

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

Private sector growth softens again, but remains marked

Key findings:

- Flash France Composite Output Index⁽¹⁾ at 56.2 in March from 57.3 in February (7-month low)
- Flash France Services Activity Index⁽²⁾ dips to 56.8 in March (57.4 in February), 7-month low
- Flash France Manufacturing Output Index⁽³⁾ falls to 53.9 (57.1 in February), 12-month low
- Flash France Manufacturing PMI⁽⁴⁾ drops to 53.6 (55.9 in February) 12-month low

Data collected March 12-21

Private sector growth softened in March according to latest data. Nevertheless, at 56.2, down from 57.3 last month, the **IHS Markit Flash France Composite Output Index** continued to highlight an elevated rate of expansion and one that was markedly higher than the long-run series average.

Rates of expansion remained strong, but softened in both the **manufacturing** and **service** sectors, hitting 12- and seven-month lows respectively. Service providers maintained a sharper rate of growth than their goods producing counterparts.

The expansion was underpinned by a twenty-first consecutive rise in **new orders**. In line with the trend for output, the rate of growth moderated from February, but remained marked and substantially greater than the long-run series average. The slowdown was broad-based by sector.

Encouraged by a strong demand environment, French private sector firms took on additional **workers** in March, thereby extending the current period of expansion to just shy of a year-and-a-half. The rate of increase softened from February amid a weaker rise at service providers. Meanwhile, the rate of jobs growth was unchanged in the manufacturing sector.

Despite enhanced operating capacity, the amount

of **unfinished work** held by French private sector firms continued to rise in March, extending the latest period of accumulation to 25 months. Moreover, the rate of increase quickened from February and was among the sharpest recorded in this sequence. The acceleration was driven by the service sector, while a moderation in growth was evident at manufacturers.

Input prices rose for the twenty-fifth time in as many months during March, amid frequent reports of higher raw material prices (including steel and aluminium). The rate of inflation remained strong and greater than the long-run series average, despite easing for the second successive month. Inflationary pressures continued to be felt more strongly in the manufacturing sector.

Following a similar trend to input costs, average **selling prices** rose in March, thereby continuing a trend that has been observed since September last year. The rate of increase eased from February, but remained firmly stronger than the average for this series. Charge inflation was broad-based by sector, and far sharper at manufacturers.

Finally, French private sector firms retained a firmly optimistic outlook in March. The degree of **business confidence** pulled back slightly from February's nine-month high, but remained substantially greater than the series average. Manufacturers were more confident than service providers.

Comment

Commenting on the Flash PMI data, Alex Gill, Economist at IHS Markit said:

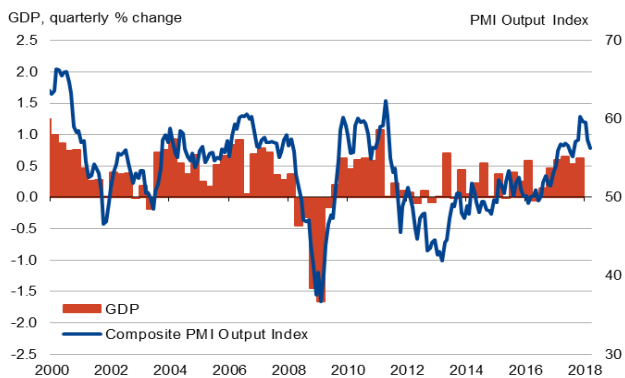
"Growth slowed in the French private sector economy during March, with the headline composite output figure down for the second successive month. At 56.2, however, the rate of expansion remained elevated by historical levels, while the Q1 average of 57.7 is consistent with a

robust GDP number.

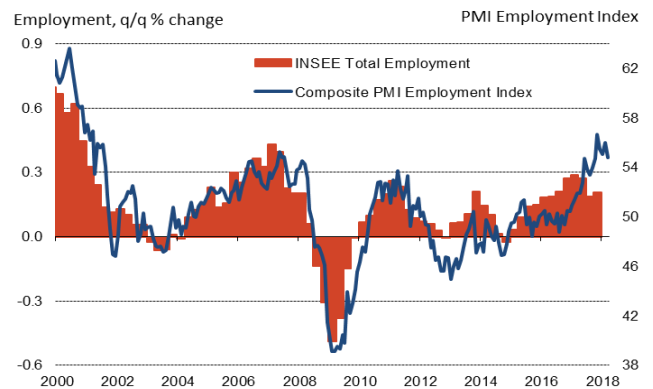
“Strong client demand in both domestic and foreign markets continues to support output and employment. Meanwhile, a further robust degree of business confidence combined with a sharp and accelerated accumulation of outstanding business suggests further growth in the coming months.”

-Ends-

Economic output



Employment



Sources: IHS Markit, INSEE via Datastream.

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Note to Editors:

Final March data are published on April 3rd for manufacturing and April 5th for services and composite indicators.

The France PMI (Purchasing Managers' Index) is produced by IHS Markit 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⁾ | 0.0 | 0.3 |
| 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.

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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