

News Release

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

French output rises at slowest rate in three months

Key points:

- Flash France Composite Output Index⁽¹⁾ slips to 51.3 (52.6 in October), 3-month low
- Flash France Services Activity Index⁽²⁾ falls to 51.3 (52.7 in October), 3-month low
- Flash France Manufacturing Output Index⁽³⁾ drops to 51.3 (51.9 in October), 3-month low
- Flash France Manufacturing PMI⁽⁴⁾ rises to 50.8 (50.6 in October), 19-month high

Data collected November 12th-20th

Summary:

The latest flash France PMI® data indicated an easing of private sector output growth during November. The **Markit Flash France Composite Output Index**, based on around 85% of normal monthly survey replies, posted 51.3, down from 51.9 in October.

Both **manufacturers** and **service providers** signalled weaker increases in activity during November. In each case, growth was modest and the slowest in three months. Some service providers reported that the terrorist attacks in Paris had negatively impacted on activity.

New business in the French private sector rose for a third consecutive month in November, with the rate of expansion accelerating to the sharpest since June (albeit remaining moderate overall). Service providers reported the fastest rise in new business for five months, while manufacturers indicated an increase in new orders that, although marginal, was nevertheless the sharpest since April 2014. However, manufacturers' new export orders fell for the first time in three months, and at the fastest pace since April.

Employment across the French private sector decreased for the third month running during

November. However, the rate of decline remained marginal overall, with slight decreases in staffing levels seen in both the manufacturing and service sectors.

Backlogs of work across the French private sector rose further during November, extending the current period of expansion to one year. That said, the rate of growth eased slightly since October and was modest overall. A rise in outstanding business at service providers was partially offset by a marginal drop at manufacturers.

Input prices faced by French private sector firms increased for a tenth successive month in November. However, the latest rise was marginal and weaker than that seen in October. Modest inflation of costs at service providers contrasted with a decline at manufacturers (largely reflecting lower commodity prices).

Output prices across the French private sector continued to fall in November. However, the rate of decline eased slightly since the previous survey period. Lower selling prices were broad-based across the manufacturing and service sectors, with the latter signalling the sharper decrease. Competitive pressures and efforts to stimulate demand were cited by panellists that reduced their charges.

Business expectations in the French service sector showed little change in the latest month, remaining subdued relative to the survey's historical trend. While some firms cited the securing of major contracts and launch of new services as factors likely to support activity growth over the next 12 months, others pointed to a drop in confidence following the Paris attacks.

In conjunction with



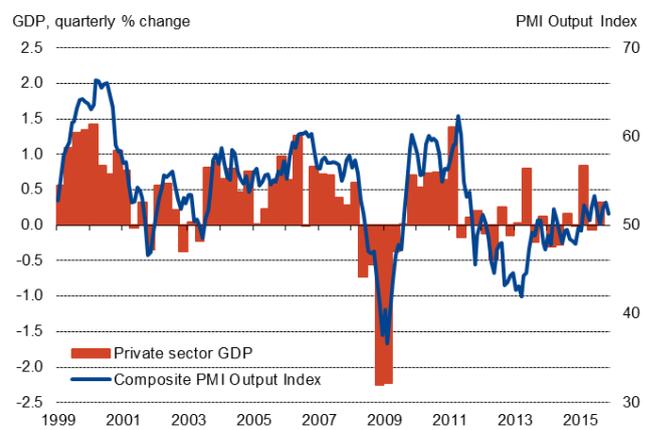
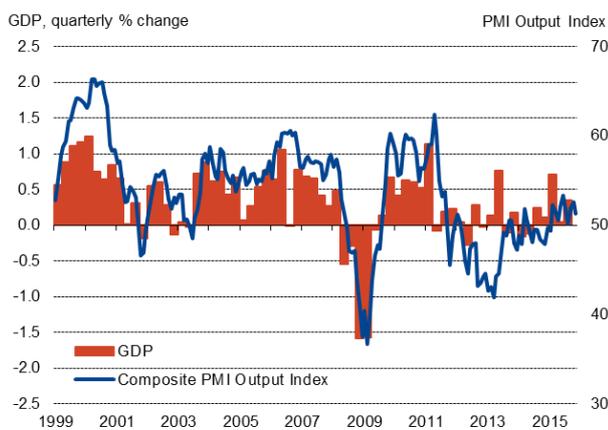
Comment:

Jack Kennedy, Senior Economist at Markit, which compiles the Flash France PMI® survey, said:
“French private sector output growth weakened slightly in November, with the Paris attacks reported to have hit activity among some service providers. However, the trend in new business firmed a little, with growth quickening to a five-month high, while

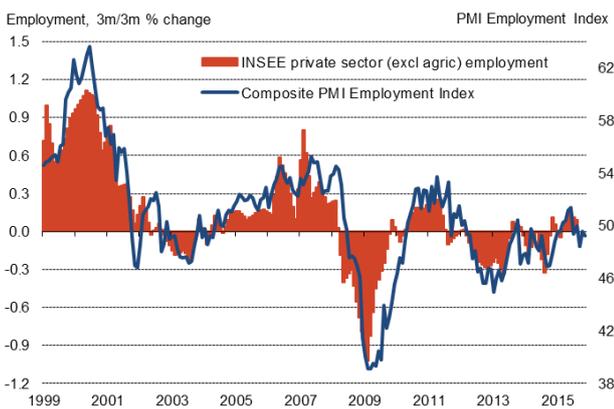
backlogs of work rose again. While the longer-term economic impact following the attacks remains uncertain, PMI data suggest that GDP is on course to post another modest expansion in Q4 following the 0.3% growth reported in the third quarter.”

-Ends-

Economic output



Employment



Sources: Markit, INSEE via EcoWin.

In conjunction with



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Note to Editors:

Final November data are published on December 1st for manufacturing and December 3rd for services and composite indicators.

The France PMI (Purchasing Managers' Index) is produced by Markit Economics 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@markit.com.

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About PMI

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