

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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Markit Flash France PMI®

Private sector output rises to greatest extent for over five-and-a-half years

Key findings:

- Flash France Composite Output Index⁽¹⁾ rises to 53.8 (53.1 in December), 67-month high
- Flash France Services Activity Index⁽²⁾ increases to 53.9 (52.9 in December), 19-month high
- Flash France Manufacturing Output Index⁽³⁾ falls to 53.5 (53.9 in December), 1-month low
- Flash France Manufacturing PMI⁽⁴⁾ falls to 53.4 (53.5 in December), 1-month low

Data collected January 12-23

January's flash France PMI® data signalled further marked growth in the French private sector, and at a quicker pace than seen in December. Indeed, the rate of expansion was the best recorded for over five-and-a-half years, underpinned by the best increase in services activity for 19 months.

The **Markit Flash France Composite Output Index**, based on around 85% of normal monthly survey replies, registered 53.8, compared to December's reading of 53.1. The latest figure pointed to a marked rate of growth that was the best since June 2011.

Service sector activity increased for the seventh time in as many months during January. Moreover, the rate of growth was the most marked in over a year-and-a-half. Meanwhile, **manufacturing** firms noted a fifth successive rise in output. The rate of growth remained marked, despite easing marginally from December's 67-month high.

The level of **new business** received by private sector companies in France continued to rise in January, thereby extending the latest sequence of expansion to seven months. The increase was broad-based across both the services and manufacturing sectors, with the strongest rate of growth evident in the former.

Employment across the French private sector rose for a third consecutive month in January. Furthermore, the rate of job creation was the sharpest in over five years, albeit moderate overall. Staffing numbers rose in both sectors, with manufacturing companies noting the strongest rate of increase.

Outstanding business at French private sector firms increased in January, thereby continuing a trend that has been evident since March last year. Capacity pressures were evident in both services and manufacturing companies.

Input costs facing companies operating in the French private sector further increased during January. Moreover, the latest rise was the sharpest in over five-and-a-half years. Higher cost burdens were evident in both sectors, although by far the sharper rise was signalled by manufacturers.

Meanwhile, average **selling prices** fell for the fifty-seventh successive month. That said, the rate of decline eased from the previous survey period and was fractional overall. An increase in output prices charged by manufacturing companies was more than offset by a drop in service sector charges.

Finally, private sector companies maintained a positive **outlook** towards activity over the coming 12 months. However, the degree of optimism weakened slightly from December. Optimistic panellists commented on new product launches and positive sales forecasts.

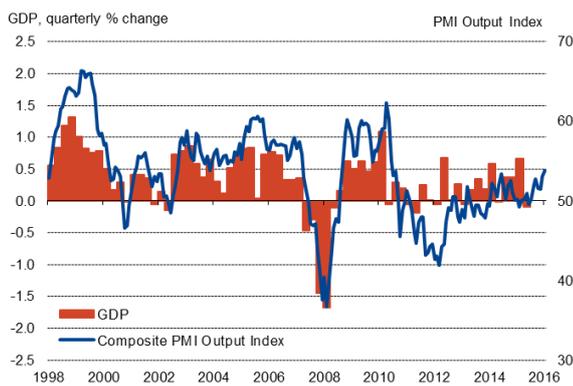
Comment

Commenting on the Flash PMI data, Alex Gill, Economist at IHS Markit said:

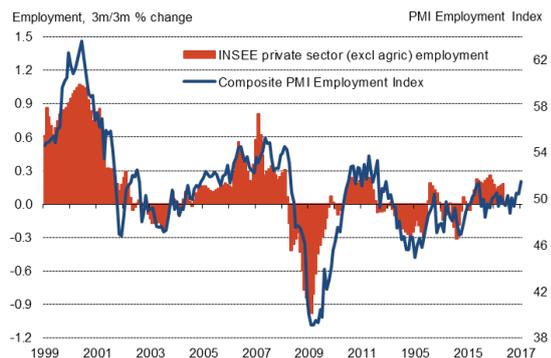
“The latest PMI data suggested that the French private sector continued to grow at a solid rate in January. The expansion was broad-based with marked increases in output evident in both the manufacturing and service sectors, driven by firm underlying client demand. In turn, this filtered through into the labour market as evidenced by the sharpest rise in staffing numbers since December 2011.”

-Ends-

Economic output



Employment



Sources: IHS Markit, INSEE via Datastream.

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Note to Editors:

Final January data are published on February 1st for manufacturing and February 3rd for services and composite indicators.

The France PMI (Purchasing Managers' Index) is produced by Markit 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.

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@ihsmarkit.com.

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