

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

### French business activity stabilises in April

#### Key findings:

- Flash France Composite Output Index<sup>(1)</sup> at 50.0 in April from 48.9 in March (2-month high)
- Flash France Services Activity Index<sup>(2)</sup> at 50.5 in April (49.1 in March), 5-month high
- Flash France Manufacturing Output Index<sup>(3)</sup> at 47.4 in April (48.1 in March), 4-year low
- Flash France Manufacturing PMI<sup>(4)</sup> at 49.6 in April (49.7 in March), 32-month low

Data collected April 10-17

At 50.0 in April, the **IHS Markit Flash France Composite Output Index** rose from 48.9 in March, signalling a stabilisation in private sector business activity.

The result was underpinned by a marginal increase in **services activity**, which offset a solid decline in **manufacturing output**. Service sector output grew at the quickest pace for five months, while manufacturers saw production fall at the fastest rate since April 2015.

Despite the stabilisation in business activity, the volume of **new orders** placed at private sector firms continued to contract in April. That said, the rate of decline eased from February and was only marginal overall. The softer fall was supported by a slower reduction in the manufacturing sector and a stabilisation at service providers.

Meanwhile, **new export work** continued to decrease at the start of the second quarter. Although the rate of deterioration eased from March, it remained solid overall.

**Unfinished business** fell for the second month in a row during April. The pace of decline was slower than in March and only moderate overall. A softer reduction in the service sector outweighed the sharpest contraction at manufacturers for three years.

Despite some panellists mentioning recruitment difficulties, **employment** rose at a faster pace during April. The modest increase in staff numbers was driven by accelerated rates of job creation across both the manufacturing and service sectors.

On the price front, **input costs** faced by French private sector firms continued to rise. The rate of inflation was sharp overall, but unchanged from March's 19-month low. Some survey respondents noted higher raw material prices and staff costs when explaining the latest increase in input prices.

The rate of **output price** inflation accelerated from March, reaching the highest mark since January. The faster increase was driven by a sharper rise in the service sector, which offset slower inflation at manufacturers. That said, the overall rise in output charges remained softer than the 2018 average and only marginal overall.

Finally, **expectations** for an increase in output over the coming year strengthened to the highest for nine months in April. Positive sentiment was supported by a rise in optimism from both manufacturers and service providers, with panel members citing plans to improve productivity.

#### Comment

Commenting on the Flash PMI data, Eliot Kerr, Economist at IHS Markit said:

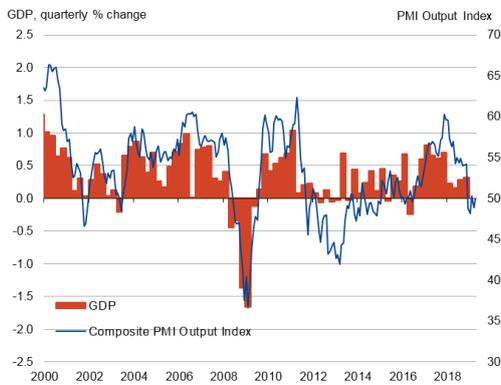
*"The stabilisation of output in April is further evidence of the dwindling economic impact of the 'gilets jaunes' demonstrations. Protestor numbers have fallen to approximately 10% of their peak and the remaining disruption has been limited.*

*"However, protests aside, an underlying slowdown in demand remains evident in the French PMI data. New orders fell for the fifth month in a row during April, partly driven by a sixth consecutive contraction in exports. Although the rate of deterioration in new business eased, many panellists mentioned a decline in activity at their clients.*

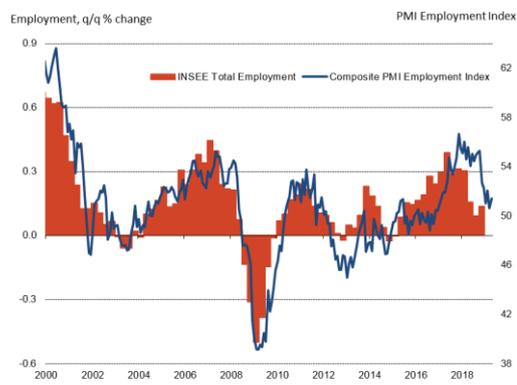
*“More positively, firms were able to brush aside recruitment difficulties and increase staff numbers at a faster pace than in March. Although a mismatch between skills and open vacancies remains apparent, businesses continue to demonstrate the ability to overcome the adverse conditions.”*

-Ends-

### Economic Output



### Employment



Sources: IHS Markit, INSEE via Datastream.

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**Note to Editors:**

Final April data are published on May 2nd for manufacturing and May 6th 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	0.5

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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