

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 09:50 (CEST) / 07:50 (UTC), July 1st 2016

Markit France Manufacturing PMI® – final data

Production falls for third successive month in June

Key points:

- Further deterioration in business conditions
- New orders decline at faster pace
- Employment down for fourth month running

Historical overview:

Markit Manufacturing PMI v INSEE Manufacturing Production



Sources: Markit, INSEE

Summary:

French manufacturers reported a further worsening of operating conditions during June. The headline **Markit France Manufacturing Purchasing Managers' Index® (PMI®)** – a seasonally adjusted index designed to measure the performance of the manufacturing economy – posted 48.3, little-changed from 48.4 in May. That was the fourth sub-50 reading in as many months and indicative of a moderate pace of deterioration.

Output in the French manufacturing sector fell for a third consecutive month in June. The rate of decline was unchanged from the moderate pace seen in May. Underlying the drop in production was a further reduction in **new orders** received by

manufacturers. The latest decrease in new work was the sixth in as many months and sharper than that signalled in May. **New export orders** continued to fall, with the pace of contraction accelerating on the month.

Backlogs of work in the French manufacturing sector fell for a third successive month in June. That said, the rate of decline was marginal overall. Where a reduction in outstanding business was reported, this was generally linked to a weak trend in incoming new work.

Lower workloads contributed to a further round of job shedding in the French manufacturing sector during June. The latest fall in **staffing levels** was the fourth in as many months, albeit at a weaker pace than seen in May.

Stocks of finished goods held by French manufacturers were lowered for a second successive month in June. However, the rate of decline eased to a marginal pace overall.

Purchasing activity by French manufacturers decreased further in June, as firms responded to lower intakes of new work. Consequently, **stocks of inputs** contracted further, with the rate of decline accelerating to the sharpest since August 2014.

Average **delivery times** on purchased inputs continued to lengthen in June. The rate of deterioration in vendor performance was more marked than in May, with some panellists commenting on low stock availability among a number of suppliers.

Input prices faced by manufacturers in France increased for the first time in ten months during June. However, the rate of cost inflation was modest overall.

Prices charged by French manufacturers for finished goods were lowered further in the latest

survey period. However, the rate of decline eased to a marginal pace that was the weakest since March 2014.

Comment:

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

“French manufacturers reported another difficult month in June, with output falling further amid a

sharper drop in new orders. A weak demand climate both domestically and externally continues to hold back the sector, with firms continuing to pare stock levels and cut employment in response.”

-Ends-

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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 June flash was based on 96% 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	0.4

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 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/economics.

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