

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
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IHS Markit Flash France PMI[®]

New order growth at four-month low as manufacturing sector falters

Key findings:

- Flash France Composite Output Index⁽¹⁾ at 54.0 in November from 54.1 in October (2-month low)
- Flash France Services Activity Index⁽²⁾ at 55.0 in November (55.3 in October), 2-month low
- Flash France Manufacturing Output Index⁽³⁾ at 49.6 in November (48.9 in October), 2-month high
- Flash France Manufacturing PMI⁽⁴⁾ at 50.7 in November (51.2 in October), 26-month low

Data collected November 12-22

At 54.0 in November, the **IHS Markit Flash France Composite Output Index** was little changed from 54.1 in October, highlighting the joint-weakest rise in private sector activity in close to two years.

Manufacturing production contracted for the second month running, albeit marginally. Anecdotal evidence suggested that the downturn reflected falling demand, particularly for autos, and challenging market conditions.

Conversely, **services activity** continued to expand in November. Despite softening from October, the upturn was marked. Firms that reported growth mentioned the securing of new clients, successful trade shows and marketing efforts.

New business growth across the French private sector softened to a four-month low in November, due to a combination of slower expansion in services and a further contraction in the manufacturing sector. Goods producers reported weakness in auto demand, while there were also mentions of competitive pressures and lower client investment.

As a result of faltering demand, French manufacturers shed **jobs** for the first time since October 2016, albeit marginally. Although service sector employment continued to rise, the expansion was the slowest in 15 months. Across the private sector, the upturn in payroll numbers was the

weakest in one-and-a-half years.

November data highlighted spare capacity among manufacturers as **outstanding business** decreased for the first time in 29 months. Conversely, service providers experienced a further increase in backlogs, with the rate of accumulation remaining solid.

French private sector companies signalled a further marked rise in overall **input costs** during November. This was despite the rate of inflation easing to a three-month low. However, trends diverged at the sector level, with services companies registering a softer increase in input prices, while manufacturers saw the steepest rise in cost burdens since February.

Average **output charges** rose again in November, though the rate of increase was little-changed from October's modest level. Reflective of the trends for input costs, manufacturers signalled a steeper rate of charge inflation than service providers.

Confidence towards the 12-month business outlook slipped to a two-year low in November, with some firms citing concerns over relatively subdued client demand and weaker global economic conditions. The degree of positive sentiment across the service sector deteriorated to the lowest since November 2016, while confidence among manufacturers edged down to a 29-month low.

Comment

Commenting on the Flash PMI data, Eliot Kerr, Economist at IHS Markit said:

"The latest flash results pointed to a second consecutive contraction in manufacturing production as goods producers continued to mention weak automotive sector demand. Nonetheless, overall private sector output growth remained solid as the service sector reported robust growth.

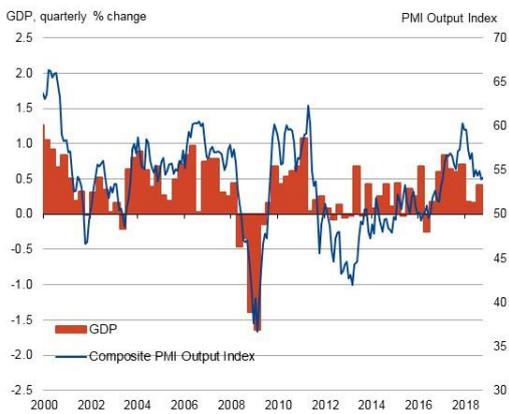
"Despite input price inflation easing, panellists

continued to cite higher raw material prices, particularly for oil. With pricing power muted, margins remained under pressure.

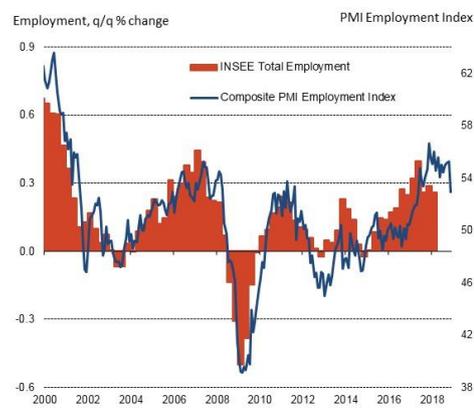
“The latest survey responses also revealed that recent protests over fuel taxes adversely affected the economy, with some panellists blaming demonstrations for lengthened delivery times.”

-Ends-

Economic Output



Employment



Sources: IHS Markit, INSEE via Datastream.

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Note to Editors:

Final November data are published on December 3rd for manufacturing and December 5th 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 ⁽¹⁾	-0.1	0.4
France Manufacturing PMI ⁽³⁾	0.0	0.3
France Services Business Activity Index ⁽²⁾	-0.2	0.5

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.

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