

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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IHS Markit France Services PMI® – final data (with Composite PMI®)

Employment increases to greatest extent since March 2008

Key findings:

- Final IHS Markit France Services Activity Index⁽¹⁾ at 56.9 (57.2 in May).
- Final IHS Markit France Composite Output Index⁽²⁾ at 56.6 (56.9 in May).

Data collected June 12-27

The French service sector's strong 2017 continued in June with the rate of business activity growth coming in just shy of March's 70-month high, despite a fractional moderation from May. Driving the expansion was a further marked rise in new business which, in turn, led to another sharp round of job creation. In spite of this, the amount of unfinished work continued to accumulate at a marked, albeit weaker pace.

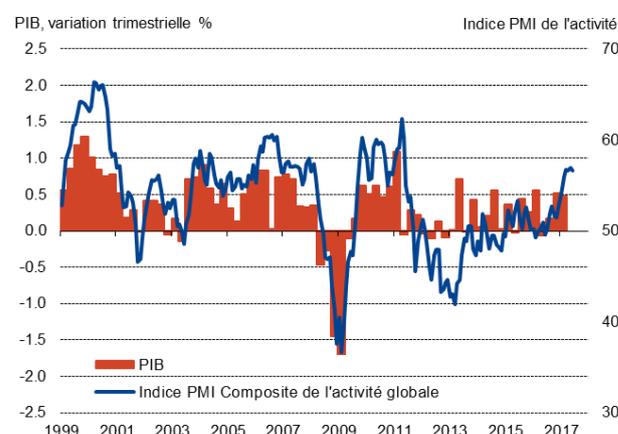
Firms further reduced their average selling prices, despite a stronger rise in input costs. Meanwhile, business sentiment remained firmly optimistic.

The headline seasonally adjusted **Business Activity Index** posted 56.9 in June. Although fractionally down from 57.2 in May, the latest index reading continued to highlight a marked expansion in service sector output. As was the case in May, the sharpest rate of growth was registered in the Post & Telecommunications sub-sector.

The final seasonally adjusted **IHS Markit France Composite Output Index** – which covers the combined manufacturing and service sectors – posted 56.6 in June, down fractionally from May's six-year high of 56.9.

Underlying the latest rise in service sector activity was a sixteenth consecutive expansion in **new orders**. Furthermore, the rate of growth accelerated from May and was marked overall. Some respondents cited an improvement in the political climate as a cause of greater new work wins. Following a similar trend to business activity, Post & Telecommunication was the best performing sub-sector.

IHS Markit France Composite PMI



Sources: IHS Markit, INSEE

An expansion in new orders was also evident at the composite level in June. Furthermore, the rate of growth accelerated to a 73-month peak.

In line with the marked expansion in new orders, French service providers continued to add to their payrolls in June. Moreover, the rate of **job creation** was the most marked since March 2008.

A similar trend was observed on a composite basis, with employment increasing to the greatest extent in just under ten years.

Service providers recorded a sixteenth successive increase in **unfinished work** as inflows of new business continued to outstrip operating capacity. Furthermore, the rate of backlog accumulation remained marked despite easing to a four-month low.

Service companies were faced with another increase in average **input costs** in June, with some commenting on a slight tightening in the labour market as the predominant cause. Moreover, the rate of inflation quickened from May and was marked overall.

Meanwhile, service providers continued to reduce their **output prices**, with sector data highlighting the greatest fall at Hotels & Restaurants. Although accelerating from May, the rate of decline was slight overall.

Finally, services firms maintained a confident **outlook** with regard to activity growth over the coming 12 months. The degree of positive sentiment remained marked, albeit dipping to a four-month low. Reasons for optimism were largely based around favourable legislation and a robust economic environment.

Comment:

Alex Gill, Economist at IHS Markit, which compiles the France Services PMI® survey, said:

“The latest data completed an extremely positive second quarter for the French service sector. Indeed, the headline business activity index averaged 56.9 from April to June, the strongest quarterly performance for six years. Up from an average reading of 56.0 from January through March, the PMI suggests we will see GDP growth sustained in Q2, building on a 0.5% expansion in Q1.

“As was the case in May, employment was a key talking point in June, with the rate of job creation the sharpest in over nine years. Robust client demand and a strong degree of optimism are likely to lead to further jobs growth over the coming months.”

-Ends-

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Note to Editors:

The France Services PMI (Purchasing Managers' Index) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 400 companies based in the French service sector. The final France Services 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 June flash was based on 85% of the replies used in the final data.

The France Composite PMI (Purchasing Managers' Index) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 800 companies based in the French private sector economy. The final France Composite 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 June flash was based on 88% 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 Services Output Index ⁽¹⁾	-0.2	0.6
France Composite Output Index ⁽²⁾	-0.1	0.4

Notes

1. 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?"
2. The Composite Output PMI is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.

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.

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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