

News Release

Purchasing Managers' Index®

MARKET SENSITIVE INFORMATION

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Markit Flash France PMI®

Output rises at modest rate in September

Key points:

- Flash France Composite Output Index⁽¹⁾ improves to 51.4 (50.2 in August), 2-month high
- Flash France Services Activity Index⁽²⁾ rises to 51.2 (50.6 in August), 2-month high
- Flash France Manufacturing Output Index⁽³⁾ climbs to 51.9 (48.4 in August), 18-month high
- Flash France Manufacturing PMI⁽⁴⁾ rises to 50.4 (48.3 in August), 3-month high

Data collected September 11th-22nd

Summary:

The latest flash France PMI® data pointed to an eighth successive monthly rise in private sector output during September. The seasonally adjusted **Markit Flash France Composite Output Index**, based on around 85% of normal monthly survey replies, posted 51.4, up from 50.2 in August.

Growth was broad-based across the **manufacturing** and **service** sectors, with the pace of expansion marginally sharper in the former (where it reached an 18-month high). Service providers reported a slightly faster rise in activity than in August.

New business in the French private sector increased in September, following a fractional decline one month previously. Growth of new work was centred on the service sector, with manufacturers indicating a slight reduction in new orders (albeit slower than in August). New export orders received by manufacturers were unchanged on the month.

Employment across the French private sector decreased in September, following no-change in the previous month. Moreover, the rate of job shedding was the fastest in ten months. Service providers signalled a sharper rate of job shedding

than manufacturers. A number of panellists indicated that they had chosen not to replace voluntary leavers.

September data signalled that **backlogs of work** across the French private sector increased for a tenth consecutive month. That said, the pace of accumulation remained marginal overall. Similar rates of growth were recorded across the manufacturing and service sectors.

Input prices faced by French private sector firms decreased for the first time in eight months during September, albeit marginally overall. Service providers indicated broadly unchanged costs, whereas manufacturers reported a drop for the first time in six months (and the sharpest fall since February). There were reports from panellists of lower prices paid for metals and oil-related items.

French private sector firms reported a further decrease in **output prices** during September, in line with the trend seen since May 2012. The rate at which charges were lowered was slightly sharper in the manufacturing sector than in services. Anecdotal evidence linked price cutting to strong competitive pressures.

Business expectations in the French service sector remained positive in September, with firms on balance expecting activity to rise over the coming 12 months. However, the degree of confidence dropped markedly to the lowest for 11 months.

Comment:

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

"The French private sector eked out another month of modest growth in September, with manufacturing making a meaningful contribution to expansion for the first time in well over a year. However, there was less positive news on the employment front,

In conjunction with

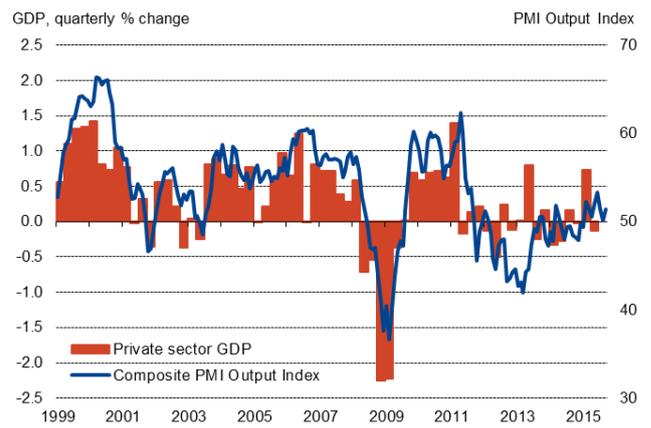
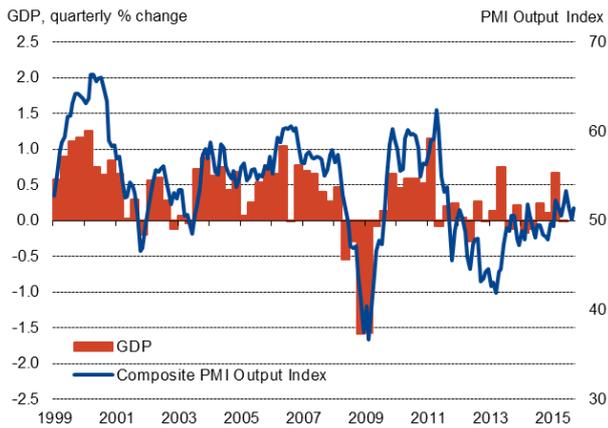


with jobs being shed at the sharpest rate since November 2014. A marked drop in service providers' business confidence further suggests that the general sluggishness in the economy is set

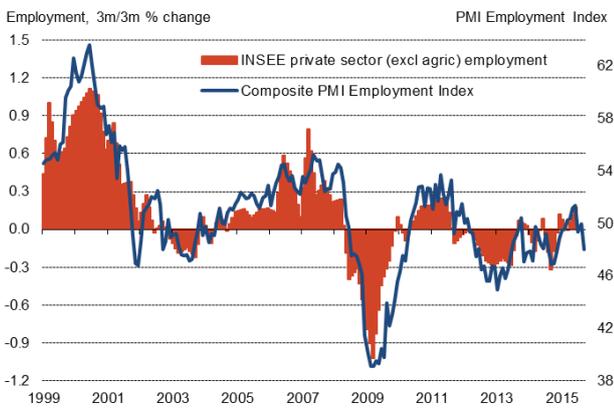
to persist in the foreseeable future.”

-Ends-

Economic output



Employment



Sources: Markit, INSEE via EcoWin.

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Note to Editors:

Final September data are published on October 1st for manufacturing and October 5th for services and composite indicators.

The France PMI (Purchasing Managers' Index) is produced by Markit Economics 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@markit.com.

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About PMI

Purchasing Managers' Index[®] (PMI[®]) surveys are now available for over 30 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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