

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

French service sector growth remains elevated in April

Key findings:

- Final IHS Markit France Services Activity Index⁽¹⁾ at 57.4 (56.9 in March).
- Final IHS Markit France Composite Output Index⁽²⁾ at 56.9 (up from March's 56.3).

Data collected April 12-25

The French service sector continued its strong performance at the start of the second quarter, with business activity growth accelerating from March and remaining among the sharpest seen since 2011. New business wins and employment also rose at sharper rates during April, and fed through to another strong degree of business confidence.

Inflationary pressures weakened further, with input and output prices both rising to the weakest extent in eight months.

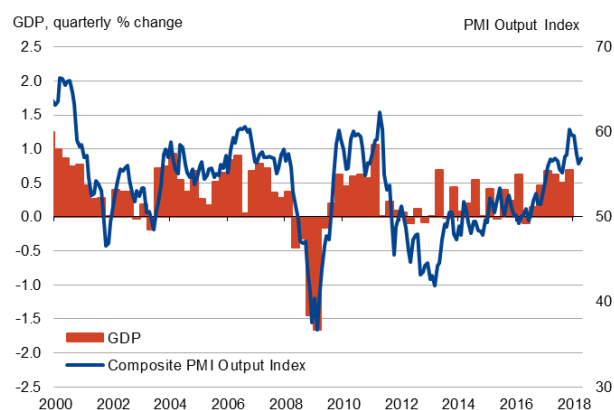
The headline seasonally adjusted **Business Activity Index** posted 57.4 in April. Up from March's seven-month low of 56.9, the latest index reading highlighted another marked expansion and one that was above the long-run average (54.7).

An increase in services sector activity was evident in five of the six broad sectors monitored by the survey, led by Post & Telecommunications companies. 'Other' Services was the only category to see a decline over the month.

The final seasonally adjusted **IHS Markit France Composite Output Index** – which covers the combined manufacturing and service sectors – posted 56.9 in April, up from a reading of 56.3 in March.

Supporting service sector activity growth was a further rise in **new business**, the twenty-sixth in as many months. The rate of increase was broadly unchanged from the prior month and, despite remaining firmly below January's recent peak, was marked overall. As was the case with business

IHS Markit France Composite PMI



Sources: IHS Markit, INSEE

activity, the sharpest expansion was registered by Post & Telecommunications companies.

The rate of new order growth was unchanged on a composite basis, as the slight acceleration of growth at service providers was offset by a slowdown at manufacturers.

Buoyed by strong client demand, French service providers took on additional **staff members** in April, thereby extending the current period of job creation to 16 months. Moreover, the rate of growth quickened from March and was only slightly weaker than last November's multi-year peak. Firms generally cited higher workloads as the main reason to boost staffing numbers.

Sharper rises in employment numbers were recorded across the service and manufacturing sectors.

Backlogs of unfinished work in the French service sector rose for the twenty-sixth consecutive month in April. The rate of accumulation eased to a six-month low but remained strong. Post & Telecommunication companies noted the sharpest rise.

French service providers maintained a firmly **optimistic** outlook toward their growth prospects over the coming 12-month period during April, amid expectations of a robust economic environment in Europe and globally. The degree of positive sentiment was unchanged from the prior month and marked overall.

However, business confidence was down at the composite level, as manufacturers recorded their lowest degree of optimism since September last year.

Finally, **input price** inflation at service providers remained strong amid reports of higher employee salaries. That said, the rate of expansion eased for the third time in as many months. The slowdown was reflected by a further softening of **charge inflation**, which itself was the weakest in the current eight-month period of increase.

Comment:

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

“The French service sector continued to grow at an above-trend pace during April. Perhaps most encouraging was an acceleration in the rate of business activity growth (albeit only marginally) from March, alleviating some fears of a widespread slowdown in France and the wider euro area.

“Rates of service sector expansion in new business and employment also picked up, while confidence was unchanged from March and solid, suggesting the sector remains well positioned to continue its strong performance in the coming months.”

-Ends-

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Note to Editors:

The France Services PMI (Purchasing Managers' Index) is produced by IHS 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 85% of the replies used in the final data.

The France Composite PMI (Purchasing Managers' Index) is produced by IHS 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 87% 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.

IHS 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 IHS Markit. Please contact economics@ihsmarkit.com

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