

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit Flash France PMI<sup>®</sup>

### Private sector growth slows but remains marked in February

#### Key findings:

- Flash France Composite Output Index<sup>(1)</sup> at 57.8 in February (4-month low)
- Flash France Services Activity Index<sup>(2)</sup> dips to 57.9 in February (59.2 in January), 4-month low
- Flash France Manufacturing Output Index<sup>(3)</sup> falls to 57.1 (61.2 in January), 6-month low
- Flash France Manufacturing PMI<sup>(4)</sup> drops to 56.1 (58.4 in January) 4-month low

Data collected February 12-20

Private sector growth remained elevated in February according to latest data. That said, at 57.8 down from 59.6 last month, the **IHS Markit Flash France Composite Output Index** signalled the slowest rate of expansion since October last year.

Rates of output growth softened in the **manufacturing** and **services** sectors. Moreover, the pace of expansion at manufacturers dipped below their service sector counterparts for the first time since November. Nevertheless, growth remained marked in each case.

The increase in output was supported by a twentieth consecutive rise in **new orders**. In line with the trend for output, the rate of increase was the weakest in four months amid softer expansions at both manufacturers and service providers. Rates of growth were marked nonetheless.

Buoyed by strong client demand, private sector firms in France continued to take on **additional workers** during February. Contrary to the trend for output and new orders, the rate of employment growth quickened from the previous month, and was only just shy of November's 16-and-a-half year high. The acceleration was driven by service providers, which hired new staff at the second-sharpest pace since mid-2001. Meanwhile, a slight moderation in job creation was recorded in the manufacturing sector.

**Unfinished work** continued to accumulate in spite of the sharp improvement in operating capacity. The rate of backlog accumulation eased slightly from January but remained among the most marked since 2010. The slowdown was felt most strongly at manufacturers, which saw the rate of growth in outstanding work hit a 6-month low. A comparatively weak moderation was recorded at service providers.

**Input prices** continued to increase in February, extending the current period of inflation to two years amid reports of higher raw material costs including nickel, paper, steel, aluminium and iron. Moreover, the rate of increase remained marked despite a slight moderation from January's 79-month high. Inflation softened but remained marked at both manufacturers and service providers.

In line with the trend for input costs, average **selling prices** increased during February, thereby continuing a trend that has been evident since September last year. Similarly, the rate of charge inflation eased slightly from January amid softer rises in both the manufacturing and services sectors. The rate of increase in the former remained notably sharper than the latter.

Finally, **business confidence** at private sector firms remained elevated in February; indeed the degree of positive sentiment was the most marked in nine months. The improvement was broad-based across both the manufacturing and services sectors, with the latter again the most optimistic.

#### Comment

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

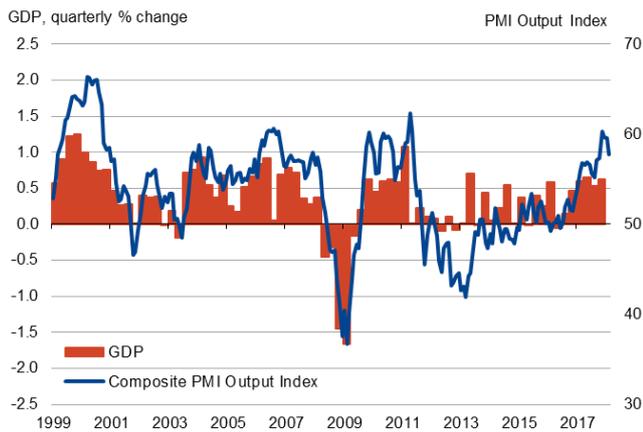
*"Private sector growth in France shifted down a gear in February, with the rate of expansion in output and new orders each hitting four-month lows. Nonetheless, the headline composite output PMI number of 57.8 remained firmly in positive*

territory and greater than the long-run series average (53.9).

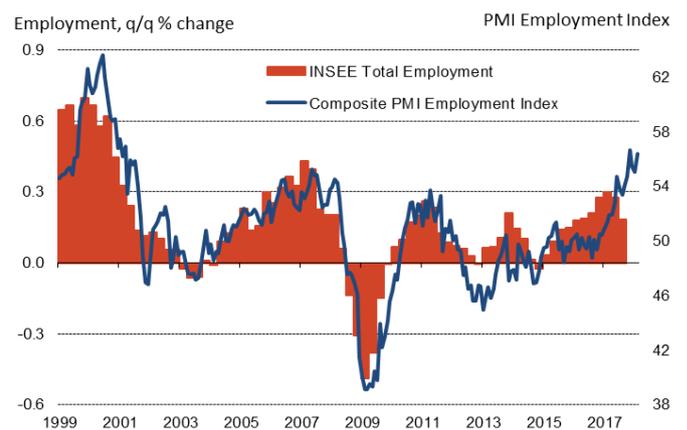
“In spite of the weaker rise in client demand, private sector firms took on additional workers at a quicker pace during February. Furthermore, another marked accumulation of unfinished work suggests that further jobs growth is likely in the months ahead. These trends will boost hopes of a further erosion of the country’s stubbornly high unemployment rate, which fell to 8.9% in the three months to December.”

-Ends-

### Economic output



### Employment



Sources: IHS Markit, INSEE via Datastream.

**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  
Email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

**Note to Editors:**

Final February data are published on March 1<sup>st</sup> for manufacturing and March 5<sup>th</sup> 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 <sup>(1)</sup>	-0.1	0.4
France Manufacturing PMI <sup>(3)</sup>	0.0	0.3
France Services Business Activity Index <sup>(2)</sup>	-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](mailto:economics@ihsmarkit.com).

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