

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit France Manufacturing PMI<sup>®</sup>

### Further strong growth in French manufacturing output

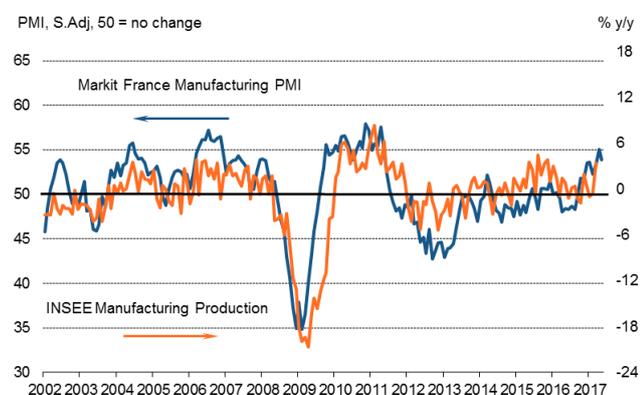
#### Key findings:

- Output and new orders continue to increase...
- ...but to lesser extent than in April
- Employment rises for seventh consecutive month

Data collected May 12-23

#### Historical overview:

##### IHS Markit Manufacturing PMI v INSEE Manufacturing Production



Sources: IHS Markit, INSEE

#### Summary:

Operating conditions in the French manufacturing sector continued to improve in May, bolstered by another rise in new order intakes. In turn, positive demand conditions encouraged firms to raise output further. This contributed to further expansions in employment and purchasing activity. Meanwhile, cost burdens continued to rise and helped lead to another rise in average selling prices.

The PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment,

suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector, while any reading below 50.0 indicates overall deterioration.

The **IHS Markit France Manufacturing Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>)** posted 53.8 in May to signal a further improvement in the overall health of the French manufacturing sector. The index was down from April's reading of 55.1, but remained above the long-run series average (51.2).

A weaker rise in **new order** intakes underpinned the overall slowdown in the rate of improvement in the French manufacturing sector. The rate of increase eased from April's six-year high and was the weakest in three months, but remained marked overall. **New export orders** for French goods also increased to a weaker extent in May, but the pace of expansion remained marked.

In response to higher client demand, firms increased **output** for the ninth time in as many months in May. In line with the trend for new orders, the rate of growth eased from April's six-year high, but remained sharp. In turn, this contributed to a first rise in **post-production inventories** since April last year.

Faced with higher production requirements, firms took on **new staff** in May to enhance their operating capacity. That said, the rate of job creation eased from April and was modest overall. The rise in employment was insufficient to prevent a further marked accumulation of **work outstanding**.

Rising new business led to a further increase in **purchasing activity**, the eighth in as many months. In spite of this, **pre-production inventories** fell for the fourth consecutive month.

Meanwhile, **supplier delivery times** continued to lengthen in May, with a number of respondents

commenting on increased workloads creating bottlenecks in the supply chain.

On the price front, goods-producing firms continued to be faced with higher **cost burdens** amid frequent reports of higher raw material costs, including steel and oil. That said, the rate of inflation was the weakest in five months. **Average charges** also increased in May, as firms passed higher costs on to their clients.

Finally, **optimism** towards future output growth was sustained in May.

### Comment:

**Alex Gill, Economist at IHS Markit**, which compiles the France Manufacturing PMI<sup>®</sup> survey, said:

*“The latest data continue to paint a positive picture of the French manufacturing sector, with further expansions in output and new orders contributing to another round of job creation. Business sentiment remained strongly positive while backlogs of work continued to accumulate at a marked pace, which suggests we could see further jobs growth in the coming months.*

*“Notwithstanding these positive trends, the data highlighted a deceleration in the rate of growth in new orders over the month, perhaps indicative of a stronger euro”.*

-Ends-

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**Note to Editors:**

The France Manufacturing PMI (Purchasing Managers' Index) is produced by IHS Markit and is based on original survey data collected from a representative panel of over 400 companies based in the French manufacturing sector.

The **final** France Manufacturing 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 May's flash was based on 93% 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 Manufacturing PMI <sup>(1)</sup>	0.1	0.3

The **Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>)** 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.

*1. 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.*

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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