

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

French private sector growth at strongest in nearly six years

Key findings:

- Flash France Composite Output Index⁽¹⁾ rises to 57.6 (55.9 in February), 70-month high
- Flash France Services Activity Index⁽²⁾ increases to 58.5 (56.4 in February), 70-month high
- Flash France Manufacturing Output Index⁽³⁾ falls to 53.7 (54.0 in February), 4-month low
- Flash France Manufacturing PMI⁽⁴⁾ rises to 53.4 (52.2 in February), 2-month high

Data collected March 13-23

March's flash France PMI® data highlighted a ninth consecutive month of private sector growth in France. The **Markit Flash France Composite Output Index**, based on around 85% of normal monthly survey replies, registered 57.6, compared to February's reading of 55.9. The latest figure pointed to the sharpest rate of growth since May 2011.

Service providers continued to raise their activity levels during March, thereby extending the latest sequence of growth to nine months. Moreover, the rate of expansion accelerated to a 70-month peak. **Manufacturing** output also continued to increase at a solid pace, albeit to a slightly weaker extent than in February.

Growth in output was paralleled by a ninth successive rise in new business during March. Furthermore, the rate of growth was also the most marked since May 2011. Higher client demand was recorded in both the manufacturing and service sectors, with rates of expansion quicker than in February. Manufacturing exports rose at a pace close to December's five-and-a-half year high.

Boosted by strong underlying demand conditions, firms operating in the French private sector raised their **staffing numbers** in March, thereby extending the latest sequence of jobs growth into a fifth month. The rate of job creation at service providers continued to outweigh that recorded by their goods-

producing counterparts, increasing at the fastest pace since August 2011.

The level of **business outstanding** at French private sector companies rose for the thirteenth time in as many months in March with growth the highest in six years. Strong capacity pressures were evident at both manufacturing and services companies. In line with the sharper rise in new orders, the amount of unfinished work accumulated faster in the service sector.

Private sector firms in France recorded higher **input prices** during March, thereby furthering a trend that has been observed since March last year. The rate of inflation eased fractionally from February's 68-month high, but remained sharp nonetheless. Prices pressures continued to be felt most strongly in the manufacturing sector.

Meanwhile, average **selling prices** rose for the first time since April 2012, albeit at a fractional pace. The uptick was driven by marked inflation in the manufacturing sector. Meanwhile, price-cuts continued to be recorded in the service sector, but at the weakest rate in three months.

Finally, private sector companies sustained a positive **outlook** towards activity over the coming 12 months. Moreover, the degree of optimism strengthened from February and was the most marked in almost five years of data collection. Those companies anticipating an increase in output over the coming 12 months commented on strong demand from the US and Asia, plus hopes for favourable post-election economic conditions.

Comment

Commenting on the Flash PMI data, Alex Gill, Economist at IHS Markit said:

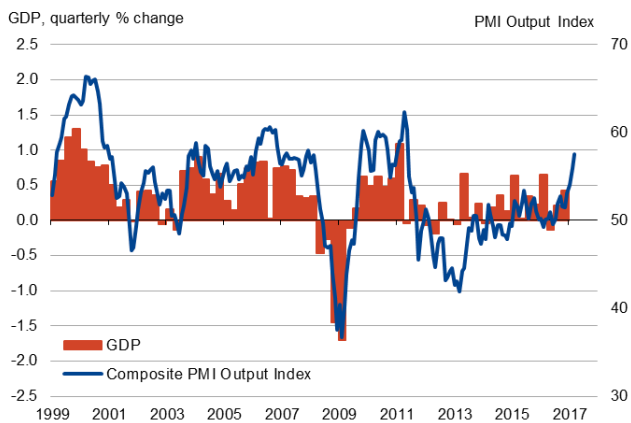
"March PMI data continued to signal strong growth in the French private sector, and completed a solid set of numbers for the first quarter. The expansion was broad-based across both the service and

manufacturing sub-sectors, although the former continued to be the principal underlying driver.

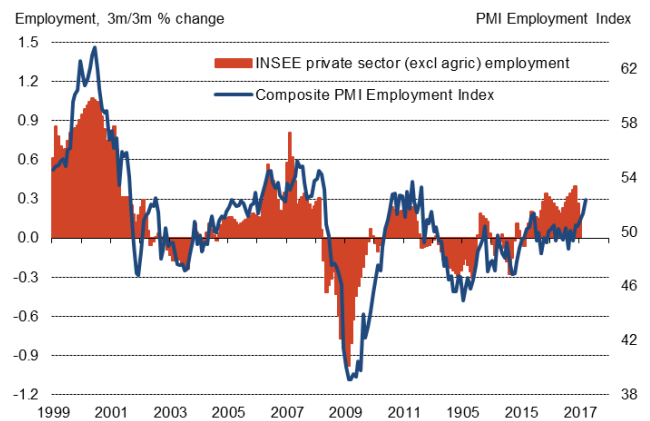
“These numbers paint a rosy picture of the French private sector, as we start to see the effect of various governmental reforms enacted over the last few years. Meanwhile, a high level of business optimism continues to have a positive influence on firms hiring decisions, and can be attributed to a widespread expectation of pro-business policies after May’s presidential elections. There is also further evidence that the weakened euro is continuing to boost external demand.”

-Ends-

Economic output



Employment



Sources: IHS Markit, INSEE via Datastream.

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
Email joanna.vickers@ihsmarkit.com

Note to Editors:

Final February data are published on April 3rd for manufacturing and April 5th for services and composite indicators.

The France PMI (Purchasing Managers' Index) is produced by 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⁾	0.1	0.4
France Services Business Activity Index ⁽²⁾	-0.2	0.6

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.

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.

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