

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

Strong growth momentum continues in March

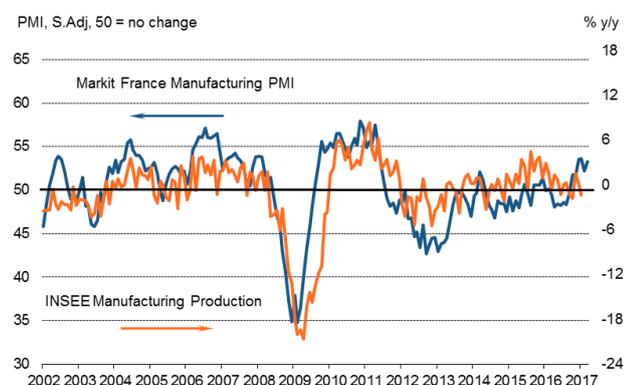
Key findings:

- New orders increase at fastest pace in 70 months
- Further marked increase in output
- Business sentiment highest since series began in July 2012

Data collected March 13-24

Historical overview:

Markit Manufacturing PMI v INSEE Manufacturing Production



Sources: IHS Markit, INSEE

Summary:

Operating conditions in the French manufacturing sector continued to improve during March, boosted by a marked rise in new order intakes. This contributed to further increases in staffing numbers and purchasing activity. The rate of output growth eased fractionally from February, but remained solid overall. Meanwhile, input price inflation intensified and led to a further rise in average selling prices.

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 **Markit France Manufacturing Purchasing Managers' Index® (PMI®)** posted 53.3 in March to signal a further improvement in the overall health of the French manufacturing sector. The index was up from February's reading of 52.2 and above the long-run series average (51.2).

The driving force behind the latest expansion was a sixth successive rise in **new order** intakes. Supported by higher client demand in the automotive sector, the rate of increase was the sharpest in 70 months. **New export orders** also rose at an accelerated pace amid reports of greater demand from the US and Asia.

French manufacturing companies raised their **staffing numbers** in March to meet higher production requirements. In spite of this, the amount of **unfinished work** continued to increase. Indeed, the rate of backlog accumulation was the most marked in almost six years and signalled further pressure on operating capacity.

Firms also raised their **purchasing activity** for the sixth time in as many months in March. Moreover, the rate of expansion was the sharpest in 70 months. However, this didn't prevent a second successive fall in **pre-production inventories**.

Goods-producing companies in France registered a seventh consecutive rise in **output** in March. The rate of expansion eased fractionally from February, but remained marked and above the long-run series average. Concurrently, **post-production inventories** continued to fall.

Higher raw material prices combined with the weak euro continued to put upward pressure on average **input costs**. This contributed to a fifth consecutive round of **charge inflation** as some firms passed on higher cost burdens to their clients.

Meanwhile, firms are **confident** output will increase over the next 12 months, with a number of respondents anticipating improved economic conditions.

Finally, average **lead times** lengthened for the fifty-fifth consecutive month. Moreover, the rate of deterioration in vendor performance accelerated from February.

Comment:

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

“The latest PMI data highlight a further solid improvement in French manufacturing sector conditions. New order growth was the driving force behind the increase, with further evidence that the weak euro had boosted client demand. Meanwhile, firms remained strongly confident that output will rise over the next 12 months.”

-Ends-

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Note to Editors:

The France Manufacturing PMI (Purchasing Managers' Index) is produced by 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 March 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 ⁽¹⁾	0.1	0.3

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.

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.

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@ihsmarkit.com.

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