

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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Markit France Manufacturing PMI® – final data

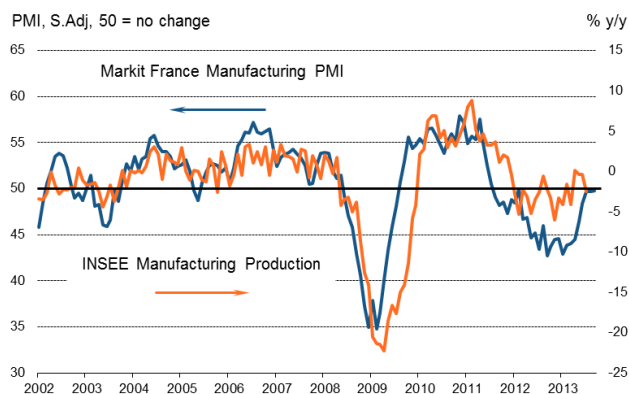
New orders return to growth for first time in 27 months

Key points:

- Marginal rise in new orders, but output falls again
- Stocks of finished goods depleted at fastest pace since January
- Supplier delivery times lengthen at sharpest rate in 25 months

Historical overview:

Markit Manufacturing PMI v INSEE Manufacturing Production



Sources: Markit, INSEE

Summary:

French manufacturers indicated a rise in incoming new business for the first time in over two years during September. However, production levels continued to decrease as orders were partly met through the depletion of warehouse inventories. With suppliers widely reported to be holding low stock levels, delivery times on inputs lengthened at the sharpest rate since August 2011.

The headline **Purchasing Managers' Index® (PMI®)** – a seasonally adjusted index designed to measure the performance of the manufacturing

economy – posted 49.8 in September. The latest reading was barely moved from 49.7 in the previous two months and signalled a fractional deterioration in overall business conditions.

Although marginal, September's rise in new orders was the first since June 2011. Some panellists commented that inflows of new work had been boosted by new product launches. New export orders returned to growth, registering the second increase in the past three months.

Nevertheless, output in the French manufacturing sector decreased moderately for the second month in succession during September. Production fell across the consumer, intermediate and investment goods sectors. Despite lower output, backlogs of work at French manufacturers remained broadly unchanged in September.

Stocks of finished goods continued to decrease, with the rate of contraction accelerating to the sharpest since January. Some panellists indicated that inventories had been trimmed as part of efforts to improve cashflow.

Employment in the French manufacturing sector was down for a nineteenth successive month in September. However, the rate of job shedding remained marginal.

Purchasing of raw materials and semi-finished goods fell at a faster pace in September. Correspondingly, the rate of decline in input stocks accelerated to the sharpest in four months. Amid reports of low stock levels at suppliers' units, average delivery times lengthened to the greatest extent in just over two years.

Input prices faced by French manufacturers increased in the latest survey period, rising for the first time in seven months. That said, the rate of cost inflation was modest.

Output charges also rose in September, as firms looked to pass through part of the rise in input costs to customers. Although modest, it was the first increase in charges since December 2012.

Comment:

Jack Kennedy, Senior Economist at Markit and author of the France Manufacturing PMI[®], said:

“Although French manufacturing output fell again in September, a rise in new orders for the first time in over two years suggests that conditions in the sector are stabilising. Moreover, a sharp fall in

stocks of finished goods suggests that production will have to be raised soon if demand continues to hold up. Looking at the data relating to the supply chain, low stock levels at vendors resulted in a marked lengthening of lead times, while input prices showed a renewed rise as the cost of a number of raw materials increased.”

-Ends-

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Notes to Editors:

The France Manufacturing PMI (Purchasing Managers' Index) is produced by Markit Economics 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 September 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⁾	0.0	0.4

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.

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@markit.com.

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About PMIs

Purchasing Managers' Index[®] (PMI[®]) surveys are now available for 32 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/economics.

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