

News Release

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

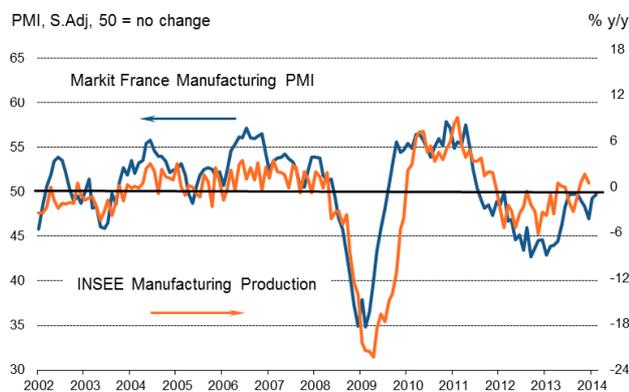
Output rises for first time in seven months during February

Key points:

- Marginal increase in production
- Decline in new orders eases
- Further drop in employment

Historical overview:

Markit Manufacturing PMI v INSEE Manufacturing Production



Sources: Markit, INSEE

Summary:

February data signalled a rise in French manufacturing output. Although marginal, it was the first increase since last July. New orders and stocks of purchases both fell at slower rates, but the pace of job shedding in the sector quickened. Suppliers' delivery times lengthened to a lesser degree than one month previously.

Consequently, the headline **Purchasing Managers' Index® (PMI®)** – a seasonally adjusted index designed to measure the performance of the manufacturing economy – climbed from 49.3 in January to 49.7 in February. Higher than the earlier Flash estimate of 48.5, the latest reading signalled the weakest deterioration of overall operating

conditions in the French manufacturing sector for five months.

Production growth at French manufacturers was centred on the consumer goods sector during the latest survey period. This offset slight falls in the intermediate and investment goods sectors. Although a further drop in **new orders** was signalled, the latest reduction was marginal and the weakest in the current five-month sequence. **New export orders** received by French manufacturers increased for the second month running, albeit fractionally.

Backlogs of work in the French manufacturing sector were broadly unchanged in February. This was despite a further reduction in **staffing levels**. Although moderate, the rate of job shedding quickened since February.

Stocks of finished goods held by French manufacturers decreased further in February, extending the current period of contraction to 23 months. However, the latest drop was marginal and the weakest in this sequence.

Stocks of purchases also fell, albeit at the slowest pace since last August. This reflected a weaker decline in **quantities of purchases**, with the latest decrease in input buying the least marked in five months.

Suppliers' delivery times lengthened further in February, amid reports from the survey panel that vendors were holding low stock levels. That said, the latest increase in lead times was the weakest in six months.

Input prices faced by French manufacturers decreased for the first time in six months during February. However, the reduction was fractional. Anecdotal evidence suggested that lower

purchasing costs reflected weak demand for raw materials.

Output prices rose in the latest survey period, following a decline one month previously. However, the rate of charge inflation was modest and weaker than the survey's historical average.

slightly and new orders declining at a slower pace. The headline PMI consequently improved to a five-month high, suggesting that the sector is at least starting to hold its ground even if a return to growth remains elusive."

-Ends-

Comment:

Jack Kennedy, Senior Economist at Markit, which compiles the France Manufacturing PMI[®] survey, said:

"Signs of stability in the French manufacturing sector were evident in February, with output rising

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Notes to Editors:

The France Manufacturing PMI (Purchasing Managers' Index) is produced by Markit Economics 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 February flash was based on 81% 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⁾	0.0	0.4

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@markit.com.

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Purchasing Managers' Index[®] (PMI[®]) surveys are now available for 32 countries and also for key regions including the Eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their

ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to www.markit.com/economics.

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