

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0800 (UK Time) 20 November 2014

Markit Flash France PMI®

French private sector output falls for seventh successive month

Key points:

- Flash France Composite Output Index⁽¹⁾ rises to 48.4 (48.2 in October), 2-month high
- Flash France Services Activity Index⁽²⁾ climbs to 48.8 (48.3 in October), 3-month high
- Flash France Manufacturing Output Index⁽³⁾ falls to 46.5 (48.0 in October), 3-month low
- Flash France Manufacturing PMI⁽⁴⁾ drops to 47.6 (48.5 in October), 3-month low

Data collected 12-19 November

Summary:

The latest flash PMI data showed that France's private sector economy continued to contract in November. The seasonally adjusted **Markit Flash France Composite Output Index**, based on around 85% of normal monthly survey replies, registered 48.4, up fractionally from 48.2 in October. The latest reading was again indicative of a moderate rate of contraction.

While **service providers** reported the slowest fall in activity of the current three-month period of decline, **manufacturers** indicated the sharpest reduction in output since August.

Lower output at French private sector companies reflected a further decrease in **new business**. November marked the third consecutive month in which new work has fallen, with the rate of decline accelerating to the sharpest since June 2013. Faster reductions were signalled in both the services and manufacturing sectors. **New export orders** received by manufacturers fell further. However, the pace of contraction eased and was considerably slower than that indicated for total new orders, suggesting that the main area of demand weakness was the domestic market. Anecdotal evidence from the survey panel pointed to fragile

economic conditions and a lack of client confidence as factors weighing on new business.

Employment in the French private sector continued to fall in the latest survey period, in line with the trend observed since November 2013. That said, the rate of job shedding eased to the weakest in three months. Slower decreases in staffing levels were indicated in both the services and manufacturing sectors.

French private sector companies reported another drop in **outstanding business** during November. The latest fall was the seventh in successive months and the sharpest since May 2013. Service providers indicated an accelerated decline in backlogs, whereas manufacturers reported a slightly slower fall.

Price trends continued to diverge in November. **Input costs** rose, with the latest increase the fastest in three months, albeit modest overall. Service providers and manufacturers reported similar rates of input price inflation. However, output prices fell further, amid reports of strong competitive pressures. Although easing from October's five-year record, the rate of decline in charges remained solid. Lower selling prices were broad-based across the services and manufacturing sectors.

Service providers' **business expectations** remained positive in November. The degree of confidence regarding year-ahead activity prospects improved slightly since October, although remained subdued compared with the survey's historical trend.

Comment:

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

"November's Flash PMI data point to another weak performance by France's private sector economy, with output showing a further modest fall. Increased

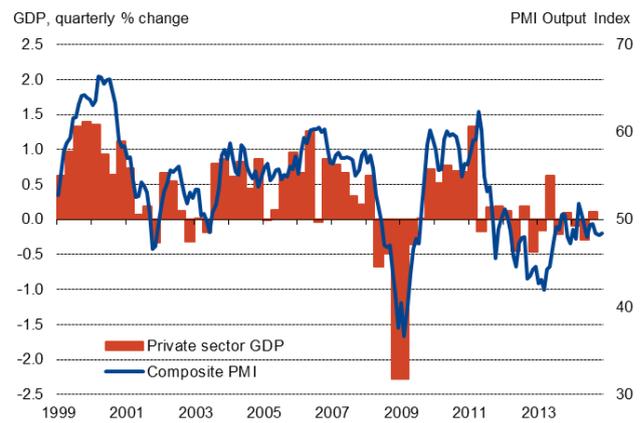
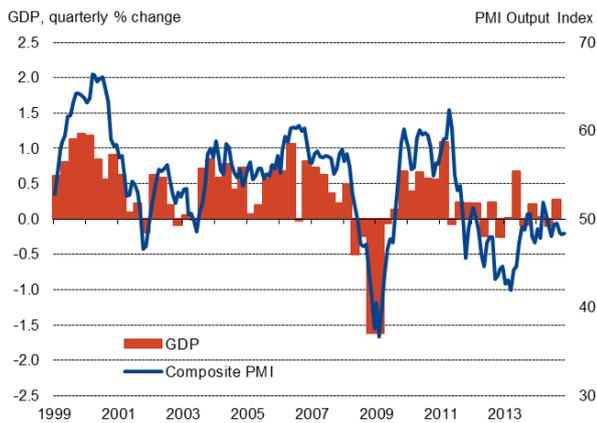
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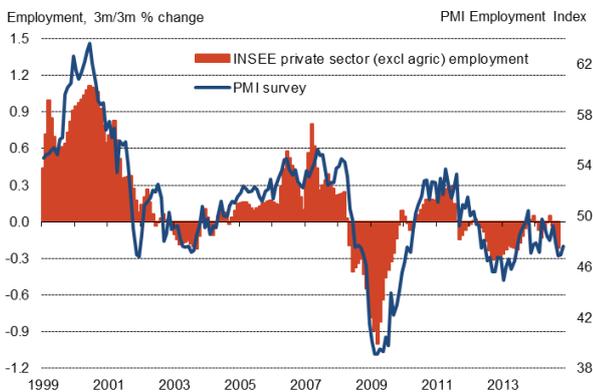
government spending helped support a 0.3% rise in third quarter GDP, but the continued softness in private sector activity signalled by the PMIs suggests an ongoing drag on growth during the

fourth quarter from this area of the economy. Another round of job shedding by companies during November meanwhile provides little hope of bringing down the high unemployment rate.”

Economic output



Employment



Sources: Markit, INSEE via EcoWin.

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Note to Editors:

Final November data are published on 1 December for manufacturing and 3 December for services and composite indicators.

The France PMI (Purchasing Managers' Index) is produced by Markit Economics and is based on original survey data collected from a representative panel of 750 companies based in the French manufacturing and service sectors. The **flash** estimate is based on around 85% of total PMI survey responses each month and is designed to provide an accurate advance indication of the final PMI data.

In conjunction with



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 Composite Output Index ⁽¹⁾	-0.1	0.4
France Manufacturing PMI ⁽³⁾	0.1	0.4
France Services Business Activity Index ⁽²⁾	-0.2	0.6

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.

Notes

1. The Composite Output PMI is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. 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?"
3. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"
4. 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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