

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

### Activity growth remains among sharpest recorded in survey history

#### Key findings:

- Flash France Composite Output Index<sup>(1)</sup> at 60.0 in December (2-month low)
- Flash France Services Activity Index<sup>(2)</sup> dips to 59.4 in December (60.4 in November), 2-month low
- Flash France Manufacturing Output Index<sup>(3)</sup> rises to 62.6 (59.9 in November), 208-month high
- Flash France Manufacturing PMI<sup>(4)</sup> increases to 59.3 (57.7 in November) 207-month high

Data collected December 5-13

The latest flash data were indicative of further growth in the French private sector economy. Indeed, the rate of expansion remained among the sharpest recorded since data were first available in May 1998, with the **IHS Markit Flash France Composite Output Index**, which is based on around 85% of usual monthly survey replies, posting 60.0 down only fractionally from 60.3 in November.

The expansion was broad-based across both the **manufacturing** and **services** sectors. The rate of growth in manufacturing hit a near 17-and-a-half year high. In contrast, the pace of increase at service providers moderated slightly from November, but remained marked nonetheless.

In line with the trend for output, December saw a further rise in **new orders**. The rate of increase was the most marked in over six-and-a-half years, driven by the sharpest expansion in the manufacturing sector since November 2010, with new export orders rising to the strongest degree for seven years. Meanwhile, the rate of new order growth at service providers was unchanged from November.

Buoyed by a strong demand environment, private sector firms continued to take on additional **workers** in December, thereby extending the

current period of job creation to 14 months. As was the case with output, an acceleration in the rate of increase at manufacturers contrasted with a moderation at service providers. Indeed, manufacturers took on additional staff members to the greatest extent since September 2000.

In spite of greater staffing numbers, private sector firms continued to record an increase in **unfinished work**, the twenty-second time this has been the case in as many months. Although easing slightly from November, the rate of backlog accumulation remained among the sharpest recorded in the past six-and-a-half years. A slight slowdown at service providers contrasted with an acceleration at manufacturers.

Latest data pointed to a further rise in **input costs** faced by French private sector companies (on average) during December. The rate of inflation eased slightly from November's near six-and-a-half year high but remained substantially greater than the post-2008 average. Where an increase was reported, panellists commented on higher prices for steel, aluminium, rubber and plastics. Softer increases in prices were evident at both manufacturers and service providers.

Meanwhile, higher input costs filtered through to a fourth consecutive rise in average **selling prices**. That said, the rate of charge inflation weakened from the prior survey period and was only slight overall. Increases in output prices were reported at both manufacturers and service providers.

Finally, French private sector companies maintained a strongly optimistic outlook towards their prospects for activity growth over the coming 12 months. **Business confidence** improved at both manufacturers and service providers.

#### Comment

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

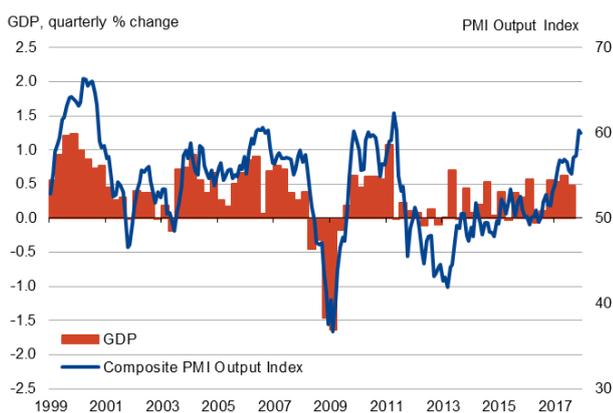
“Although dipping fractionally from November’s six-and-a-half year high, the headline flash composite output PMI number remained among the highest recorded in the survey history during December, and completes what has been a strong year for the French private sector economy.

“Growth continued to be driven by rising client demand, which in turn led to another marked round of job creation. Given a further marked accumulation of unfinished work and robust business confidence, the French economy looks well-placed for further growth as we move into the new year.

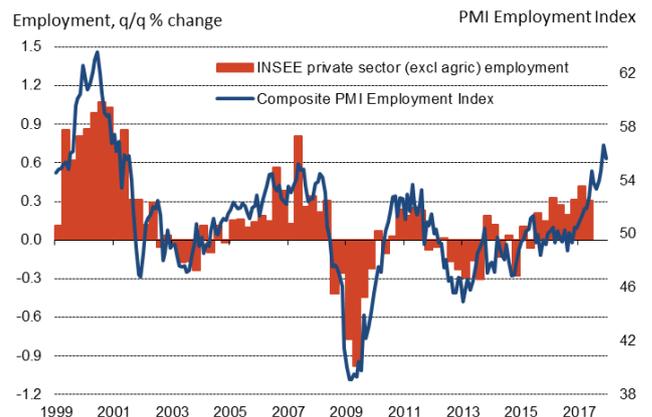
“The data were particularly encouraging for the manufacturing sector, which saw the steepest rates of output and employment growth since the summer of 2000. Meanwhile, the rate of increase in new export orders was the most marked in seven years as the sector remained the main beneficiary of a pick-up in global demand.”

-Ends-

### Economic output



### Employment



Sources: IHS Markit, INSEE via Datastream.

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**Note to Editors:**

Final December data are published on January 2<sup>nd</sup> for manufacturing and January 4<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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