News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 0950 (CEST) / 0750 (UTC) 3 October 2018

IHS Markit France Services PMI® – final data (with Composite PMI®)

Service sector loses momentum in September

Key findings:

- Weakest rise in business activity since May
- New orders expand at softer pace than in the first half of 2018
- Business expectations rebound from August's 19-month low

Data collected September 12-25

September data pointed to a sustained expansion of business activity across the French service sector, but the latest upturn was the weakest for five months. Survey respondents also indicated softer new order growth, partly reflecting more subdued domestic economic conditions.

Rising fuel bills led to the joint-strongest rate of input cost inflation since May 2011, although average prices charged by service providers increased only marginally.

The headline seasonally adjusted **IHS Markit France Services Business Activity Index** dropped from 55.4 in August to 54.8 in September, which signalled the slowest expansion of service sector output since May. The average reading in the third quarter of 2018 (55.0) was slightly lower than in the prior quarter, but still well above the 50.0 no-change threshold.

Meanwhile, the seasonally adjusted **IHS Markit France Composite Output Index,** a GDP-weighted average of the Manufacturing Output Index and the Services Business Activity Index registered 54.0, down from 54.9 in August and the lowest reading since December 2016.

Softer service sector business activity growth reflected a weaker upturn in new work during September. The latest rise in incoming new orders was much slower than the peak seen at the start of 2018. Survey respondents cited subdued business-to-business demand and more cautious consumer spending patterns.

Service providers sought to boost their payroll numbers in September, which continued the trend seen since the beginning of 2017. The rate of job creation was the strongest since April. A number of firms noted that strong client demand in the first half of the year had led to additional staff recruitment. Some also pointed to ongoing pressures on operating capacity, as highlighted by another solid rise in backlogs of work in September.

Average cost burdens increased at a sharp and accelerated pace at service sector companies. The latest increase in operating expenses was in line with the seven-year peak seen in June. Survey respondents widely commented on higher transportation costs. However, service providers struggled to pass on higher input prices to clients, with average charges rising only slightly in September.

Meanwhile, the latest survey provided positive news in terms of business expectations for the year ahead in the service sector. Optimism rebounded strongly since August and was the highest for seven months. Anecdotal evidence suggested new product launches and hopes of a revival in domestic economic conditions had driven the improvement in business sentiment.

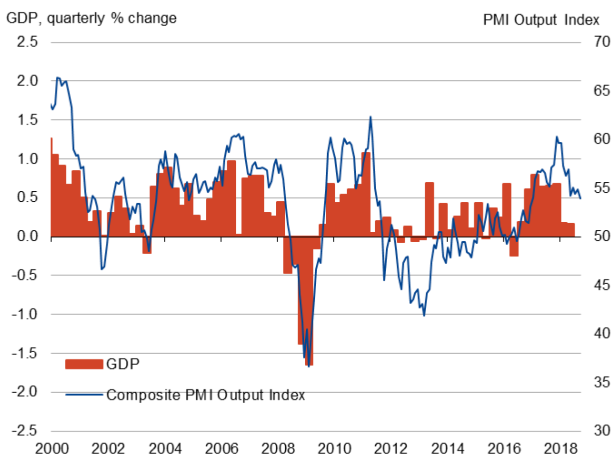
Comment:

Tim Moore, Economics Associate Director at **IHS Markit** which compiles the France Services PMI® survey, said:

"September data reveals a renewed slowdown across the service sector, with business activity growth close to its weakest since the start of 2017. Survey respondents noted that subdued domestic economic conditions held back business investment and contributed to more cautious consumer spending.

"Higher operating expenses added to pressures on service providers in September, led by rising transportation costs. The latest increase in overall input prices was the joint-fastest since May 2011."

IHS Markit France Composite PMI



Sources : IHS Markit, INSEE

-Ends-

For further information, please contact:

IHS Markit
Tim Moore, Economics Associate Director
Telephone +44-1491-461-065
Email tim.moore@ihsmarkit.com

Joanna Vickers
Telephone +44-207-260-2234
E-mail joanna.vickers@ihsmarkit.com

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 September flash was based on 82% 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 September flash was based on 85% 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

About IHS Markit (www.ihsmarkit.com)
IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

About PMI
Purchasing Managers' Index® (PMI®) surveys are now available for over 40 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 https://ihsmarkit.com/products/pmi.html.