

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit France Services PMI® – final data (with Composite PMI®)

### Slowest rise in service sector activity since January 2017

#### Key findings:

- Final IHS Markit France Services Activity Index<sup>(1)</sup> at 54.3 (57.4 in April).
- Final IHS Markit France Composite Output Index<sup>(2)</sup> at 54.2 (56.9 in April).

#### Data collected May 11-25

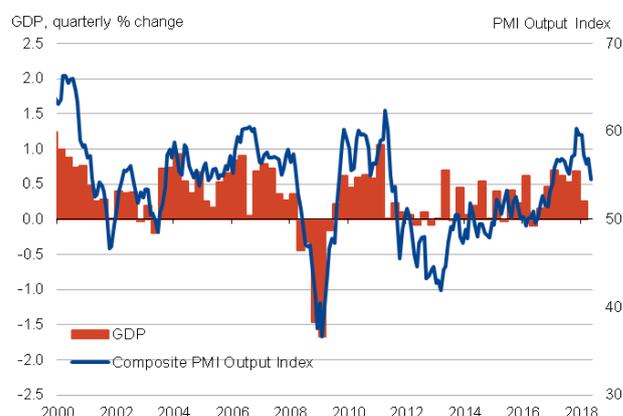
May data indicated that service providers experienced a renewed loss of growth momentum, with both business activity and incoming new work rising at slower rates than in the previous month. That said, a solid pace of job creation was maintained and business optimism was little-changed since April, which suggested that service sector firms remain relatively upbeat about their near-term workloads. Meanwhile, there were signs of a tighter squeeze on operating margins as rising fuel costs resulted in the fastest increase in input prices since January.

At 54.3 in May, down from 57.4 in April, the headline seasonally adjusted **Business Activity Index** revealed a marked slowdown in output growth across the service economy. The latest increase in business activity was the weakest since the beginning of 2017. Although service providers commented on a generally favourable demand backdrop, survey respondents noted that more cautious consumer spending patterns had held back growth in May. In some instances, softer business activity expansion was also attributed to transport disruptions in May.

The final seasonally adjusted **IHS Markit France Composite Output Index** – which covers the combined manufacturing and service sectors – posted 54.2 in May, down from a reading of 56.9 in April.

Mirroring the trend recorded for service sector business activity, latest data pointed to a weaker upturn in new work received by service sector companies. Moreover, the rate of new business

#### IHS Markit France Composite PMI



Sources: IHS Markit, INSEE

growth was the slowest seen since December 2016. Anecdotal evidence cited a moderation in consumer willingness to spend in May, partly linked to pressure on household budgets from rising living costs.

The rate of new order growth also softened on a composite basis and was the weakest in almost a year-and-a-half.

Service providers signalled another solid increase in **unfinished work** in May, although the rate of backlog accumulation eased to a nine-month low. Higher volumes of outstanding business were linked to capacity pressures, which in turn underpinned a sustained rise in **employment** numbers.

A solid rate of job creation also reflected positive **sentiment** towards the year-ahead business outlook in May. The degree of service sector optimism was little-changed since April, despite a marked slowdown in new business growth in the latest survey period. A number of firms commented on long-term business expansion plans, driven by hopes of a sustained improvement in domestic economic conditions.

Meanwhile, latest data revealed a robust and accelerated rise in average **cost burdens** across the service sector. Higher input prices were widely linked to increased fuel bills, alongside rising staff salaries. However, average **prices charged** by service providers increased only marginally in May. Survey respondents noted ongoing difficulties with regard to passing on higher operating costs to clients.

**Comment:**

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

*“Having shown signs of resilience in the April, French service sector growth shifted down a gear during May, with business activity and new orders rising to the weakest extents for around a year-and-a-half. Employment growth eased amid a softer increase in client demand, which in turn contributed to a weaker accumulation of unfinished work.*

*“There was further evidence of higher fuel and salary costs, with input price inflation accelerating from April, in turn contributing to a sharper rise in prices charged and downward pressure on client demand.”*

-Ends-

**For further information, please contact:**

**IHS Markit**

Alex Gill, Economist  
Telephone +44-1491-461-015  
Email [alex.gill@ihsmarkit.com](mailto:alex.gill@ihsmarkit.com)

Joanna Vickers  
Telephone +44-207-260-2234  
E-mail [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

**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 May flash was based on 86% 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 May flash was based on 88% 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	0.4

**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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