

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

Growth continues but remains subdued compared to late-2017

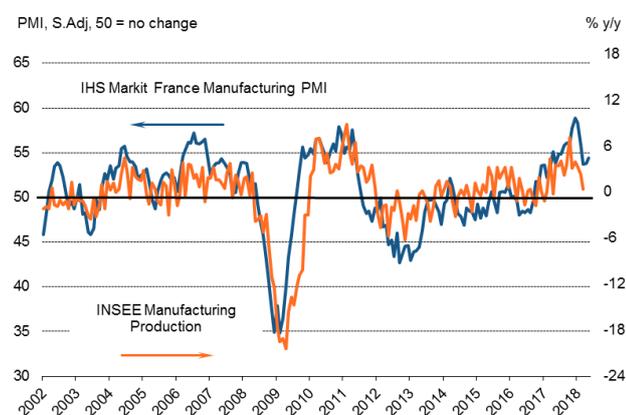
Key findings:

- Rate of growth in output the weakest in 14 months
- Rate of job creation accelerates
- Business confidence remains elevated

Data collected May 11-23

Historical overview:

IHS Markit Manufacturing PMI v INSEE Manufacturing Production



Summary:

Operating conditions in the French manufacturing sector continued to improve in May, albeit to a weaker extent than seen in the second half of 2017.

New orders, new export orders and output continued to rise, but at relatively modest rates. Subdued growth in client demand, however, didn't prevent accelerated rises in purchasing activity and employment, suggesting firms expect growth to persist in the months ahead. Indeed, data on business expectations highlighted a further robust degree of business confidence around the 12-month outlook.

The **IHS Markit France Manufacturing Purchasing Managers' Index[®] (PMI[®])** posted 54.4 in May to signal a twentieth successive improvement in the overall health of the French manufacturing sector. The index reading was up from 53.8 in April, and highlighted a second successive acceleration in the overall rate of strengthening in business conditions. The improvement was widespread across the three monitored sub-sectors, led by producers of consumer goods.

Overall growth was supported by a further rise in **new orders**. That said, the rate of increase was unchanged from the prior month and the joint-weakest since February last year. Growth in **export markets** meanwhile hit a 15-month low.

In line with subdued client demand, the rate of **output** growth hit a 14-month low during May. In spite of this, **post-production inventories** rose, after having fallen at the sharpest rate in 19 months during April.

Firms expanded their **purchasing activity** at a sharper pace, which in turn contributed to a second successive rise in **pre-production inventories**. Meanwhile, average **lead times** lengthened at one of the sharpest rates in the survey history as strong input buying put pressure on company supply chains.

Firms continued to add to their **workforce numbers** during May. Moreover, the rate of job creation quickened for the second successive month and was only slightly weaker than the multi-year high recorded in December.

On the price front, firms continued to see a rise in **input prices** in May amid frequent reports of higher raw material costs. The increase extends the current period of inflation to two years. Average **selling prices** also rose as some firms looked to pass on higher cost burdens to their clients.

Finally, business confidence was unchanged from April and remained strong.

Comment:

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

“The latest data signalled mixed messages with regard to the health of the French manufacturing sector. Overall growth, as highlighted by the headline PMI, remains in growth territory. While the rate of expansion remains strongly above the long-run series average, it is substantially weaker than seen in the second half of 2017.

“Moreover, the headline PMI number was boosted by a strong rise in employment and a sharp lengthening of average lead times. In contrast, output growth was the weakest seen for over a year and new orders rose relatively modestly. Without renewed impetus in client demand, we may see overall growth dampen in the coming months.”

-Ends-

For further information, please contact:

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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 May 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

Purchasing Managers' Index[®] (PMI[®]) surveys are now available for over 40 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 <https://ihsmarkit.com/products/pmi.html>

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