

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

### French private sector growth stagnate, but remains marked in August

#### Key findings:

- Flash France Composite Output Index<sup>(1)</sup> at 55.6 in August (unchanged from July)
- Flash France Services Activity Index<sup>(2)</sup> falls to 55.5 in August (56.0 in July), 7-month low
- Flash France Manufacturing Output Index<sup>(3)</sup> rises to 56.2 (54.0 in July), 76-month high
- Flash France Manufacturing PMI<sup>(4)</sup> increases to 55.8 (54.9 in July) 76-month high

Data collected August 11-22

The latest set of flash France PMI<sup>®</sup> data signalled a further rise in French private sector output during August. The rate of expansion remained sharp overall with the **IHS Markit Flash France Composite Output Index**, which is based on around 85% of usual monthly survey replies, posting well above the neutral 50.0 level at 55.6. This was unchanged from the six-month low recorded in July.

A softer increase in **service sector activity** was recorded for the third successive month in August, although, the rate of growth remained marked and above the long-run series average. In contrast, the rate of expansion in **manufacturing production** was the sharpest in almost six-and-a-half years.

French private sector companies continued to record a marked rise in **new business** midway through the third quarter. The rate of growth, however, eased to a three-month low. The slowdown was driven by a weaker rise at service providers as manufacturers recorded the sharpest increase in new orders since December 2010.

Bolstered by greater output and new orders, firms further added to their payrolls during August, thereby extending the current sequence of **employment** growth ten months. Job creation was evident at both service providers and manufacturers. Rates of expansion eased from the

previous month but remained marked in both cases.

In spite of a further rise in staffing numbers, the amount of **business outstanding** at French private sector companies increased for the eighteenth consecutive month in August. Furthermore, the rate of increase accelerated from July and remained above the long-run series average. Backlogs of unfinished work continued to accumulate to a greater extent at manufacturers than at service providers, but rates of growth remained marked in each sector nonetheless.

The latest data signalled another rise in average **input costs** faced by French private sector firms, thereby extending the current period of inflation to a year-and-a-half. That said, the rate of increase was the least marked in 12 months.

In contrast, average **selling prices** at private sector companies in France declined in August, having fractionally increased in July. The downturn was driven by the sharpest decrease at service providers since November last year. On the contrary, manufacturers continued to raise their charges, albeit to a weaker extent than in the previous month.

Overall **business confidence** in France remained strong in August, but softened to a seven-month low. Optimism in at both manufacturers and service providers waned from the previous month.

#### Comment

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

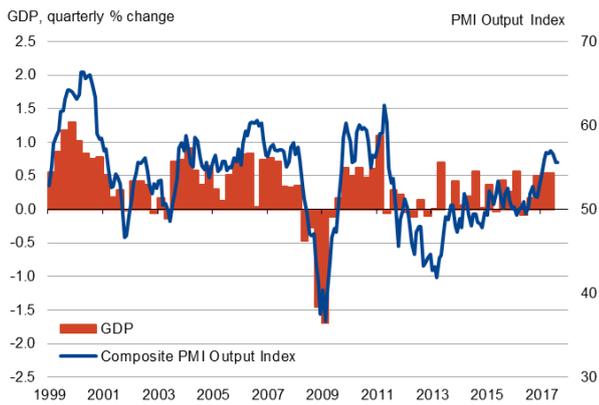
*"The latest data paint another positive picture of the French private sector economy, with further strong expansions in both new business and output. The data are particularly promising for the manufacturing sector, with output and new order*

growth at multi-year highs.

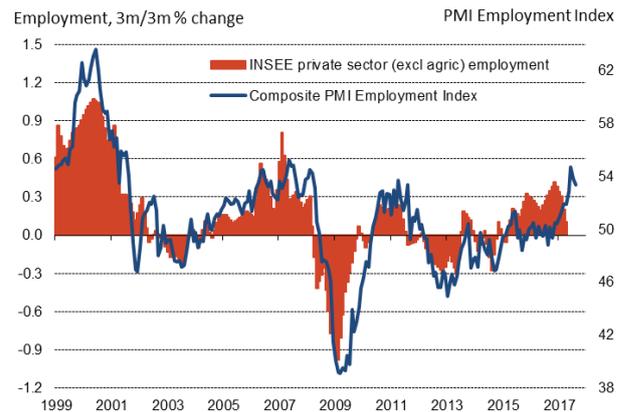
*“Another sharp rise in private sector employment continued to be a key takeaway from the latest survey. Indeed, with capacity pressures intensifying, signs are that unemployment will continue to decline in the third quarter.”*

-Ends-

## Economic output



## Employment



Sources: IHS Markit, INSEE via Datastream.

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**Note to Editors:**

Final August data are published on September 1<sup>st</sup> for manufacturing and September 5<sup>th</sup> 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 <sup>(1)</sup>	-0.1	0.4
France Manufacturing PMI <sup>(3)</sup>	0.0	0.3
France Services Business Activity Index <sup>(2)</sup>	-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](mailto:economics@ihsmarkit.com).

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