

News Release

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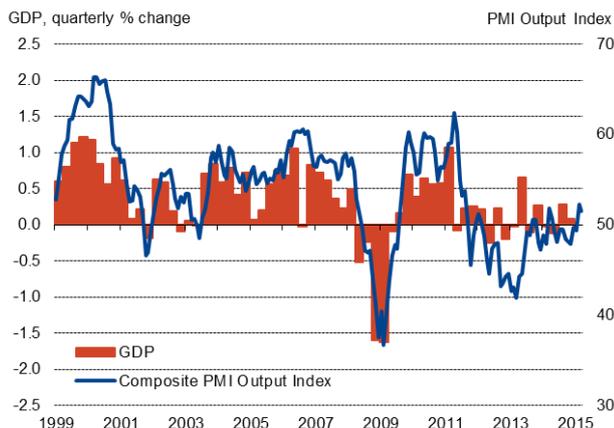
Markit France Services PMI® – final data (with Composite PMI®)

Business activity rises for second month running in March

Key points:

- Final Markit France Services Activity Index⁽¹⁾ at 52.4 (53.4 in February), 2-month low.
- Final Markit France Composite Output Index⁽²⁾ at 51.5 (52.2 in February), 2-month low.

Historical overview:



Sources: Markit, INSEE via Ecwin.

Summary:

Growth of activity in the French service sector was recorded for a second consecutive month during March. However, the rate of expansion was modest and slower than in February. This reflected an easing in growth of new business. Backlogs of work also increased at a weaker pace, but employment rose slightly. Output prices continued to fall despite another rise in input costs. Meanwhile, business expectations softened in the latest survey period.

The final seasonally adjusted headline **Markit France Services Business Activity Index** – which is based on a single question asking respondents to report on the actual change in business activity at their companies compared with one month ago – registered 52.4 in March. Down slightly from 53.4 in

February, the latest reading pointed to a second successive monthly rise in activity, albeit slower than in the preceding survey period.

Meanwhile, the final seasonally adjusted **Markit France Composite Output Index** – which covers the combined manufacturing and service sectors – posted 51.5 in March. This was down from 52.2 in February and pointed to a moderate rate of growth.

Although easing marginally from February's three-and-a-half year high, the rate of growth of **new business** in the French service sector remained solid during March. Anecdotal evidence from panellists suggested that higher new work had been supported by improving demand conditions and new marketing initiatives.

New business across the French private sector rose further in March, with the rate of expansion accelerating to the sharpest since August 2011.

Outstanding business at French service providers rose for the fourth month running in March. That said, the rate of growth eased to a modest pace following February's 42-month high.

Composite data also signalled a slower rise in backlogs of work across the French private sector during March.

Employment in the French service sector rose for the first time in 17 months during March. However, the rate of job creation was marginal. Panellists generally attributed higher staffing levels to increased workloads.

Staffing levels across the whole of the French private sector increased fractionally in March, ending a 16-month period of decline.

March data signalled a further decrease in **prices charged** by French service providers, continuing the trend observed throughout the past three years. That said, the latest drop in selling prices was the least marked since last November. Survey

respondents commented on strong competitive pressures and clients requesting discounts.

Output prices across the French private sector fell further in March. That said, the rate of decline eased to the slowest in four months.

In contrast, **input prices** rose further during March. The rate of cost inflation was modest, having eased since February. Anecdotal evidence highlighted increased prices paid for transportation and raw materials.

Input costs across the French private sector rose for the second month running in March. That said, the rate of inflation was marginal overall.

Business expectations in the French service sector remained positive in March. Panel members commented that new product developments, marketing strategies and entry into new markets were expected to underpin growth of activity during the coming 12 months. However, the degree of positive sentiment expressed was the least marked in 2015 so far, with a number of respondents signalling that the general economic climate remained uncertain.

Comment:

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

“The French service sector maintained its expansion in March, with activity and new business continuing to rise, albeit at slower rates. This offset a continued contraction of the manufacturing sector. PMI data suggest that private sector activity is likely to have made a small positive contribution to first-quarter GDP. Yet there remains little to suggest any sort of convincing recovery lies around the corner, as highlighted by service providers’ business expectations dipping to a three-month low in the latest survey period.”

-Ends-

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Notes to Editors:

The France Services PMI (Purchasing Managers' Index) is produced by 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 86% of the replies used in the final data.

The France Composite PMI (Purchasing Managers' Index) is produced by 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 87% 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 ⁽¹⁾	-0.2	0.6
France Composite Output Index ⁽²⁾	-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.

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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