

News Release

Embargoed until 0750 UTC (0950 CEST) 1 September 2022

S&P Global France Manufacturing PMI®

Manufacturing weakness continues in August as output and new orders fall again

Key findings

Production levels and demand fall for third consecutive month

Inflationary pressures cool as economic conditions worsen...

...but firms shy away from purchasing inputs due to high prices

France's manufacturing sector recorded another challenging month in August, latest PMI® data from S&P Global showed, as demand deteriorated further due to client hesitancy, high prices and weaker underlying economic conditions. Production levels were subsequently reduced, while French factories also cut their input purchasing due to lower output requirements and elevated costs.

A slightly more positive development was seen with regards to supply chains and inflation, with the latest survey results signalling fewer incidences of delivery delays when compared to July, as well as signs that peak price pressures have passed. Nevertheless, business confidence remained subdued.

The seasonally adjusted S&P Global France Manufacturing Purchasing Managers' Index® (PMI®) posted 50.6 during August. While this represented an increase from 49.5 in July and a move back above the vital 50.0 threshold into growth territory, it masked clear weakness in the French goods-producing sector midway through the third quarter as both output and new orders continued to fall.

As has been reported since June, manufacturing production volumes across France fell during the latest survey period. Lower requirements from clients, shortages of certain raw materials and falling demand were commonly cited by respondents. August's contraction was solid overall but softened from July.

August survey data also confirmed a third straight monthly drop in the level of incoming new orders. The decrease was linked by some companies to high prices, although others commented on the war in Ukraine and clients postponing order placements due to uncertainty. Weakness in demand was also evident from customers in overseas markets as new export business fell for a sixth consecutive month.

Nevertheless, there were some reasons for cautious optimism surrounding the inflation environment as the latest

France Manufacturing PMI
sa, >50 = growth since previous month



Source: S&P Global.
Data were collected 12-23 August 2022.

Comment

Joe Hayes, Senior Economist at S&P Global Market Intelligence, said:

"The August PMI survey continues to signal a picture of weak health within the French manufacturing sector. A number of survey indicators suggest that there is further room to the downside also as new orders fell strongly once again, while purchasing activity was reduced due to falling production requirements and the high price level of many inputs.

"If we are to search for some positives, rates of decrease in both output and new orders softened slightly from July, which may raise hopes that the manufacturing sector downturn can remain a shallow one. There was also further evidence to suggest that peak price pressures, at least for now, have passed. The situation over energy prices could of course change this as European gas supply remains uncertain, but the downward trend in the survey's inflation measures is encouraging.

"There was also a further increase in the Suppliers' Delivery Times Index, signalling fewer delays when compared to July. This will also help to cool manufacturing price pressures if this trend continues."

survey data highlighted a further drop-off in price pressures. Although input costs continued to increase at a sharp pace, the overall rate of inflation was the weakest for 18 months as companies reported lower prices for certain raw materials such as wood and metals.

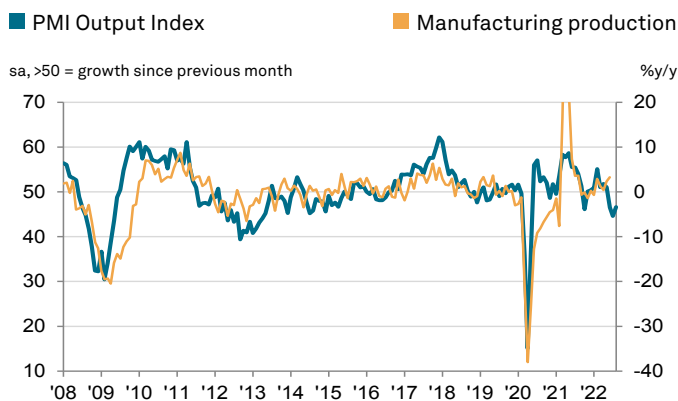
A cooling of cost pressures coincided with signs of reduced strain on suppliers. Average input lead times lengthened to the least marked extent since the start of 2021.

However, there was evidence to suggest that weaker cost and supply-chain pressures were due to fading demand. August survey data signalled a further strong decrease in purchasing activity at French manufacturers as companies worked through existing inventories and adjusted to lower output requirements. Nevertheless, stocks of purchases rose marginally during the latest survey period.

With input cost inflation slowing, French manufacturers were less aggressive in their price setting during August as the rate of output charge inflation eased to a one-year low.

Elsewhere, there was a renewed increase in backlogs of work following July's decrease, signalling some loss of efficiency over the month. That said, employment levels rose to a quicker extent as some companies filled vacancies to raise capacity.

Finally, business confidence edged slightly higher in August and remained in positive territory, although the level of optimism was subdued. Weak demand, continued supply shortages and the prospect of a recession weighed on sentiment.



Contact

Joe Hayes
Senior Economist
S&P Global Market Intelligence
T: +44-1344-328-099
joe.hayes@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44-7967-447-030
sabrina.mayeen@spglobal.com

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).

Survey methodology

The S&P Global France Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in April 1998.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index® (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

Flash vs. final data

Since January 2006 the average difference between final and flash Manufacturing PMI values is 0.1 (0.3 in absolute terms).

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com.

About CNA

CNA (Conseil national des achats – National Purchasing Council), is a non-profit making, non union trade association, gathering individuals, and people actually involved in the purchasing activity of companies or public services. Its aim is to increase the efficiency of the purchasing function in the economy by training and informing those concerned, defining and applying a professional ethic, providing studies, research, surveys, and all actions of general interest in any field directly or non directly related to purchasing and subsidiary functions.

About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 40 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. ihsmarkit.com/products/pmi.html.