

News Release

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

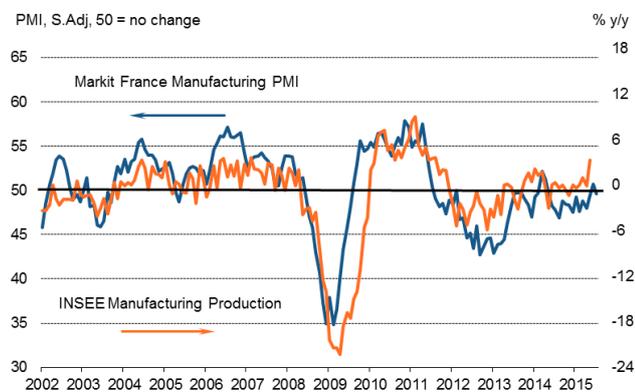
PMI signals slight deterioration in operating conditions during July

Key points:

- Modest reductions in output and new orders
- Employment falls slightly
- Input prices rise at marked rate

Historical overview:

Markit Manufacturing PMI v INSEE Manufacturing Production



Sources: Markit, INSEE

Summary:

French manufacturers reported a slight deterioration in business conditions during July. This was highlighted by the headline **Markit France Manufacturing Purchasing Managers' Index® (PMI®)** – a seasonally adjusted index designed to measure the performance of the manufacturing economy – registering 49.6, down from 50.7 in June.

Output in the French manufacturing sector decreased in July, following broadly no change one month previously. However, the rate of contraction was marginal.

Lower production reflected a further decrease in **new orders**. The rate of contraction in new work

quicken since June, but was modest overall. Anecdotal evidence suggested that demand conditions remained generally subdued. **New export orders** fell for a second consecutive month, albeit marginally.

Backlogs of work at French manufacturers increased for a second successive month in July. However, the rate of expansion remained marginal overall.

Staffing levels in the French manufacturing sector decreased for the sixteenth month in succession during July, albeit only slightly. Panellists generally commented on the non-replacement of leavers.

July data pointed to a renewed drop in **purchasing activity** by French manufacturers, reflective of lower production requirements. Correspondingly, **stocks of purchases** decreased further.

Suppliers' delivery times faced by French manufacturers continued to lengthen in July, with the rate of deterioration in vendor performance remaining marked despite easing since June. Panel members generally attributed slower lead times to suppliers holding low stock levels.

Average **purchasing costs** faced by French manufacturers continued to increase in July. The rate of cost inflation remained marked, albeit slightly slower than in June and weaker than the survey's long-run average.

Output prices decreased for a seventeenth successive month, although the latest fall was marginal and the weakest since March 2014. Panellists generally commented that lower charges reflected competitive pressures.

Stocks of finished goods held by French manufacturers fell further in July, with some panellists mentioning cost-cutting initiatives. The latest drop was the sixth in succession, although

the rate of decline was little-changed from the moderate pace recorded in June.

Comment:

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

“The French manufacturing sector slipped back into

contraction during July, failing to build on the previous month’s marginal improvement in operating conditions. Key variables such as output, new orders, employment and stock levels all showed declines, as weak demand continued to hold back the performance of the industry and thwart any sort of upturn taking hold.”

-Ends-

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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 July flash was based on 94% 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	0.4

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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About PMI

Purchasing Managers’ Index[®] (PMI[®]) surveys are now available for over 30 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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