

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

French manufacturing sector growth stabilises in April

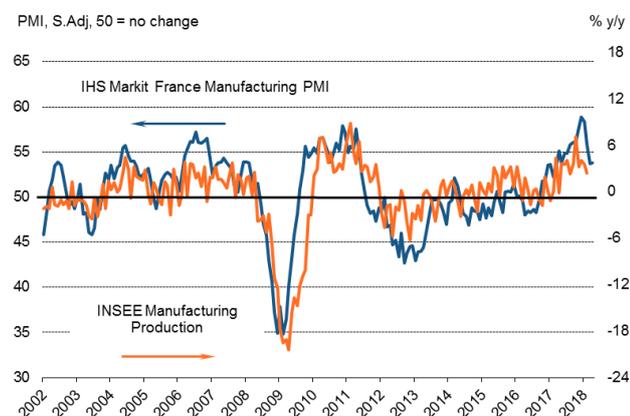
Key findings:

- Overall growth broadly unchanged having slowed in previous three months
- Rates of expansion in output and employment quicken
- Inflationary pressures remain elevated

Data collected April 12-23

Historical overview:

IHS Markit Manufacturing PMI v INSEE Manufacturing Production



Sources: IHS Markit, INSEE

Summary:

Having softened substantially in recent months, April saw a stabilisation in the rate expansion in the French manufacturing sector, with the headline PMI number broadly unchanged from March. Rates of output and employment growth quickened slightly from the prior month, while new orders rose to a slightly weaker extent than in March. Business confidence dipped to a seven-month low, but remained firmly above the series average. On the price front, input price inflation remained elevated, and contributed to another sharp rise in average selling prices.

The **IHS Markit France Manufacturing Purchasing Managers' Index[®] (PMI[®])** posted 53.8 in April to signal a nineteenth consecutive improvement in the overall health of the French manufacturing sector. The index reading was only fractionally higher than March's 12-month low of 53.7, but ended a three-month sequence of slower growth. The improvement in business conditions remained broad-based across each of the three sub-sectors, spearheaded by investment goods.

Overall growth was supported by another rise in **new business**, albeit the weakest for over a year. The increase was broad-based across foreign and domestic markets, with **new export orders** rising for the nineteenth consecutive month.

Buoyed by rising client demand, firms took on additional **workers** in April, extending the current period of job creation to a year-and-a-half. Moreover, the rate of increase quickened from March and was marked overall. In spite of this, the rate of **backlog** accumulation quickened from March and remained firmly greater than the long-run average.

In line with the trend for employment, **output** rose at a sharper pace during April, thereby reversing the trend that had been evident in each of the prior three surveys. Despite this, **stocks of finished goods** held by French manufacturers fell for the second time in as many months during April. Meanwhile, data signalled that firms **expect** further output growth over the coming 12 months.

Input buying rose for the nineteenth time in as many months, albeit to the weakest extent since February 2017. Meanwhile, **pre-production inventories** were broadly unchanged from March.

Finally, **input cost** inflation faced by French manufacturers remained elevated despite easing fractionally from March. In turn, this encouraged firms to further hike their **average selling prices**.

Comment:

Alex Gill, Economist at IHS Markit, which compiles the France Manufacturing PMI[®] survey, said:

“Having softened in the previous three months, the rate of growth in the French manufacturing sector was broadly unchanged at the start of the second quarter. Encouragingly, output and employment rose at sharper rates than in March.

“On a less positive note, the pace of expansion in new orders continued to moderate, in turn leading to the weakest degree of business confidence for seven months.

“The slowdown in client demand growth seen since the start of 2018 can be partially linked to poor weather conditions, while the recent train strikes may also have played a part. The degree to which these factors can explain the slowdown or whether the cause is something of greater concern will become more apparent in the coming months.”

-Ends-

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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 April 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 ⁽¹⁾	0.1	0.3

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.

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.

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About PMI

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