

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

### Service sector activity growth slows, but remains elevated during March

#### Key findings:

- Final IHS Markit France Services Activity Index<sup>(1)</sup> at 56.9 (57.4 in February).
- Final IHS Markit France Composite Output Index<sup>(2)</sup> at 56.3 (down from February's 57.3).

#### Data collected March 12-26

Business activity growth in the French service sector continued at the end of the third quarter, but eased for the second time in as many months amid a slower rise in new orders. Weaker client demand led to a softer round of job creation, while business confidence dipped to a five-month low. Contrary to these trends, backlogs of unfinished work accumulated at a sharper pace.

On the price front, input cost inflation softened but remained strong overall, contributing to a further hike in average selling prices.

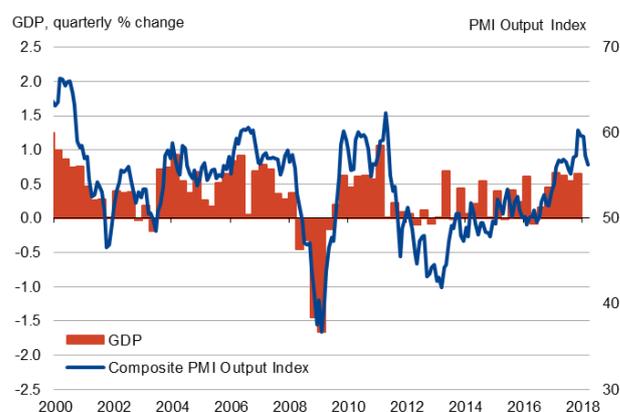
The headline seasonally adjusted **Business Activity Index** posted 56.9 in March. Down from February's reading of 57.4, the latest index reading highlighted the weakest rate of expansion in seven months, but one that remained markedly higher than the long-run series average.

At the sub-sector level, Hotels & Restaurants noted the sharpest rate of growth, followed by Transport & Storage firms.

The final seasonally adjusted **IHS Markit France Composite Output Index** – which covers the combined manufacturing and service sectors – posted 56.3 in March, down from a reading of 57.3 at the start of the year and indicative of the weakest rate of growth since August last year.

Underlying the expansion in service sector activity was another rise in **new business**, the twenty-fifth in as many months. As was the case with activity, the rate of expansion eased for the second successive month, but remained firmly above the

#### IHS Markit France Composite PMI



Sources: IHS Markit, INSEE

long-run series average amid reports of strong client demand. Post & Telecommunications firms retained their position as the best performing on this metric.

New business growth also softened on a composite basis, with the rate of expansion at manufacturers hitting a 13-month low.

In line with a slower rise in new business, service providers took on additional staff at a weaker pace than in February. Nevertheless, the rate of **job creation** remained firmly above the long-run trend and marked overall. Those reporting an increase generally commented on higher client demand as the major factor.

The moderation was broad-based across both the services and manufacturing sectors.

With jobs growth weakening, the rate of backlog accumulation quickened from February and was among the sharpest recorded since early 2011. **Outstanding business** rose to the greatest extent in the Post & Telecommunications sub-sector.

Contrary to the trend for service providers, backlogs of unfinished work rose to a weaker extent at

manufacturers. Indeed, the rate of increase was the least marked for over a year.

Buoyed by further strong rises in new business, service providers maintained a positive **outlook** with regard to activity over the coming 12 months. The degree of positive sentiment dipped slightly from February, but remained marked and substantially greater than the long-run average amid expectations of strong economic activity and investment.

Service sector firms continued to face higher **input costs** in March. That said, the rate of increase weakened from the prior survey period and dipped below the long-run average. In turn, this fed through to another, albeit weaker, hike in average **selling prices** as some firms looked to offset higher cost burdens.

In manufacturing, input prices also increased at a softer rate in March, whilst output charges rose at the same pace as February.

### Comment:

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

*“March saw a further slowdown in French private sector growth with the headline Composite Output PMI signalling the weakest expansion since August last year. The moderation was indicative of a weaker rise in new business, while the rate of employment growth dipped to a half-year low. Nevertheless, the rates of growth on these metrics remained firmly above their long-run averages, suggesting another strong GDP reading for the first quarter.”*

-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 March flash was based on 87% 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 March flash was based on 90% 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 <sup>(1)</sup>	-0.2	0.6
France Composite Output Index <sup>(2)</sup>	-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](mailto:economics@ihsmarkit.com)

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