

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

Employment rises to greatest extent for almost 10 years

Key findings:

- Flash France Composite Output Index⁽¹⁾ falls to 55.3 (56.9 in May), 5-month low
- Flash France Services Activity Index⁽²⁾ decreases to 55.3 (57.2 in May), 5-month low
- Flash France Manufacturing Output Index⁽³⁾ falls to 55.4 (55.7 in May), 3-month low
- Flash France Manufacturing PMI⁽⁴⁾ rises to 55.0 (53.8 in May) 2-month high

Data collected June 12-22

June's flash France PMI[®] data pointed to a further improvement in private sector conditions in France. Indeed, the latest expansion extended the period of private sector growth to one year. The **IHS Markit Flash France Composite Output Index**, based on around 85% of normal monthly survey replies, registered 55.3 in June. Although down from May's six-year peak of 56.9, the rate of increase remained marked overall.

Service sector activity rose for the twelfth time in as many months in June. The rate of growth remained marked, despite easing to a five-month low. **Manufacturing output** also continued to increase markedly, but at a fractionally softer pace than in the previous month.

As was the case with output, May data signalled a twelfth consecutive month-on-month rise in **new business**. Moreover, the rate of expansion quickened from May and was sharp. New orders increased at both manufacturers and services providers for the ninth and sixteenth months respectively.

Buoyed by strong client demand, private sector firms in France raised their **staffing numbers** for an eighth successive month in June. Furthermore, the rate of job creation was the most marked in just under ten years. The increase was broad-based across both the manufacturing and service sectors.

The amount of **business outstanding** at private sector companies in France rose in June, thereby extending the latest period of backlog accumulation to 16 months. The rate of growth moderated from May's six-year high but was solid nonetheless. Capacity pressures rose to a weaker extent in the service sector, while a sharper rise was reported at manufacturers.

Input prices faced by companies in the French private sector continued to increase in June. The rate of inflation softened for the second successive month but remained sharp overall. Inflation weakened to an eight-month low at goods-producers, while a fractional acceleration was registered by their counterparts in the service sector.

June data highlighted a fall in average **selling prices** following increases in each of the prior two months. The downturn was driven by a sharper fall in average charges at service providers. In contrast, goods-producers continued to raise their output prices in June, albeit to the weakest extent since December last year.

Finally, private sector companies sustained a positive **outlook** towards output growth over the coming 12-month period. The degree of positive sentiment remained marked, despite dipping to a five-month low. Latest data indicated that manufacturing companies overtook service providers as the most optimistic towards their future growth prospects.

Comment

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

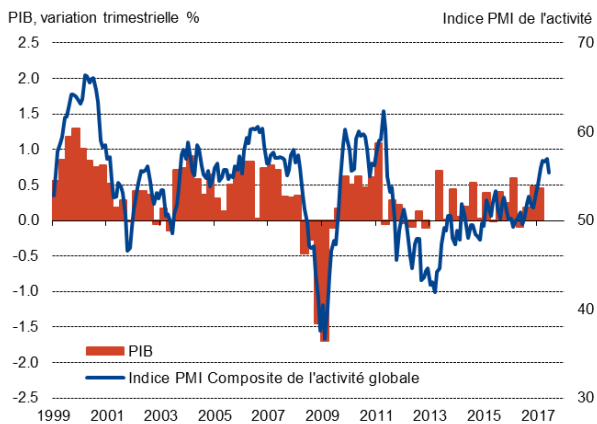
"PMI data continue to paint a positive picture of the French private sector economy, despite a slight moderation from the levels seen over the previous few months."

“A particularly upbeat talking point highlighted in the latest data was the sharpest rise in employment for almost ten years. This is welcome news for the newly elected government which has made reducing unemployment one of the main aims of its administration. The slowdown in the rate of accumulation in unfinished work poses a slight concern however, and may slow employment growth in the short-term.

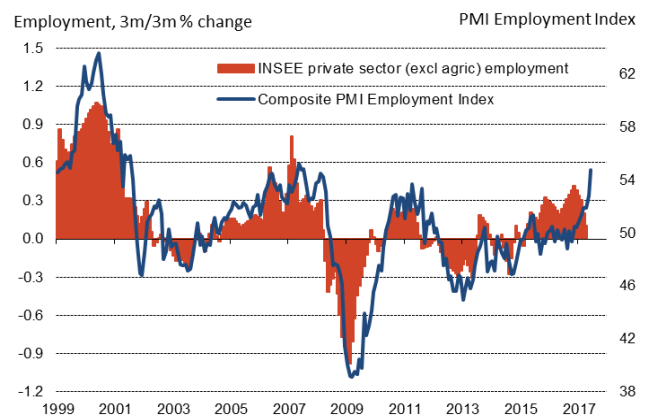
“Over a longer time horizon, with Emmanuel Macron’s ‘La République en Marche’ now holding a majority in the national assembly, proposed labour market reforms are likely to occur which could help further reduce unemployment.”

-Ends-

Economic output



Employment



Sources: IHS Markit, INSEE via Datastream.

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Note to Editors:

Final June data are published on July 3rd for manufacturing and July 5th for services and composite indicators.

The France PMI (Purchasing Managers' Index) is produced by IHS 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	0.3
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.

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.

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About PMI

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