Historical overview:

Markit Manufacturing PMI v INSEE Manufacturing Production



Sources: IHS Markit, INSEE

Summary:

Business conditions in the French manufacturing sector continued to improve during April, buoyed by a marked rise in new order intakes. Boosted by strong demand conditions, firms raised output at a faster rate than in March. This was fed through to further expansions in employment and purchasing activity. Meanwhile, input price inflation intensified and contributed to another rise in average selling prices.

The PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment,

suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector, while any reading below 50.0 indicates overall deterioration.

The **Markit France Manufacturing Purchasing Managers' Index® (PMI®)** posted 55.1 in April to signal a further improvement in the overall health of the French manufacturing sector. The index was up from March's reading of 53.3 and above the long-run series average (51.2).

Driving the latest improvement was a rise in total **new orders**, the sharpest in six years. Some respondents linked the increase to improvements in construction sector activity. Demand for French goods from abroad also increased during April amid reports of higher demand from markets including Asia, Brazil, India and Spain.

Responding to a strong demand environment, firms raised their **output** at the sharpest pace in 72 months. However, this didn't prevent a further fall in **post-production inventories** as firms looked to quickly deliver products to their clients.

Employment at French goods producers rose for the sixth time in as many months during April, and at a sharper pace than in March as firms looked to enhance operating capacity to meet higher production targets. However, the level of **outstanding business** continued to accumulate, and at the fastest pace in six years.

In line with higher production requirements, the **quantity** of raw materials and other semi-finished goods bought by French manufacturers increased for the seventh successive month in April and at the sharpest pace since May 2011. In contrast, **pre-production inventories** declined for the third consecutive month.

Meanwhile, firms continued to be faced with rising **input costs** during April. Moreover, the rate of inflation was the most marked in just under six years. Anecdotal evidence suggested that the latest

increase was due to higher raw material costs, including aluminium and steel. This contributed to a rise in average **selling prices** as firms passed on higher cost burdens to their clients.

Average **delivery times** lengthened for the fifty-sixth successive month in April. Moreover, the rate of deterioration in vendor performance was the most marked since May 2011 as higher client demand put pressure on supply chains.

Comment:

Alex Gill, Economist at **IHS Markit**, which compiles the France Manufacturing PMI® survey, said:

“The latest PMI data signalled a further marked improvement in the health of France’s manufacturing sector during April. The latest expansion was driven by a sharp rise in output and new orders as the relatively weak euro continued to bolster client demand. The rate of job creation accelerated, while businesses remained optimistic towards their future growth prospects, indicating that growth momentum is likely to continue in the months ahead.”

-Ends-

News Release

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Note to Editors:

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

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 April flash was based on 92% 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⁾	0.1	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.

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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About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 30 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 www.markit.com/product/pmi

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