

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 0950 (CET) / 0750 (UTC) September 5<sup>th</sup> 2017**

## 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 54.9 (56.0 in July).
- Final IHS Markit France Composite Output Index<sup>(2)</sup> at 55.2 (55.6 in July).

Data collected August 11-25

Overall growth in the French service sector lost some momentum midway through the third quarter, but remained marked nonetheless. Driving the slowdown was a moderation in output and new order growth which in turn led to a softer, albeit still notable, rise in staffing numbers. Despite this, work outstanding continued to accumulate sharply. Elsewhere, business sentiment was firmly positive, but remained below May's 73-month peak.

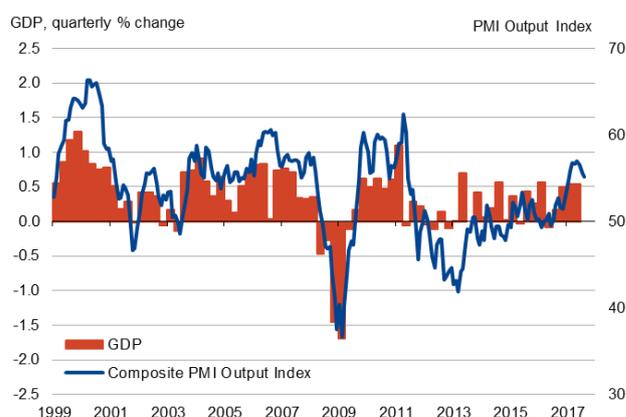
On the price front, costs rose at the slowest rate for 12 months, whilst charges were cut again.

The headline seasonally adjusted **Business Activity Index** posted 54.9 in August. Although slightly down from 56.0 in July, the latest index reading continued to signal a marked expansion in service sector output. As was the case in the previous survey period, the sharpest rate of growth 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 55.2 in August, down fractionally from 55.6 in July.

Driving the latest expansion of service sector was another marked rise in **new business**, albeit the weakest in seven months. Some panellists linked the increase to higher client demand and a robust economic environment. In line with the trend for activity, the Post & Telecommunication sub-sector was the best performing.

#### IHS Markit France Composite PMI



Sources: IHS Markit, INSEE

An increase in new business was also evident at the composite level during August. The rate of growth also weakened to a seven-month low, despite accelerating to an 80-month high in the manufacturing sector.

Buoyed by a further rise in new business, service sector firms continued to hire **additional workers** in August, thereby extending the latest run of expansion to eight months. Moreover, the rate of job creation remained marked and above the long-run series average. Mirroring the trend for business activity, Post & Telecommunications companies were the best performing.

Staffing numbers rose in both the manufacturing and service sectors, with the rate of expansion sharper in the latter.

In spite of this, the amount of **unfinished work** at French service providers increased for the eighteenth successive month in August. The rate of backlog accumulation remained marked despite easing for the third time in as many months.

French service providers were faced with a further rise in average **input prices** during August, continuing a trend that has been evident since

January 2010. The rate of inflation, however, softened to a one-year low and remained well below the long-run series average.

In contrast, French services companies continued to lower their average **selling prices** amid reports of strong competitive pressures. Furthermore, the rate of decline was the most marked in nine months.

Finally, French services companies sustained a confident **outlook** with regard to output growth over the coming one-year period. Robust domestic and foreign demand featured frequently among the underlying reasons for confidence.

### Comment:

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

*“The French service sector’s strong 2017 continued in August, with further sharp expansions evident in both activity and new business. That said, the rates of growth eased for the third and second months respectively, thereby providing an early indication of a slowdown in GDP for the third quarter.*

*“The softening trend was echoed by a further dip in business confidence, which was perhaps reflective of uncertainty relating to the impact of the new administration’s proposed reforms. Nonetheless, expectations remained firmly positive amidst a robust domestic and global economic backdrop. Indeed, business optimism was borne out via another marked round of job creation, which looks set to support business activity growth in the coming months.”*

-Ends-

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**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 August flash was based on 78% 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 August flash was based on 84% 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               | 0.5                                  |

**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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