

News Release

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

French private sector output growth slows to negligible pace in April

Key points:

- Flash France Composite Output Index⁽¹⁾ slips to 50.2 (51.5 in March), 3-month low
- Flash France Services Activity Index⁽²⁾ falls to 50.8 (52.4 in March), 3-month low
- Flash France Manufacturing Output Index⁽³⁾ drops to 47.1 (47.6 in March), 2-month low
- Flash France Manufacturing PMI⁽⁴⁾ declines to 48.4 (48.8 in March), 2-month low

Data collected 13-22 April

Summary:

The latest flash France PMI® data signalled an easing in the rate of expansion of private sector output to near-stagnation in April. The seasonally adjusted **Markit Flash France Composite Output Index**, based on around 85% of normal monthly survey replies, recorded 50.2, down from 51.5 in March, signalling only a fractional increase in output.

This reflected a weaker rise in **service sector activity**, combined with a sharper drop in **manufacturing output**. The latest increase in services activity was marginal and the least marked in the current three-month period of growth, while manufacturing production declined at a marked pace that was faster than in March.

New business growth across the French private sector also moderated in the latest survey period, reaching a three-month low. Service providers reported the slowest rise in new work since January, while manufacturers reported a faster decline in new orders. Manufacturers' **new export orders** fell at the sharpest rate in six months. Panellists commented on a subdued demand environment, reflective of the general sluggishness of the economy.

Employment in the French private sector rose for the second month running in April, although the rate of job creation remained fractional. Marginal growth of staffing levels at service providers was offset by continued job losses in the manufacturing sector.

Backlogs of work at French private sector companies continued to rise in April, extending the current period of expansion to five months. The rate of growth quickened slightly since March, but remained modest. Contrasting trends were recorded at the sector level, with service providers reporting a stronger increase in outstanding business whereas manufacturers signalled the sharpest reduction since last August.

April data pointed to a third successive monthly rise in **input prices** faced by French private sector firms. The latest increase was the fastest in 2015 so far, albeit modest overall. Similar moderate rates of cost inflation were indicated by service providers and manufacturers. Where a rise in input prices was recorded, this was frequently linked by panellists to the weakness of the euro versus the dollar.

Output prices in the French private sector fell further in April. The rate of decline in selling prices remained unchanged from March's marked pace. Price cutting was broad-based across the service and manufacturing sectors, with the former posting the sharper fall. Anecdotal evidence suggested that competitive pressures facing companies remained strong.

Business expectations in the French service sector climbed to the highest level for just over three years in April. New product launches, enhanced sales efforts and hopes of an improvement in the wider economic climate contributed to the rise in sentiment, according to survey respondents.

In conjunction with

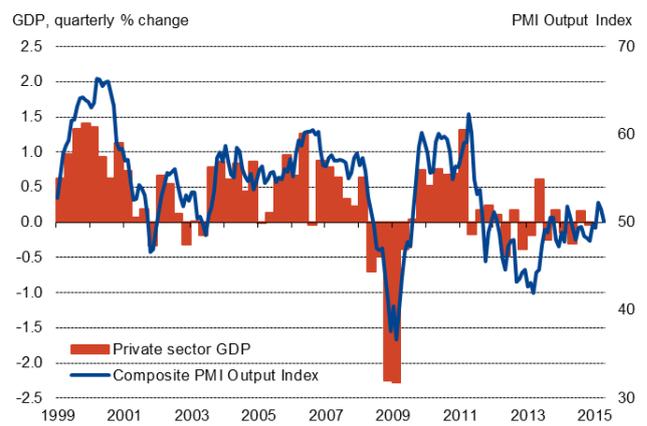
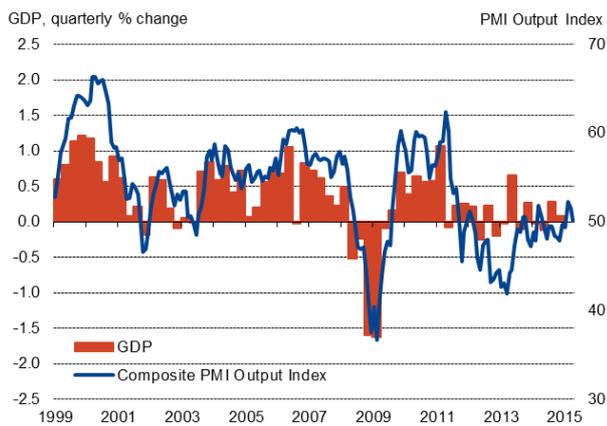


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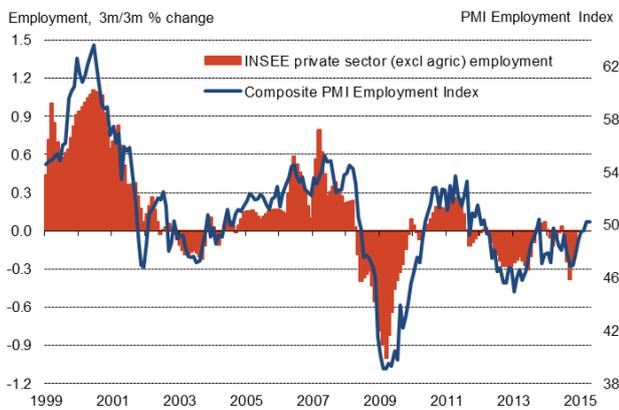
Jack Kennedy, Senior Economist at Markit, which compiles the Flash France PMI® survey, said:
 “Output growth stuttered almost to a halt in April, signalling a continuation of the moribund economic environment in France. New business growth

weakened despite a further marked fall in prices charged, highlighting the competitive challenge facing French companies. Service providers’ business expectations improved to a 37-month high, although it remains difficult to see much justification for this optimism and sentiment remains historically low.”

Economic output



Employment



Sources: Markit, INSEE via EcoWin.

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Note to Editors:

Final April data are published on 4 May for manufacturing and 6 May 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 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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