

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

### PMI hits near six-and-a-half-year high

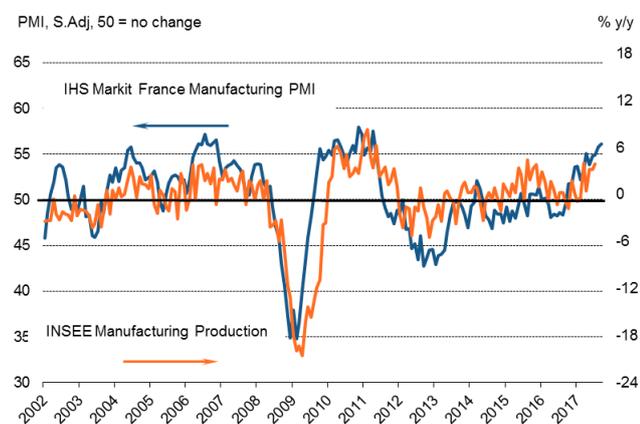
#### Key findings:

- Business conditions improve at sharpest pace since April 2011
- Further sharp increases in output and new orders
- Input price inflation intensifies amid higher raw material costs

Data collected September 12-22

#### Historical overview:

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



Sources: IHS Markit, INSEE

#### Summary:

The French manufacturing sector's strong 2017 continued at the end of the third quarter. Growth continued to be driven by sharp rises in both domestic and foreign demand. As a result, firms enhanced their operating capacity by taking on more staff and raising their input buying, which in turn led to a marked rise in output. Meanwhile, input price inflation intensified amid reports of higher raw material prices. Concurrently, business confidence

remained robust and rose from August's seven-month low.

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 56.1 in September to signal a further improvement in the overall health of the French manufacturing sector. The index was up from August's reading of 55.8 and the highest since April 2011.

Underpinning the latest expansion was another rise in **new orders** amid reports of higher client demand and a robust economic environment. Furthermore, the rate of growth remained well above the long-run series average, despite softening fractionally from August. The increase was broad-based as **new business from foreign clients** also continued to grow, albeit to the weakest extent in six months.

Robust client demand encouraged firms to expand their **output** for the thirteenth consecutive month in September. Moreover, the rate of growth was the most marked in almost six-and-a-half years. This contributed to a build-up of **post-production inventories**, following a three-month period of decline.

As a result of higher production requirements, manufacturers took on additional **workers** in September. The rate of job creation accelerated from August and was only marginally weaker than July's near 17-year high. In spite of this, **backlogs of work** continued to accumulate, and at the sharpest pace in 81 months.

Firms also continued to increase their **purchasing activity**, and to the greatest extent since April

2011. This, in turn, contributed to a second successive rise in **pre-production inventories**.

Meanwhile, **input price** inflation intensified amid reports of higher raw material prices. Average **selling prices** also increased, but to a weaker extent than in August.

Average **delivery times** continued to lengthen at a marked pace, albeit one that was the weakest since March.

Finally, **business confidence** improved in September, having hit a seven-month low in August.

**Comment:**

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

*“The revival of the French manufacturing sector gained momentum in September, with business conditions improving to the greatest extent in just shy of six-and-a-half years. The expansion continued to be driven by sharp increases in both output and new orders, each underpinned by strong client demand.*

*“The latest PMI data signal a further marked rise in new business in foreign markets, although the rate of growth softened to a six-month low. The slowdown was perhaps indicative of a stronger euro, which in turn poses a potential headwind to overall growth going forward. That said, with the current period of expansion largely predicated on robust domestic demand, the effect of a stronger currency (in subduing exports) on the sector’s recovery may be limited.”*

-Ends-

**For further information, please contact:**

**IHS Markit**

Alex Gill, Economist  
Telephone +44-1491-461-015  
Email [alex.gill@ihsmarkit.com](mailto:alex.gill@ihsmarkit.com)

Joanna Vickers, Corporate Communications  
Telephone +44-207-260-2234  
E-mail [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

**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 September 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> | 0.0                | 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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