

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

### Service sector activity growth regains momentum in September

#### Key findings:

- Final IHS Markit France Services Activity Index<sup>(1)</sup> at 57.0 (54.9 in August).
- Final IHS Markit France Composite Output Index<sup>(2)</sup> at 57.1 (55.2 in August).

Data collected September 12-26

Following a loss of momentum midway through the third quarter, activity growth in the French service sector quickened in September. Renewed impetus was underpinned by a marked increase in new orders, which contributed to a sharper rise in employment. Capacity pressures persisted, however, amid a further notable accumulation of unfinished work. As a result, expectations for growth remained high.

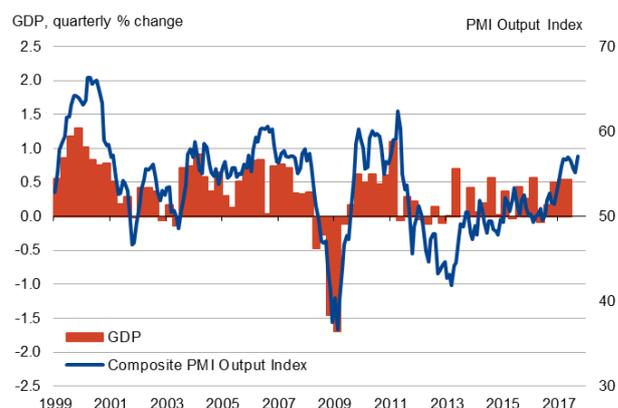
On the price front, average charges rose for the first time in five-and-a-half years, reflecting strong client demand and higher cost burdens.

The headline seasonally adjusted **Business Activity Index** posted 57.0 in September. Up from 54.9 in August, the latest index reading pointed to the sharpest expansion in service sector output since May. In line with the trend observed in the previous survey period, the sharpest rate of growth was registered in the Post & Telecommunications sub-sector.

The final seasonally adjusted **IHS Markit France Composite Output Index** – which covers the combined manufacturing and service sectors – posted 57.1 in September, up markedly from 55.2 in August and a 76-month high.

Overall service sector expansion was driven by another marked rise in **new business**, indeed the sharpest in over six years as some firms commented on a strong economic climate. As was the case with activity, the Post & Telecommunication sub-sector was the best performing over the latest survey period.

#### IHS Markit France Composite PMI



Sources: IHS Markit, INSEE

A sharp and accelerated rise in new business was also observed on a composite basis. In fact, the rate of expansion was the most marked since May 2011.

In response to higher client demand, services firms hired additional **staff members** for the ninth consecutive month during September. The rate of job creation quickened from August, but remained weaker than June's multi-year peak. Anecdotal evidence suggested that firms raised their operating capacity to take advantage of higher client demand.

Manufacturers also raised their staffing numbers to a greater extent than in August. The rates of expansion were broadly similar in each sector.

In spite of increasing staff numbers, services firms recorded a nineteenth consecutive monthly rise in **unfinished work**. Moreover, the rate of backlog accumulation accelerated from the previous month and was well above the long-run series average.

Services **Input prices** rose at a solid pace that was the most marked in five months. That said, the rate of inflation remained firmly below the historic average for the series. Pressure to increase

employee compensation was mentioned by panellists reporting an increase in operating costs.

Input price inflation was broad-based across both manufacturing and service sectors, and remained sharper in the former.

Meanwhile, service providers raised their average **selling prices** in September as they looked to pass higher cost burdens on to their clients. The increase was the first in five-and-a-half years and driven by the Transport & Storage and Hotel's & Restaurants sub-sectors.

Strong underlying demand contributed to a further improvement in **business confidence**. In fact, services firms were the most optimistic regarding activity growth since May amid expectations of ongoing low interest rates and a robust European economy.

### Comment:

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

*“The French service sector regained its poise in September. Having lost momentum in each of the previous three months, the headline index rose to a four-month high at the end of the third quarter, buoyed by a sharp expansion in new business. Strong client demand was also reflected by the first rise in average charges for five-and-a-half years, providing further evidence of renewed strength in underlying business conditions.*

*“Positive service sector trends mirrored those seen at manufacturers. As a result, the average composite output index for July through September came in at a marked 56.0. Although down slightly from 56.7 seen in Q2, the PMI is indicative of another punchy GDP number for the third quarter of the year.”*

-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 September flash was based on 86% 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 September flash was based on 89% 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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