

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 0950 (CET) / 0850 (UTC) March 3rd 2017

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

Service sector business activity surges in February

Key findings:

- Final Markit France Services Activity Index⁽¹⁾ at 56.4 (54.1 in January) 66-month high.
- Final Markit France Composite Output Index⁽²⁾ at 55.9 (54.1 in January), 69-month high.

Data collected February 10-23

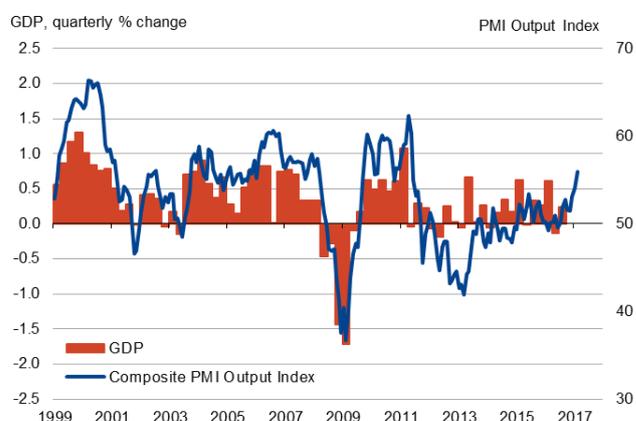
French service providers continued to record higher business activity in February. Furthermore, the rate of growth accelerated from January and hit a five-and-a-half year peak. The amount of incoming new orders also markedly increased which contributed to a second successive round of job creation. In spite of this, unfinished work continued to accumulate at a sharp pace. Meanwhile, service providers further cut their average selling prices despite intensifying cost pressures. Firms remained optimistic that output at their units would increase over the coming 12-month period.

The headline seasonally adjusted **Business Activity Index** posted 56.4 in February. Up from 54.1 in January, the latest index reading pointed to the sharpest rate of growth since August 2011. Firms generally attributed the increase to a more favourable economic environment. Hotels & Restaurants overtook Financial Intermediation as the best performing sector, while Other Services registered the weakest performance.

The final seasonally adjusted **Markit France Composite Output Index** – which covers the combined manufacturing and service sectors – rose to 55.9 in February from 54.1 in January, and signalled the strongest rate of growth since May 2011.

The level of **new business** received by service sector companies in France increased in February, thereby extending the latest sequence of growth to one year. In line with the trend for output, the rate of expansion accelerated to a 66-month high and was marked overall.

Markit France Composite PMI



Sources: IHS Markit, INSEE

At the composite level, new orders rose for the eighth consecutive month in February. Furthermore, the rate of growth was the sharpest since May 2011.

In response to greater client demand and higher output requirements, service sector firms increased their **staffing numbers** for the second successive month during February. The rate of job creation was the sharpest seen since June 2015, but was only modest overall.

Headcounts also rose on a composite basis. The rate of job creation was the most marked in 20 months but modest overall.

In spite of higher employment, service sector firms continued to signal strong capacity pressures in February, as evidenced by another marked accumulation of **unfinished work**. Moreover, the rate of growth was the sharpest in four months.

Composite data covering both manufacturers and service providers signalled another rise in outstanding business during February, thereby extending the latest sequence of backlog accumulation to one year.

Input prices faced by French service companies continued their upward trend in February amid reports of higher energy costs. Furthermore, the rate of inflation was the sharpest in over five years and marked overall.

Composite data suggested that average cost burdens rose to the greatest extent in 68 months.

In contrast to input costs, **average prices charged** by service sector companies decreased in February, thereby continuing a trend just shy of five years.

Concurrently, manufacturers raised their average output charges for the fourth consecutive month and to the greatest extent for five-and-a-half years.

Meanwhile, **business sentiment** in the French service sector improved strongly during February. The degree of optimism signalled was the highest in over five-and-a-half years. Just over 40% of panel members expect business activity to grow over the coming 12-month period, compared with approximately 8% that expect a decline. A more favourable economic climate, tax reforms and positive sales forecasts were among the factors set to support expansion according to survey respondents. Those expecting activity to decline cited political uncertainty.

Comment:

Alex Gill, Economist at **IHS Markit**, which compiles the France Services PMI® survey, said:

“Survey data for February signalled no let-up in growth momentum in the French service sector. Business activity rose to the greatest extent in five-and-a-half years, driven by a further surge in client demand. Moreover, private sector optimism toward future output growth hit a 67-month peak, which in turn encouraged firms to hire additional staff for the second consecutive month.”

-Ends-

News Release

For further information, please contact:

IHS Markit

Alex Gill, Economist
Telephone +44-1491-461-015
Email alex.gill@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 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 around 75% of total PMI survey responses each month. The February flash was based on 73% of the replies used in the final data.

The France Composite PMI (Purchasing Managers' Index) is produced by 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 February flash was based on 82% 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.

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@ihsmarkit.com

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge 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 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2017 IHS Markit Ltd. All rights reserved.

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/product/pmi.

The intellectual property rights to the France Services PMI® and Composite PMI® provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors,

inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index[®] and PMI[®] are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).