

News Release

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

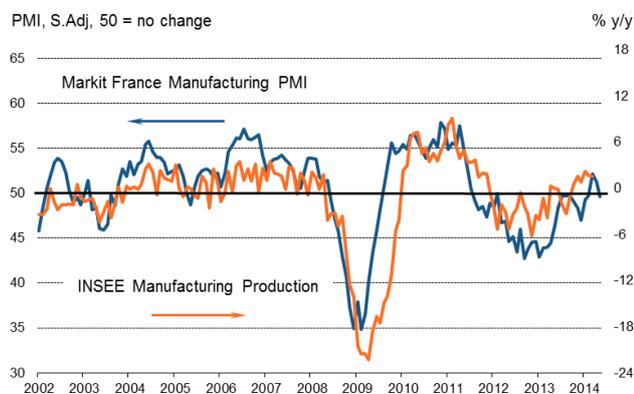
Drop in new orders drags down French Manufacturing PMI in May

Key points:

- New orders fall for first time in three months
- Output growth moderates
- Employment falls at sharper rate

Historical overview:

Markit Manufacturing PMI v INSEE Manufacturing Production



Sources: Markit, INSEE

Summary:

French manufacturing sector business conditions deteriorated for the first time in three months during May. This was signalled by the headline **Purchasing Managers' Index® (PMI®)** – a seasonally adjusted index designed to measure the performance of the manufacturing economy – recording 49.6, down from 51.2 in April.

Weighing on the PMI was a reduction in **new orders** at French manufacturers for the first time since February. Output growth eased to near-stagnation, while employment and stocks of purchases both declined at faster rates. Only a sharper deterioration in suppliers' delivery times

acted to cushion the level of the PMI in the latest survey period.

Lower new orders were attributed by panellists to lacklustre demand conditions and restricted client budgets. Data suggested weak demand both domestically and from abroad; new export orders fell for the first time in five months, albeit marginally.

With new orders decreasing, manufacturers supported a marginal rise in **output** (the slowest in four months) by clearing **backlogs of work**. Although slight, it was the first fall in outstanding business for three months.

Employment in the French manufacturing sector declined for the second consecutive month in May. The rate of job shedding quickened to the sharpest since February, although was moderate overall.

Purchasing activity by French manufacturers continued to decline in May. Moreover, the rate of decline accelerated to the sharpest since January. Some panellists commented that input buying had been scaled back in response to lower new orders.

Correspondingly, **stocks of purchases** fell further in May. The rate of contraction in pre-production inventories was marked, having accelerated to the sharpest since October 2013.

May data pointed to a further lengthening of **suppliers' delivery times**, with some panellists commenting on low stock levels at vendors' units. Lead times deteriorated to the greatest extent in three years.

Input prices faced by French manufacturers decreased for the fourth month running in May. However, the latest fall was marginal and the weakest since February.

French manufacturers reduced their **prices charged** for finished products for the third month in

succession. Although the sharpest since January, the rate of decline was moderate overall. Those panellists reporting a drop in selling prices generally attributed this to competitive pressures.

Comment:

Jack Kennedy, Senior Economist at Markit, which compiles the France Manufacturing PMI[®] survey, said:

“Faltering new orders scuttled the French

manufacturing sector in May, with the PMI sinking below the neutral 50 mark for the first time in three months. The disappointing data paint a picture of a sector struggling to generate any sort of traction in recovery, with the survey’s main indices averaging close to stagnation levels over the last six months. Efforts to address competitiveness were reflected in a further cut in factory gate prices during May.”

-Ends-

For further information, please contact:

Markit

Jack Kennedy, Senior Economist
Telephone +44-1491-461-087
Email jack.kennedy@markit.com

Joanna Vickers, Corporate Communications
Telephone +44-207-260-2234
Email joanna.vickers@markit.com

Notes to Editors:

The France Manufacturing PMI (Purchasing Managers' Index) is produced by Markit Economics 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 May flash was based on 93% 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	0.4

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@markit.com.

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About PMI

Purchasing Managers' Index[®] (PMI[®]) surveys are now available for 32 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/economics.

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