

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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Markit France Manufacturing PMI® – final data

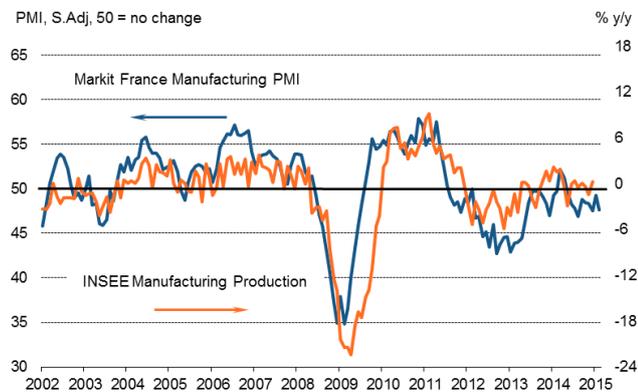
Output and new orders fall at sharper rates in February

Key points:

- Operating conditions in French manufacturing sector deteriorate
- Further drop in employment
- Input and output prices fall at sharper rates

Historical overview:

Markit Manufacturing PMI v INSEE Manufacturing Production



Sources: Markit, INSEE

Summary:

French manufacturers reported a further deterioration in operating conditions during February. The headline **Markit France Manufacturing Purchasing Managers' Index® (PMI®)** – a seasonally adjusted index designed to measure the performance of the manufacturing economy – posted 47.6, down from 49.2 in January. Weighing on the headline index were sharper falls in output, new orders, employment and stocks of purchases. Only a stronger increase in suppliers' delivery times acted to cushion the PMI in the latest survey period.

Output in the French manufacturing sector fell for a ninth consecutive month in February. Moreover, the rate of decline quickened since January. Underlying the latest drop in production was a further decrease in **new orders**, with the latest reduction the sharpest since last August. Panellists commented that general demand conditions remained lacklustre. **New export orders** were down for a tenth month in succession, with the rate of decline easing to a modest pace that was the slowest since last November.

Backlogs of work at French manufacturers continued to fall in February. The latest drop in unfinished work was the tenth in consecutive months and the most marked since last August.

Employment in the French manufacturing sector decreased further in the latest month. The rate of job shedding quickened since January, although remained modest overall.

Stocks of finished goods at French manufacturers decreased in February, having remained unchanged in the previous month. The latest reduction in post-production inventories was the most marked since last August.

Lower activity prompted French manufacturers to reduce their **purchasing of inputs** in February. The latest drop in buying activity was the sharpest since December 2013. **Stocks of purchases** held by French manufacturers continued to fall, with the latest drop being the sharpest in six months.

Output prices decreased for a twelfth consecutive month in February. The rate of decline in charges was the fastest since last October and solid overall.

Input costs faced by French manufacturers also fell in February, with panellists commenting on reduced prices for oil and general raw materials.

The latest reduction in purchasing costs was the sharpest since July 2012.

Finally, **suppliers' delivery times** continued to lengthen in February. The rate at which vendor performance deteriorated was the sharpest since last October.

Comment:

Jack Kennedy, Senior Economist at Markit, which compiles the France Manufacturing PMI[®] survey, said:

"The French manufacturing sector remained in a funk during February, with output and new orders

falling at sharper rates. Further declines in input and output prices underline the risks of deflation becoming entrenched amid a weak demand environment. Correspondingly, firms lowered their staffing levels further and cut their pre- and post-production stocks."

-Ends-

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Notes to Editors:

The France Manufacturing PMI (Purchasing Managers' Index) is produced by Markit Economics 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 February flash was based on 91% 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	0.4

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.

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

Purchasing Managers' Index[®] (PMI[®]) surveys are now available for 32 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 www.markit.com/economics.

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