

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 0950 (CET) / 0750 (UTC) July 3<sup>rd</sup> 2017**

## IHS Markit France Manufacturing PMI<sup>®</sup>

### Manufacturing new order growth accelerates in June

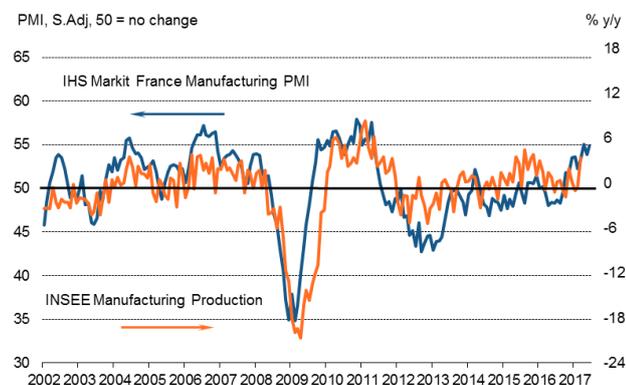
#### Key findings:

- New orders increase at a sharper pace
- Output growth moderates but remains marked overall
- Input price inflation weakens for second successive month

Data collected June 12-23

#### Historical overview:

##### IHS Markit Manufacturing PMI v INSEE Manufacturing Production



Sources: IHS Markit, INSEE

#### Summary:

Operating conditions in the French manufacturing sector continued to improve at the end of the second quarter. The expansion was driven in no small part by further marked increases in output and new orders which, in turn, encouraged firms to take on additional staff and raise their purchasing activity. Strong cost inflationary pressures persisted, despite easing for a second successive month, while firms' outlook towards their prospects

for growth over the coming 12 months was the most optimistic since the series began five years ago.

The PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector, while any reading below 50.0 indicates overall deterioration.

The **IHS Markit France Manufacturing Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>)** posted 54.8 in June to signal a further improvement in the overall health of the French manufacturing sector. The index was up from May's reading of 53.8 and only just shy of April's six-year high.

Driving the expansion was a ninth consecutive rise in **new orders**. The rate of growth accelerated from May and was marked overall with a number of panellists mentioning strong demand from the construction sector as the primary cause. The rise was broad-based, as new orders placed from **foreign clients** also continued to increase at a sharp rate.

Faced with higher demand for their goods, French manufacturers raised their **output** in June. The rate of expansion remained marked, despite easing for the second time in as many months. In spite of the increase in output, **post-production inventories** declined as firms looked to keep up with demand.

In line with higher production requirements, companies further added to their **payrolls** in June. Despite this, **unfinished work** accumulated to the greatest extent in over six years.

An increase in new orders also encouraged firms to further expand their **purchasing activity** in June and at a quicker pace than seen in the previous month. That said, this didn't prevent a further depletion of **pre-production inventories**.

Meanwhile, **input prices** faced by French manufacturers increased further, thereby continuing a trend now 13 months old. The rate of inflation, however, was the weakest since October 2016, having eased for the second month running. In turn, this contributed to a slowdown in the rate of **charge inflation**.

Average **lead times** on inputs continued to lengthen, as a strong demand environment put further pressure on supply chains.

Finally, firms remained **confident** of a rise in output over the next year. Moreover, the degree of optimism was the highest on record.

**Comment:**

**Alex Gill**, **Economist** at **IHS Markit**, which compiles the France Manufacturing PMI<sup>®</sup> survey, said:

*“The French manufacturing sector continued to grow in June, led by the second-sharpest rise in new orders since April 2011. The strong demand environment encouraged firms to raise their purchasing activity and further add to their payrolls. In parallel with this, unfinished work continued to accumulate at a sharp rate, which suggests jobs growth is likely to be maintained in the coming months.*

*“A strong degree of business optimism was also a key feature of the latest survey, perhaps buoyed by reduced political uncertainty following the conclusion to June’s legislative elections and robust economic conditions in the Eurozone.”*

-Ends-

**For further information, please contact:**

**IHS Markit**

Alex Gill, Associate Economist  
Telephone +44-1491-461-015  
Email [alex.gill@ihsmarkit.com](mailto:alex.gill@ihsmarkit.com)

Joanna Vickers  
Telephone +44-207-260-2234  
E-mail [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

**Note to Editors:**

The France Manufacturing PMI (Purchasing Managers' Index) is produced by IHS Markit 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 May's flash was based on 90% 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 <sup>(1)</sup>	0.1	0.3

The **Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>)** 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.*

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).

**About IHS Markit ([www.ihsmarkit.com](http://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<sup>®</sup> (PMI<sup>®</sup>) 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](http://www.markit.com/product/pmi)

**The intellectual property rights to the France Manufacturing PMI<sup>®</sup> 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<sup>®</sup> and PMI<sup>®</sup> 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](mailto:joanna.vickers@ihsmarkit.com). To read our privacy policy, [click here](#).*