

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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Markit France Services PMI® – final data (with Composite PMI®)

Further strong growth in French service sector signalled

Key findings:

- Final Markit France Services Activity Index⁽¹⁾ at 56.7 (57.5 in March).
- Final Markit France Composite Output Index⁽²⁾ at 56.6 (56.8 in March).

Data collected April 11-25

Service sector companies in France recorded a further rise in business activity during April. The rate of growth eased marginally from last month's near six-year high but remained sharp overall. Strong growth continued to be driven by a marked expansion in new orders, which contributed to another round of job creation. Despite this, the level of unfinished work accumulated at the fastest pace in almost six years.

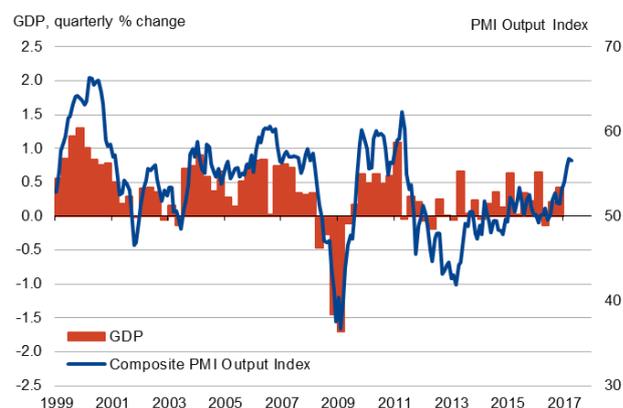
Meanwhile, French service providers continued to cut their average selling prices, despite a further increase in average cost burdens. Firms maintained an optimistic outlook, with confidence the highest in six years.

The headline seasonally adjusted **Business Activity Index** posted 56.7 in April. Down from 57.5 in March, the latest index reading pointed to a marginally weaker, yet still strong, rise in output. The Post & Telecommunications sub-sector maintained its position as the best performing.

The final seasonally adjusted **Markit France Composite Output Index** – which covers the combined manufacturing and service sectors – posted 56.6 in April. Down fractionally from 56.8 in March, the rate of growth remained marked overall.

Supporting the rise in service sector activity was a fourteenth successive monthly increase in **new order** intakes. A number of firms attributed the expansion to a general improvement in underlying demand conditions. Despite softening from the prior month, the rate of growth remained steep overall.

Markit France Composite PMI



Sources: IHS Markit, INSEE

At the composite level, new orders rose for the tenth consecutive month in April. The rate of growth eased fractionally from the prior month but was sharp.

Faced with rising new work, service sector firms added to their **staffing numbers** for the fourth time in as many months in April. That said, the rate of job creation eased marginally from March and was only modest. The sharpest increase in job numbers was recorded in the Financial Intermediation sub-sector.

On a composite basis, staffing numbers rose for the sixth time in as many months. The rate of job creation was unchanged from March's 67-month high.

Capacity pressures persisted at service providers, as evidenced by a fourteenth consecutive rise in the level of **outstanding business**. Indeed, the rate of backlog accumulation accelerated to a 71-month peak during April.

Meanwhile, average **input costs** faced by French service providers increased in April, thereby continuing a trend that has been evident since January 2010. Moreover, the rate of inflation accelerated from March and was marked.

Average input costs also rose on a composite basis and to the greatest extent in 70 months.

Average **charges** in the service sector continued to drop amid reports of strong competitive pressures. That said, average selling prices fell only fractionally and to the least extent in the current 61-month period of deflation.

In contrast, manufacturers continued to increase their average charges. Moreover, the rate of charge inflation was the most marked since July 2011.

Finally, service sector firms remained confident that output would increase over the coming 12 months. Moreover, the degree of positive **sentiment** hit a six-year high. Those companies expecting an increase in output commented on the end of the presidential elections, hopes for favourable regulations and increased investment.

Comment:

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

“PMI data highlighted a further strong improvement in French service sector conditions at the start of the second quarter, although the pace of growth eased marginally from March. The expansion was driven by another rise in client demand, which, combined with a marked degree of business optimism, encouraged firms to again add to their staffing numbers.

“The marginal slowdown in the service sector was largely offset by a strong acceleration at manufacturing companies, as the relatively weak euro continued to bolster new export orders.

“The latest data therefore paint an extremely positive picture of the French private sector economy, as favourable demand conditions and an improving labour market underpin growth. Nevertheless, political uncertainty persists and continues to provide a potential headwind going forward.”

-Ends-

News Release

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Note to Editors:

The France Services PMI (Purchasing Managers' Index) is produced by Markit and is based on original survey data collected from a representative panel of around 400 companies based in the French service sector. The final France Services 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 89% of the replies used in the final data.

The France Composite PMI (Purchasing Managers' Index) is produced by Markit and is based on original survey data collected from a representative panel of around 800 companies based in the French private sector economy. The final France Composite 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 91% 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 Services Output Index ⁽¹⁾	-0.2	0.6
France Composite Output Index ⁽²⁾	-0.1	0.4

Notes

1. 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?"

2. The Composite Output PMI is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.

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.

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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