

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit France Services PMI® – final data (with Composite PMI®)

### French service sector continues to enjoy a strong 2017

#### Key findings:

- Final IHS Markit France Services Activity Index<sup>(1)</sup> at 56.0 (56.9 in June).
- Final IHS Markit France Composite Output Index<sup>(2)</sup> at 55.6 (56.6 in June).

Data collected July 11-25

Business conditions in the French service sector continued to strengthen at the start of the third quarter, albeit to a weaker extent than seen in June. Underpinning the expansion was a further marked rise in new business, which supported another round of job creation as firms looked to enhance operating capacity in line with higher client demand. The increase, however, was insufficient to prevent another accumulation of unfinished work.

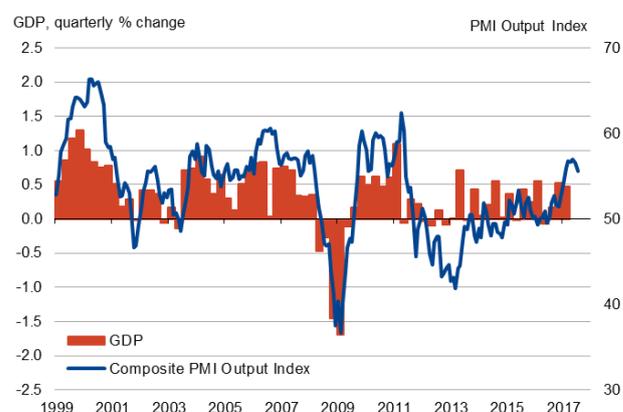
Input price inflation softened to a nine-month low, while output prices continued to fall albeit at a weaker rate. Meanwhile, business sentiment remained robust.

The headline seasonally adjusted **Business Activity Index** posted 56.0 in July. Although fractionally down from 56.9 in June, the latest index reading continued to signal a marked expansion in service sector output. Following a similar trend to June, the sharpest rate of expansion was registered in the Post & Telecommunications sub-sector.

The final seasonally adjusted **IHS Markit France Composite Output Index** – which covers the combined manufacturing and service sectors – posted 55.6 in July, down fractionally from 56.6 in June.

Driving the latest rise in service sector activity was a seventeenth successive monthly expansion in **new orders**. Although softening from June, the rate of expansion remained sharp amid reports of reduced political uncertainty and firm client demand. As was the case with business activity, the Post & Telecommunications sub-sector was the best performing.

#### IHS Markit France Composite PMI



Sources: IHS Markit, INSEE

An expansion in new orders was also evident at the composite level in June, albeit at a slightly weaker pace than June's 73-month peak.

Buoyed by another steep rise in client demand, firms increased their **payrolls** during July, thereby continuing a trend that has been evident throughout 2017 so far. The rate of jobs growth remained marked, albeit moderating slightly from June's multi-year peak. The Transport & Storage sub-sector was the best performing in this regard.

On a composite basis, the rate of job creation eased from last month's near ten-year peak, but remained marked overall.

The increase in service providers operating capacity failed to prevent a seventeenth successive accumulation of **business outstanding**. That said, the rate of increase was the least marked since January.

Meanwhile, service providers were faced with a further rise in average **input costs**, thereby pushing the current period of input price inflation over seven-and-a-half years. The pace of increase, however, eased to a nine-month low.

In contrast, **output prices** continued to fall, albeit at a weaker pace than seen in June. The latest decrease extended the downturn to nearly five-and-a-half years.

Finally, companies maintained a confident **outlook** with regard to activity growth over the coming year. The degree of positive sentiment remained marked, albeit dipping to a six-month low. Reasons for optimism included reduced political uncertainty, the implementation of favourable new laws and regulations and a healthy global economic environment.

### Comment:

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

*“The French service sector continued to grow at a marked pace at the start of the third quarter, in spite of the headline business activity index moderating to a six-month low. The resurgence continued to be driven by robust economic conditions in both the eurozone and globally, while reduced political uncertainty may also be playing a role. A further rise in staffing numbers and a firmly positive degree of business confidence suggests the renaissance in the French service sector has far from run its course.”*

-Ends-

**For further information, please contact:**

**IHS Markit**

Alex Gill, 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 Services PMI (Purchasing Managers' Index) is produced by IHS 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 at least 75% of total PMI survey responses each month. The July flash was based on 86% of the replies used in the final data.

The France Composite PMI (Purchasing Managers' Index) is produced by IHS 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 July flash was based on 88% 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 <sup>(1)</sup>	-0.2	0.6
France Composite Output Index <sup>(2)</sup>	-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.

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)

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